

## (REIT) Financial Report for the Fiscal Period Ended April 30, 2016

June 15, 2016

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

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

Asset Management Company: Tosei Asset Advisors, Inc.  
 Representative: Hiroshi Nakamura, Chairman & CEO  
 Appointed Outside  
 Corporate Auditor of Rena Keiichi Yoshida  
 Therapeutic Inc. (current General Manager, Treasury & Planning Department, REIT Division  
 position)  
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Scheduled date of submission of securities report: July 29, 2016

Scheduled date of commencement of cash distribution payment: July 20, 2016

Preparation of supplementary financial results briefing materials: Yes

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

(Amounts are rounded down to the nearest JPY million)

# 1. Status of Management and Assets for Fiscal Period Ended April 30, 2016 (November 1, 2015 – April 30, 2016)

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

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Ended Apr. 30, 2016	1,245	56.0	613	79.2	517	80.0	516	80.2
Ended Oct. 31, 2015	798	20.5	342	(0.7)	287	53.6	286	54.0

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	JPY	%	%	%
Ended Apr. 30, 2016	3,330	3.9	1.9	41.6
Ended Oct. 31, 2015	2,986	2.9	1.4	36.0

## (2) Cash Distributions

Fiscal period	Cash distribution per unit (not including cash distribution in excess of earnings)	Total cash distribution (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit	Total cash distribution in excess of earnings	Cash distribution per unit (including cash distribution in excess of earnings)	Total cash distribution (including cash distribution in excess of earnings)	Payout ratio	Ratio of cash distribution to net assets
	JPY	JPY million	JPY	JPY million	JPY	JPY million	%	%
Ended Apr. 30, 2016	3,014	485	194	31	3,208	516	93.9	2.9
Ended Oct. 31, 2015	2,986	286	0	0	2,986	286	99.9	2.9

(Note 1) Out of JPY194 of cash distribution in excess of earnings per unit for the fiscal period ended April 2016, JPY194 is reserve for temporary difference adjustments. There is no distribution reducing unitholders' capital for tax purpose.

(Note 2) Payout ratio is calculated using the following formula and rounded down to one decimal place. Payout ratio = Total cash distribution (not including cash distribution in excess of earnings) / net income x 100

When calculated as: Payout ratio = Total cash distribution (including cash distribution in excess of earnings) / net income x 100, the payout ratio for the fiscal period ended April 2016 is 99.9%.

(Note 3) Ratio of cash distribution to net assets is calculated using the following formula and rounded down to one decimal place.

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

When calculated as: Ratio of cash distribution to net assets = Cash distribution per unit (including cash distribution in excess of earnings) / {(net assets per unit at the beginning of the fiscal period + net assets per unit at the end of the fiscal period) / 2} x 100, the ratio of cash distribution to net assets is 3.1%.

## (3) Financial Position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	JPY million	JPY million	%	JPY
Ended Apr. 30, 2016	33,695	17,006	50.5	105,631
Ended Oct. 31, 2015	19,996	9,801	49.0	102,103

#### (4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	JPY million	JPY million	JPY million	JPY million
Ended Apr. 30, 2016	549	(11,405)	12,254	3,765
Ended Oct. 31, 2015	834	(66)	(186)	2,366

#### 2. Forecast for Management Status for Fiscal Period Ending October 31, 2016 (May 1, 2016 – October 31, 2016) and Forecast for Management Status for Fiscal Period Ending April 30, 2017 (November 1, 2016 – April 30, 2017) (% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Ending Oct. 31, 2016	1,320	6.0	614	0.1	514	(0.6)	514	(0.4)	3,196	0
Ending Apr. 30, 2017	1,354	2.6	632	3.0	524	1.9	524	1.9	3,256	0

(Reference) Forecast net income per unit for the fiscal period ending October 31, 2016 is JPY3,196 and for the fiscal period ending April 30, 2017 is JPY3,256 (assuming total number of investment units issued and outstanding at end of period of 161,000 units).

#### \* Other

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

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

##### (2) Total Number of Investment Units Issued and Outstanding

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

Fiscal period ended April 30, 2016	161,000 units
Fiscal period ended October 31, 2015	96,000 units
Fiscal period ended April 30, 2016	0 units
Fiscal period ended October 31, 2015	0 units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Notes on Per Unit Information” on page 27.

#### \* Presentation of the status of implementation of audit procedures

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

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

The outlook for management status and other forward-looking statements contained in this document is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the forecast for management status, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2016 and Fiscal Period Ending April 30, 2017” on page 7.

## 1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there is no significant change from “Structure of the Investment Corporation” in the recent securities report (submitted on January 28, 2016).

## 2. Management Policy and Management Status

### (1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Target” and “Cash Distribution Policy” in the recent securities report (submitted on January 28, 2016).

### (2) Management Status

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

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

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

With issuance of new investment units through public offering (86,400 units) on November 26, 2014, Tosei Reit listed on the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) Real Estate Investment Trust Securities Market (the “J-REIT market” (Note 1)) (Securities Code: 3451) on November 27, 2014.

In the fiscal period under review, Tosei Reit conducted issuance of new investment units through public offering (61,900 units) on November 16, 2015 and issuance of new investment units through third-party allotment (3,100 units) on December 16, 2015, procuring roughly JPY7 billion. Using the proceeds and newly borrowed funds, Tosei Reit acquired a total of 5 properties, which are 3 offices, 1 retail facility and 1 residential property. As of the end of the fiscal period (April 30, 2016), Tosei Reit has real estate trust beneficiary rights of 17 properties in total (total amount of acquisition price (Note 2): JPY29,358 million) under management and a total number of investment units issued and outstanding of 161,000 units.

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

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

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

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

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

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

###### Investment Environment:

In the fiscal period under review (3rd Period: fiscal period ended April 30, 2016), although the capital market showed unstable movements against the backdrop of overseas environment with the economic slowdown in some Asian countries, improvement of corporate earnings and employment situation due to the effects of the government’s various economic policies was seen and a mild recovery trend continued albeit slightly.

In the real estate transaction market, transaction prices continue to be on a rising trend due to further heated

competition for property acquisition, supported by favorable fund procurement environment and such. Particularly in Tokyo 5 central wards (Note 1), it has become harder to acquire a property that can secure yields buyers expect due to rising real estate prices. According to Urban Research Institute Corporation's "Real Estate Transaction Results Survey" (Note 2), the amount of real estate which is sold by business companies, etc. and flows into the real estate investment market remains at a low level, as a result of asset restructuring completing a round. In addition, in line with such, acquisition of real estate, etc. by business companies, etc. has been also slow, and transactions of real estate for investment show a stronger tendency of circulating within the real estate investment sector.

In the real estate leasing market, Tokyo business district (Tokyo 5 central wards) office vacancy rates remain at a lower level compared with that of the same period last year, and average rent has been on a slightly increasing trend (according to research by Miki Shoji Co., Ltd.). In addition, the vacancy rates of Tokyo metropolitan area (Note 3) rental housing also remain at a low level while the level of rent unit prices remain high.

#### Management Performance:

Under such circumstances, Tosei Reit acquired a total of 5 properties (total acquisition price: JPY11,924 million), which are 3 offices (Kannai Tosei Building II, Nishi Kasai Tosei Building and Shin Yokohama Center Building), 1 retail facility (Musashi Fujisawa Tosei Building) and 1 residential property (SEA SCAPE Chiba Minato), on November 17, 2015. As of the end of the fiscal period, Tosei Reit owns 17 properties with the total acquisition price of JPY29,358. Furthermore, the occupancy rate of the assets under management is 96.5%.

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

(Note 2) "Real Estate Transaction Results Survey" tallies/analyzes sellers/purchasers, locations, areas, sales prices, gain (loss) on sales, reasons for sales and such of land/buildings which were sold or acquired by listed companies, etc., using information on sales or acquisitions of fixed assets disclosed at the Tokyo Stock Exchange pursuant to "Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities, etc. (Timely Disclosure Rules)" and information publicly disclosed in newspapers, etc.

(Note 3) "Tokyo metropolitan area" collectively refers to Tokyo, Kanagawa, Saitama and Chiba prefectures. The same applies hereinafter.

#### (c) Overview of Fund Procurement

In the procurement of funds for acquisition of assets, Tosei Reit adopts a basic policy of establishing stable and sound financial standing over the medium to long term with securing of revenue and sustainable growth of asset value in mind. During the fiscal period under review, a total of JPY5,500 million of long-term loans and JPY2 million of short-term loans were taken out as term-loans (periods of 3.5 years, 5 years, 6 years and 7 years) on November 17, 2015 as fund procurement upon new property acquisition. With consideration for fixation of interest rates to cope with interest rate fluctuation risks, JPY 1,000 million of term-loan (period of 7 years) out of long-term loans taken out during the fiscal period was procured with a fixed interest rate.

As of April 30, 2016, unitholders' capital was JPY16,521 million and interest-bearing debt outstanding was the amount of JPY14,869 million.

At the end of the fiscal period under review, the ratio of interest-bearing debt to total assets (LTV) was 44.1%.

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

As a result of the management described above, business performance in the fiscal period under review was operating revenue of JPY1,245 million (up 56.0% period-on-period) and operating income of JPY613 million (up 79.2% period-on-period), and that after deducting interest expenses on loans and other expenses was ordinary income of JPY517 million (up 80.0% period-on-period) and net income of JPY516 million (up 80.2% period-on-period).

Concerning cash distribution in the fiscal period under review, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit and to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1958; as amended) (the "Special Taxation Measures Act")), Tosei Reit decided to distribute almost the

entire amount of earnings defined in Article 136 Paragraph 1 of the Investment Trusts and Investment Corporations Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit of JPY3,014.

In addition, Tosei Reit will make cash distribution in excess of earnings, of which amount is to be determined by Tosei Reit as an amount equivalent to net asset deduction items (as defined in Article 2 Paragraph 2 item 30 (b) of the Ordinance on Accountings of Investment Corporations), considering the impact of net asset deduction items, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit. For the fiscal period under review, cash distribution in excess of earnings equivalent to JPY31 million of deferred losses on hedges will be conducted. Out of such, Tosei Reit decided to distribute reserve for temporary difference adjustments (as defined in Article 2-2 item 30 of the Ordinance on Accountings of Investment Corporations) of JPY31 million, making the distribution of reserve for temporary difference adjustments per unit JPY194.

## ② Outlook for the Next Fiscal Period

Under the government's various economic policies and accommodative financial environment, not only Japanese corporate bodies including J-REITs, individual and institutional investors, but also overseas firms, investment funds, etc. are expected to continue investing in Japanese real estate. Thus, for the time being, acquisition competition and the trend of rising real estate transaction prices in the real estate transaction market are likely to continue to a certain degree. However, if uncertainties in financial markets at home and abroad remain unsolved and the risk-averting stance of investors prolongs, the fund procurement environment may change. Therefore, it is necessary to keep a close watch on future trends.

In addition, the economic recovery trend is assumed to continue due to the abovementioned effects of the government measures, etc. Amid such, the Tokyo metropolitan area office, retail facility and residential property leasing market is projected to continue showing a trend of moderate improvement in both occupancy rates and rent unit prices.

## Future Management Policy and Challenges to Address

### (a) Management Policy:

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

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

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

### (b) Expansion of Asset Size (Note 1)

Tosei Reit manages assets totaling 17 properties and amounting to approximately JPY29.4 billion, but early expansion in size is thought to be required to realize stable cash distribution to unitholders.

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

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

(Note 2) Tosei Reit decided to conclude a sale and purchase agreement for Nishidai NC Building on June, 15 2016 and plans to acquire the assets to be acquired on August 31, 2016. For the above-mentioned assets for be acquired and leasing details, etc., please refer to the “Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Nishidai NC Building)” dated June 15, 2016.

(c) Financial Strategy

At this point in time, given Bank of Japan’s monetary easing policy and the market interest rate trends, debt financing is on floating interest rates with a mind to prioritizing cash distributions to unitholders. As mentioned above, fund procurement with a fixed interest rate was conducted for the term-loan (period of 7 years) on November 17, 2015. Similarly, Tosei Reit will continue to consider interest rate swap agreements and fixed-rate debt financing while monitoring the status of Bank of Japan’s monetary easing policy and finding the right time, taking into account the future risk of interest rate rise and costs for fixing interest rates.

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

(d) Outlook for Management Status for Fiscal Period Ending October 31, 2016 and Fiscal Period Ending April 30, 2017

Fiscal period	Operating revenue	Operating income	Ordinary income	Net income	Cash distribution per unit (not including cash distribution in excess of earnings)	Cash distribution in excess of earnings per unit
	JPY million	JPY million	JPY million	JPY million	JPY	JPY
Ending Oct. 31, 2016	1,320	614	514	514	3,196	0
Ending Apr. 30, 2017	1,354	632	524	524	3,256	0

The outlook is based on information currently available to and certain assumptions deemed reasonable by Tosei Reit, and the actual management status, etc. may differ materially due to various factors. In addition, the forecast is not a guarantee of the amount of cash distribution. For the assumptions for the outlook, please refer to “Assumptions for Outlook for Management Status for Fiscal Period Ending October 31, 2016 and Fiscal Period Ending April 30, 2017” on page 7.

③ Significant Subsequent Events

Acquisition of Assets

Tosei Reit decided on June 15, 2016 to acquire the following assets, and plans to acquire the assets on August 31, 2016.

Type	Property no.	Property name	Location	Acquisition price (JPY million) (Note)
Offices	O-07	Nishidai NC Building	Itabashi-ku, Tokyo	1,481
Total (1 property)			-	1,481

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

Assumptions for Outlook for Management Status for  
Fiscal Period Ending October 31, 2016 and Fiscal Period Ending April 30, 2017

Item	Assumptions		
Calculation period	<ul style="list-style-type: none"> <li>Fiscal period ending October 31, 2016 (4th Period): May 1, 2016 – October 31, 2016 (184 days)</li> <li>Fiscal period ending April 30, 2017 (5th Period): November 1, 2016 – April 30, 2017 (181 days)</li> </ul>		
Assets under management	<ul style="list-style-type: none"> <li>The real estate trust beneficiary rights (18 properties in total), combining the real estate trust beneficiary rights owned by Tosei Reit as of the date of this document (17 properties in total) (the “Assets under Management”) and 1 property scheduled to be acquired on August 31, 2016 (Nishidai NC Building), are assumed.</li> <li>In practice, they may vary due to acquisition of new properties other than the Assets under Management or sales of the Assets under Management, etc.</li> </ul>		
Operating revenue	<ul style="list-style-type: none"> <li>Rental revenues from the Assets under Management are calculated taking into account lease agreements that are effective as of the date of this document, tenant, the lease agreement and the tenant of the property scheduled to be acquired, and market trends, etc. As for Tama Center Tosei Building, calculation is made based on the agreement concluded on June 15, 2016 concerning conclusion of re-contract for Tama Center Tosei Building.</li> <li>For rental revenues, it is assumed that no rent payments will be behind or declined by tenants.</li> </ul>		
Operating expenses	<ul style="list-style-type: none"> <li>The following are the major items of operating expenses.</li> </ul>		
		Fiscal period ending October 31, 2016	Fiscal period ending April 30, 2017
	Expenses related to rent business	JPY411 million	JPY427 million
	<i>Of which:</i> Management fee	JPY117 million	JPY124 million
	<i>[Of which:</i> Operational management costs	JPY88 million]	JPY93 million]
	<i>[Of which:</i> Property management costs	JPY26 million]	JPY27 million]
	Repair expenses	JPY27 million	JPY25 million
	Property taxes	JPY94 million	JPY109 million
	Depreciation	JPY164 million	JPY169 million
	Expenses other than expenses related to rent business	JPY130 million	JPY125 million
	<i>Of which:</i> Asset management fee	JPY78 million	JPY78 million
	<ul style="list-style-type: none"> <li>For the expenditure for repair and maintenance (repair expenses) of buildings, the amount expected to be required in the fiscal period is assumed as expenses, based on the amount planned by the Asset Management Company, after considering the amount stated in the engineering report. However, the expenditure for repair and maintenance for the fiscal period could differ significantly from the estimated amount, as expenditures may arise urgently due to damages to buildings and such caused by unexpected factors, and because the variance in amounts generally tends to be significant from year to year and repair maintenance expenses do not arise regularly.</li> <li>For property taxes, upon transactions of real estate and other properties, it is a general practice to calculate and reimburse the pro rata portion of fixed asset taxes, city planning taxes and other public charges based on the number of days of ownership to the current owner and settle them at the time of acquisition. However, the settled amount is included in the acquisition cost and is not recorded as expenses at the time of acquisition by Tosei Reit. Therefore, concerning the assets acquired in the 4th Period, fixed asset taxes, city planning taxes and other public charges in fiscal 2016 will not be recorded as expenses in the fiscal period ending October 31, 2016 and fiscal period ending April 30, 2017. The total of fixed asset taxes, city planning taxes and other public charges for properties to be acquired in the 4th fiscal period, which are to be included in acquisition cost in the fiscal period ending October 2016, will be JPY2 million (equivalent to that for 62 days); and the total of fixed asset taxes, city planning taxes and other public charges, which are to be included in acquisition cost in the fiscal period ending April 30, 2017, will be JPY2 million (equivalent to that for 61 days).</li> </ul>		
NOI	<ul style="list-style-type: none"> <li>NOI for the entire portfolio is assumed to be JPY909 million for the fiscal period ending October 31, 2016 and JPY927 million for the fiscal period ending April 30, 2017.</li> <li>NOI is calculated by using the following calculation method.  NOI = Property-related operating revenue – Property-related operating expenses (less depreciation)</li> </ul>		

Non-operating expenses	<ul style="list-style-type: none"> <li>Expenses for issuing new investment units concerning the issuance of new investment units through public offering on November 16, 2015 and the issuance of new investment units through third-party allotment on December 16, 2015 are to be expensed over a period of 3 years. The expenses for the issuance of new investment units are assumed to be JPY2 million for the fiscal period ending October 31, 2016 and JPY2 million for the fiscal period ending April 30, 2017.</li> <li>Interest expenses and borrowing related expenses are assumed to be JPY96 million for the fiscal period ending October 31, 2016 and JPY105 million for the fiscal period ending April 30, 2017. Among the borrowing related expenses, JPY40 million for the fiscal period ending October 31, 2016 and JPY39 million for the fiscal period ending April 30, 2017 will be expensed in accordance with the borrowing period.</li> </ul>
Debt financing	<ul style="list-style-type: none"> <li>It is assumed that debt financing is the sum total of a)JPY14,869 million in total from the qualified institutional investors (institutional investors who are specified by Ordinance of the Ministry of Internal Affairs and Communications among those defined under Article 67-15 Paragraph 1 item 1 (b)- 2 of Act on Special Measures Concerning Taxation and Article 7 Paragraph 7 item 3, supplementary provision of the Order for Enforcement of the Local Tax Act (Cabinet Order No. 245 of 1950, as amended)) defined under Article 2 Paragraph 3 item 1 of Financial Instruments and Exchange Act, as of the date of this document; and b)the scheduled borrowing of JPY800 million for the properties to be newly acquired in the 4th fiscal period. Furthermore, since consumption tax refund in line with the November 17, 2015 acquisition of assets is assumed in the fiscal period ending October 31, 2016, the refund is assumed to be used for partial repayment of borrowings. It is also assumed that there will be no changes, other than the above, in debt outstanding through the end of the fiscal period ending April 30, 2017.</li> <li>LTV is assumed to be 45.0% as of the end of the fiscal period ending October 31, 2016 and 45.0% as of the end of the fiscal period ending April 30, 2017.</li> <li>LTV is calculated by using the following calculation method.  <math display="block">LTV = \text{Total interest-bearing debt} \div \text{Total assets} \times 100</math> </li> </ul>
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>It is assumed that the total number of investment units issued and outstanding will be 161,000 units as it is as of the date of this document, and that there will be no changes to this number due to additional issuance of new investment units and such through the end of the fiscal period ending April 30, 2017.</li> <li>Cash distribution per unit is calculated using the forecast total number of investment units issued and outstanding at the end of the fiscal period ending October 31, 2016 and the fiscal period ending April 30, 2017 (161,000 units).</li> </ul>
Cash distribution per unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> <li>Cash distribution per unit is calculated on the assumption described in the monetary cash distribution policy stipulated in Tosei Reit's Articles of Incorporation.</li> <li>Deferred losses on hedges of interest rate swaps as a difference of evaluation/conversion, etc. is expected to be JPY31 million for the fiscal period ending October 31, 2016, which is the same amount for the fiscal period ended April 30, 2016; and cash distribution per unit is calculated with an assumption that there is no fluctuation to the fair value of interest rate swaps.</li> <li>It is possible that the cash distribution per unit (not including cash distribution in excess of earnings) could change due to various factors, including changes in the Assets under Management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs, etc.</li> </ul>
Cash distribution in excess of earnings per unit (out of which, reserve for temporary adjustments)	<ul style="list-style-type: none"> <li>It is assumed that, out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts and Investment Corporations Act, Tosei Reit will make distribution as reserve for temporary difference adjustments, of which amount is to be determined by Tosei Reit as an amount equivalent to net asset deduction items (as defined in Article 2 item 30 (b) of the Ordinance on Accountings of Investment Corporations), considering the impact of net asset deduction items on cash distribution.</li> <li>No cash distribution in excess of earnings (reserve for temporary difference adjustments) is expected for the fiscal periods ending October 31, 2016 and April 30, 2017 as the calculation is made under assumption that there is no fluctuation to the fair value of interest rate swaps.</li> </ul>
Cash distribution in excess of earnings per unit (out of which, distribution reducing unitholders' capital for tax purpose)	<ul style="list-style-type: none"> <li>Out of cash distribution in excess of earnings defined in Article 136 Paragraph 1 of the Investment Trusts and Investment Corporations Act, Tosei Reit does not currently anticipate a return of contribution.</li> </ul>



Other	<ul style="list-style-type: none"> <li>• Forecasts are based on the assumption that revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan that impact forecast figures.</li> <li>• Forecasts are based on the assumption there will be no major unforeseen changes to general economic trends in real estate and other market conditions, etc.</li> </ul>
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(3) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities registration statement (submitted on January 28, 2016).

## 3. Financial Statements

## (1) Balance Sheet

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	1,084,031	1,427,661
Cash and deposits in trust	* <sub>1</sub> 1,282,488	* <sub>1</sub> 2,338,098
Operating accounts receivable	2,989	3,334
Prepaid expenses	51,453	81,294
Deferred tax assets	13	16
Consumption taxes receivable	—	251,596
Total current assets	2,420,976	4,102,003
Non-current assets		
Property, plant and equipment		
Buildings in trust	5,455,102	9,212,530
Accumulated depreciation	(161,002)	(302,064)
Buildings in trust, net	* <sub>1</sub> 5,294,099	* <sub>1</sub> 8,910,465
Structures in trust	84,104	116,282
Accumulated depreciation	(4,968)	(9,784)
Structures in trust, net	* <sub>1</sub> 79,135	* <sub>1</sub> 106,497
Machinery and equipment in trust	151,049	243,783
Accumulated depreciation	(11,720)	(21,141)
Machinery and equipment in trust, net	* <sub>1</sub> 139,328	* <sub>1</sub> 222,641
Tools, furniture and fixtures in trust	60,006	91,358
Accumulated depreciation	(4,473)	(8,432)
Tools, furniture and fixtures in trust, net	* <sub>1</sub> 55,532	* <sub>1</sub> 82,926
Construction in progress in trust	—	2,040
Land in trust	* <sub>1</sub> 11,927,842	* <sub>1</sub> 20,092,132
Total property, plant and equipment	17,495,938	29,416,703
Investments and other assets		
Long-term prepaid expenses	69,120	144,967
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	79,120	154,967
Total non-current assets	17,575,059	29,571,671
Deferred assets		
Investment unit issuance expenses	—	21,673
Total deferred assets	—	21,673
Total assets	19,996,035	33,695,348

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	48,726	48,739
Short-term loans payable	—	* <sub>1</sub> 200,000
Current portion of long-term loans payable	—	* <sub>1</sub> 3,169,000
Accounts payable – other	47,596	58,012
Income taxes payable	853	915
Accrued consumption taxes	22,887	—
Advances received	124,954	217,519
Other	1,117	42,529
Total current liabilities	246,135	3,736,715
Non-current liabilities		
Long-term loans payable	* <sub>1</sub> 9,169,000	* <sub>1</sub> 11,500,000
Tenant leasehold and security deposits in trust	768,767	1,420,650
Other	10,172	31,306
Total non-current liabilities	9,947,940	12,951,956
Total liabilities	10,194,075	16,688,672
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	9,525,436	16,521,321
Surplus		
Unappropriated retained earnings (undisposed loss)	286,695	516,660
Total surplus	286,695	516,660
Total unitholders' equity	9,812,132	17,037,982
Valuation and translation adjustments		
Deferred gains or losses on hedges	(10,172)	(31,306)
Total valuation and translation adjustments	(10,172)	(31,306)
Total net assets	* <sub>2</sub> 9,801,960	* <sub>2</sub> 17,006,676
Total liabilities and net assets	19,996,035	33,695,348

## (2) Statement of Income

(Unit: JPY thousand)

	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
Operating revenue		
Rent revenue – real estate	*1, *2 716,173	*1, *2 1,139,845
Other lease business revenue	*1, *2 82,316	*1, *2 105,772
Total operating revenue	798,490	1,245,618
Operating expenses		
Expenses related to rent business	*1 355,355	*1 522,192
Asset management fee	45,230	66,000
Asset custody fee	1,044	1,049
Administrative service fees	6,170	9,383
Directors' compensations	3,900	3,900
Other operating expenses	44,454	29,532
Total operating expenses	456,155	632,059
Operating income	342,334	613,559
Non-operating income		
Interest income	176	295
Miscellaneous income	554	54
Total non-operating income	730	349
Non-operating expenses		
Interest expenses	28,159	51,548
Borrowing related expenses	27,353	40,447
Other	—	4,334
Total non-operating expenses	55,513	96,330
Ordinary income	287,552	517,578
Income before income taxes	287,552	517,578
Income taxes – current	889	960
Income taxes – deferred	4	(3)
Total income taxes	894	957
Net income	286,657	516,621
Retained earnings brought forward	37	39
Unappropriated retained earnings (undisposed loss)	286,695	516,660

## (3) Statement of Unitholders' Equity

2nd Period (from May 1, 2015 to October 31, 2015)

(Unit: JPY thousand)

	Unitholders' equity			
	Unitholders' capital	Surplus		Total unitholders' equity
		Unappropriated retained earnings (undisposed loss)	Total surplus	
Balance at beginning of current period	9,525,436	186,085	186,085	9,711,522
Changes of items during period				
Dividends of surplus		(186,048)	(186,048)	(186,048)
Net income		286,657	286,657	286,657
Net changes of items other than unitholders' equity				
Total changes of items during period	—	100,609	100,609	100,609
Balance at end of current period	9,525,436	286,695	286,695	9,812,132

(Unit: JPY thousand)

	Valuation and translation adjustments		
	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at beginning of current period	—	—	9,711,522
Changes of items during period			
Dividends of surplus			(186,048)
Net income			286,657
Net changes of items other than unitholders' equity	(10,172)	(10,172)	(10,172)
Total changes of items during period	(10,172)	(10,172)	90,437
Balance at end of current period	(10,172)	(10,172)	9,801,960

3rd Period (from November 1, 2015 to April 30, 2016)

(Unit: JPY thousand)

	Unitholders' equity			
	Unitholders' capital	Surplus		Total unitholders' equity
		Unappropriated retained earnings (undisposed loss)	Total surplus	
Balance at beginning of current period	9,525,436	286,695	286,695	9,812,132
Changes of items during period				
Issuance of new investment units	6,995,885			6,995,885
Dividends of surplus		(286,656)	(286,656)	(286,656)
Net income		516,621	516,621	516,621
Net changes of items other than unitholders' equity				
Total changes of items during period	6,995,885	229,965	229,965	7,225,850
Balance at end of current period	16,521,321	516,660	516,660	17,037,982

(Unit: JPY thousand)

	Valuation and translation adjustments		
	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance at beginning of current period	(10,172)	(10,172)	9,801,960
Changes of items during period			
Issuance of new investment units			6,995,885
Dividends of surplus			(286,656)
Net income			516,621
Net changes of items other than unitholders' equity	(21,134)	(21,134)	(21,134)
Total changes of items during period	(21,134)	(21,134)	7,204,716
Balance at end of current period	(31,306)	(31,306)	17,006,676

## (4) Statement of Cash Distributions

(Unit: JPY)		
Item	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
I. Unappropriated retained earnings	286,695,424	516,660,848
II. Amount to be added to cash distribution in excess of earnings	—	31,234,000
Of which, reserve for temporary difference adjustments	—	31,234,000
III. Amount of cash distribution	286,656,000	516,488,000
[Amount of cash distribution per investment unit]	[2,986]	[3,208]
Of which, cash distribution of earnings	286,656,000	485,254,000
(Of which, cash distribution of earnings per unit)	[2,986]	[3,014]
Of which, reserve for temporary difference adjustments	—	31,234,000
(Of which, cash distribution in excess of earnings per unit (for reserve for temporary difference adjustments))	[—]	[194]
IV. Retained earnings carried forward	39,424	31,406,848
Method of calculating the amount of cash distribution	<p>Pursuant to the monetary cash distribution policy provided in Article 25, Paragraph 1 of the Articles of Incorporation of Tosei Reit, the amount of cash distribution shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution provided in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on such policy, Tosei Reit decided to pay out cash distribution of earnings of JPY286,656,000, which is the largest integral multiple of the total number of investment units issued and outstanding (96,000 units) in an amount not in excess of unappropriated retained earnings. Tosei Reit will not engage in the distribution of cash in excess of earnings provided in Article 25, Paragraph 2 of the Articles of Incorporation.</p> <p>Cash distribution per investment unit for the fiscal period under review is JPY3,208 as stated above. Concerning cash distribution of earnings (not including cash distribution in excess of earnings), in order to ensure that the maximum amount of cash distribution of earnings would be included in deductible expenses based on application of special provisions for taxation on investment corporations (Article 67-15 Paragraph 1 the Special Taxation Measures Act), Tosei Reit decided to distribute almost the entire amount of earnings defined in Article 136 Paragraph 1 of the Investment Trusts and Investment Corporations Act, excluding the portion where cash distribution per investment unit would be less than JPY1. As a result, Tosei Reit declared a cash distribution per investment unit (not including cash distribution in excess of earnings) of JPY3,014. In addition, Tosei Reit will make cash distribution in excess of earnings ("Cash Distribution in Excess of Earnings"), of which amount is to be determined by Tosei Reit as an amount equivalent to net asset deduction items on cash distribution (as defined in Article 2 Paragraph 2 item 30 (b) of the Ordinance on Accounting of Investment Corporations), considering the impact of net asset deduction items, in accordance with the cash distribution policy provided in the Articles of Incorporation of Tosei Reit. For the fiscal period under review, Cash Distribution in Excess of Earnings of JPY31 million of deferred losses on hedges will be conducted. Out of such, Tosei Reit decided to distribute reserve for temporary difference adjustments of JPY31 million, making the distribution of reserve for temporary difference adjustments per investment unit JPY194.</p>	

## (5) Statement of Cash Flows

(Unit: JPY thousand)

	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
Cash flows from operating activities		
Income before income taxes	287,552	517,578
Depreciation	91,638	159,257
Borrowing related expenses	27,353	40,447
Interest income	(176)	(295)
Interest expenses	28,159	51,548
Decrease (increase) in operating accounts receivable	(281)	(345)
Decrease (increase) in consumption taxes refund receivable	387,669	(251,596)
Increase (decrease) in accrued consumption taxes	22,887	(22,887)
Decrease (increase) in prepaid expenses	1,384	(29,841)
Decrease (increase) in long-term prepaid expenses	—	16,610
Increase (decrease) in operating accounts payable	3,022	15,543
Increase (decrease) in accounts payable – other	10,596	10,415
Increase (decrease) in advances received	6,147	92,565
Other, net	(2,125)	2,318
Subtotal	863,828	601,320
Interest income received	176	295
Interest expenses paid	(28,004)	(50,870)
Income taxes paid	(1,111)	(898)
Net cash provided by (used in) operating activities	834,888	549,846
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(14,288)	(12,095,553)
Proceeds from tenant leasehold and security deposits in trust	58,462	882,477
Repayments of tenant leasehold and security deposits in trust	(110,583)	(191,933)
Net cash provided by (used in) investing activities	(66,409)	(11,405,009)
Cash flows from financing activities		
Proceeds from short-term loans payable	—	200,000
Proceeds from long-term loans payable	—	5,370,696
Proceeds from issuance of investment units	—	6,970,362
Dividends paid	(186,048)	(286,656)
Net cash provided by (used in) financing activities	(186,048)	12,254,403
Net increase (decrease) in cash and cash equivalents	582,431	1,399,240
Cash and cash equivalents at beginning of period	1,784,088	2,366,519
Cash and cash equivalents at end of period	*1 2,366,519	*1 3,765,759

## (6) Notes on Going Concern Assumption

Not applicable.

## (7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is adopted. The useful life of principal property, plant and equipment is as follows:</p> <table> <tr> <td>Buildings</td><td>2-62 years</td></tr> <tr> <td>Structures</td><td>2-60 years</td></tr> <tr> <td>Machinery and equipment</td><td>10-35 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2-27 years</td></tr> </table> <p>(2) Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	2-62 years	Structures	2-60 years	Machinery and equipment	10-35 years	Tools, furniture and fixtures	2-27 years
Buildings	2-62 years								
Structures	2-60 years								
Machinery and equipment	10-35 years								
Tools, furniture and fixtures	2-27 years								
2. Treatment of deferred assets	Investment unit issuance expenses Equally amortized over a period of 3 years.								
3. Standards for revenue and expense recognition	<p>Accounting for fixed asset tax, etc. Accounting for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as real estate rent expenses. Reimbursement of fixed asset tax, etc. in the fiscal year that includes the acquisition date paid to the seller upon acquisition of real estate, etc. is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc.</p>								
4. Hedge accounting	<p>(1) Hedge accounting approach for deferred hedges, etc. Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans (3) Hedging policy Tosei Reit conducts derivative transactions for the purpose of hedging the risks provided in the Articles of Incorporation pursuant to the financial policy. (4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.</p>								
5. Scope of funds in the statement of cash flows (cash and cash equivalents)	The funds in the statement of cash flows (cash and cash equivalents) consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.								
6. Other significant matters serving as basis for preparation of financial statements	<p>(1) Accounting for trust beneficiary rights that have real estate, etc. as assets in trust Concerning trust beneficiary rights that have real estate, etc. as assets in trust held, all accounts of assets and liabilities within assets in trust as well as all accounts of revenue and expenses from the assets in trust are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the assets in trust recognized in the relevant account item are separately listed on the balance sheet. ① Cash and deposits in trust ② Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; and land in trust ③ Tenant leasehold and security deposits in trust (2) Accounting method for consumption tax, etc. Consumption tax and local consumption tax are accounted for by excluding from transaction amounts. However, non-deductible consumption tax on non-current assets, etc. is included in the cost of acquisition of the respective non-current assets, etc.</p>								



## (8) Notes to Financial Statements

## [Notes to Balance Sheet]

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

The following are the assets pledged as collateral.

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
Cash and deposits in trust	1,282,488	2,338,098
Buildings in trust	5,294,099	8,910,465
Structures in trust	79,135	106,497
Machinery and equipment in trust	139,328	222,641
Tools, furniture and fixtures in trust	55,532	82,926
Land in trust	11,927,842	20,092,132
Total	18,778,427	31,752,762

The following are the secured liabilities.

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
Short-term loans payable	—	200,000
Current portion of long-term loans payable	—	3,169,000
Long-term loans payable	9,169,000	11,500,000
Total	9,169,000	14,869,000

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

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
	50,000	50,000

## [Notes to Statement of Income]

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

	(Unit: JPY thousand)	
	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
A. Property-related operating revenue		
Rent revenue – real estate		
Rental income	613,442	984,597
Common area maintenance income	68,922	98,664
Parking income	21,379	40,432
Other rental income	12,430	16,151
Total	716,173	1,139,845
Other lease business revenue		
Utilities reimbursement	72,557	93,554
Other income	9,758	12,218
Total	82,316	105,772
Total property-related operating revenue	798,490	1,245,618
B. Property-related operating expenses		
Expenses related to rent business		
Management fee	72,722	111,229
Trust fee	3,600	4,974
Utilities expenses	86,586	105,138
Insurance premium	1,778	2,883
Repair expenses	25,170	31,054
Property taxes	58,558	81,277
Depreciation	91,638	159,257
Other expenses	15,301	26,377
Total property-related operating expenses	355,355	522,192
C. Property-related operating income (loss) (A – B)	443,134	723,426

## \*2. Transactions with major unitholders

	(Unit: JPY thousand)	
	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
From operating transactions		
Rent revenue – real estate	175,120	14,593
Other lease business revenue	25,350	1,614

\*With the issuance of new investment units, a person or an entity that falls under the category of major unitholders became none on November 16, 2015. Thus the amounts for the period during which major shareholders existed are indicated.

## [Notes to Statement of Unitholders' Equity]

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

	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	96,000 units	161,000 units

## [Notes to Statement of Cash Flows]

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

(Unit: JPY thousand)

	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
Cash and deposits	1,084,031	1,427,661
Cash and deposits in trust	1,282,488	2,338,098
Cash and cash equivalents	2,366,519	3,765,759

## [Notes on Lease Transactions]

## Operating lease transactions (as lessor)

## Future minimum lease payments under non-cancellable operating leases

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
Due within 1 year	391,221	351,342
Due after 1 year	78,812	537,830
Total	470,033	889,173

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

Not applicable.

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

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

2nd Period (as of October 31, 2015)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,084,031	1,084,031	—
(2) Cash and deposits in trust	1,282,488	1,282,488	—
Total assets	2,366,519	2,366,519	—
(3) Long-term loans payable	9,169,000	9,169,000	—
Total liabilities	9,169,000	9,169,000	—
(4) Derivative transactions	(10,172)	(10,172)	—

3rd Period (as of April 30, 2016)

(Unit: JPY thousand)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	1,427,661	1,427,661	—
(2) Cash and deposits in trust	2,338,098	2,338,098	—
Total assets	3,765,759	3,765,759	—
(3) Short-term loans payable	200,000	200,000	—
(4) Current portion of long-term loans payable	3,169,000	3,169,000	—
(5) Long-term loans payable	11,500,000	11,500,000	—
Total liabilities	14,869,000	14,869,000	—
(6) Derivative transactions	(31,306)	(31,306)	—

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

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

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

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

(3) Short-term loans payable

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

(4) Current portion of long-term loans payable, (5) Long-term loans payable

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

(6) Derivative transactions

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

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

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

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
Tenant leasehold and security deposits in trust	768,767	1,459,311

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts

2nd Period (as of October 31, 2015)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	1,084,031	—	—	—	—	—
Cash and deposits in trust	1,282,488	—	—	—	—	—
Total	2,366,519	—	—	—	—	—

3rd Period (as of April 30, 2016)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	1,427,661	—	—	—	—	—
Cash and deposits in trust	2,338,098	—	—	—	—	—
Total	3,765,759	—	—	—	—	—

(Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts

2nd Period (as of October 31, 2015)

(Unit: JPY thousand)

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

3rd Period (as of April 30, 2016)

(Unit: JPY thousand)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	200,000	—	—	—	—	—
Long-term loans payable	3,169,000	2,000,000	2,000,000	4,000,000	1,500,000	2,000,000
Total	3,369,000	2,000,000	2,000,000	4,000,000	1,500,000	2,000,000

[Notes on Securities]

2nd Period (as of October 31, 2015)

Not applicable.

3rd Period (as of April 30, 2016)

Not applicable.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

2nd Period (as of October 31, 2015)

Not applicable.

3rd Period (as of April 30, 2016)

Not applicable.

## 2. Derivative transactions to which hedge accounting is applied

2nd Period (as of October 31, 2015)

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

(Unit: JPY thousand)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, due after 1 year	
Principle accounting	Interest rate swap transaction Pay fixed Receive floating	Interest on loans	6,000,000	6,000,000	(10,172)

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

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

3rd Period (as of April 30, 2016)

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

(Unit: JPY thousand)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, due after 1 year	
Principle accounting	Interest rate swap transaction Pay fixed Receive floating	Interest on loans	6,000,000	6,000,000	(31,306)

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

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

## [Notes on Related-Party Transactions]

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

## 2nd Period (from May 1, 2015 to October 31, 2015)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Major unitholder	Tosei Corporation	4-2-3 Toranomon, Minato-ku, Tokyo	6,421,392	Real estate business	10.00% directly held in Tosei Reit	None	Purchase and leasing of real estate	Leasing, etc. of real estate, etc. (Note 3)	200,471	Advances received	31,764
										Tenant leasehold and security deposits in trust	158,263

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

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

(Note 3) The entries above include not only rent and common area maintenance charges, but also parking fee, utilities expenses, etc.

## 3rd Period (from November 1, 2015 to April 30, 2016)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Major unitholder	Tosei Corporation	4-2-3 Toranomon, Minato-ku, Tokyo	6,421,392	Real estate business	5.96% directly held in Tosei Reit	None	Purchase and leasing of real estate	Leasing, etc. of real estate, etc. (Note 3) (Note 4)	16,208	Tenant leasehold and security deposits in trust (Note 4)	167,499

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

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

(Note 3) The entries above include not only rent and common area maintenance charges, but also parking fee, utilities expenses, etc.

(Note 4) As a result of issuance of new investment units through public offering conducted on November 16, 2015, Tosei Corporation no longer falls under the category of related parties. Therefore, the transaction amount indicates the amount during the period when Tosei Corporation was a related party, and the balance at the end of period indicates the balance as of the time when it became no longer a related party.

## 2. Affiliated company, etc.

## 2nd Period (from May 1, 2015 to October 31, 2015)

Not applicable.

## 3rd Period (from November 1, 2015 to April 30, 2016)

Not applicable.



## 3. Fellow subsidiary, etc.

## 2nd Period (from May 1, 2015 to October 31, 2015)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Subsidiary of major unitholder	Tosei Asset Advisors, Inc.	4-2-3 Toranomon, Minato-ku, Tokyo	100,000	Investment management business	—	None	Entrustment of asset management	Payment of asset management fee	45,230	Accounts payable – other	32,607
Subsidiary of major unitholder	Tosei Community Co., Ltd.	3-19-13 Toranomon, Minato-ku, Tokyo	99,500	Property management business	—	None	Leasing and management of real estate	Property management fee, etc. (Note 3)	86,094	Operating accounts payable	48,726

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

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

(Note 3) The entries above include not only management fee, but also repair expenses, advertising expenses, etc.

## 3rd Period (from November 1, 2015 to April 30, 2016)

Attribute	Name of company or person	Address	Capital stock or investments in capital (JPY thousand)	Description of business or occupation	Percentage of voting rights, etc. held by (in) Tosei Reit	Description of relationship		Description of transaction	Transaction amount (JPY thousand)	Account item	Balance at end of period (JPY thousand)
						Concurrent holding of positions, etc. by directors	Business relationship				
Subsidiary of major unitholder	Tosei Asset Advisors, Inc.	4-2-3 Toranomon, Minato-ku, Tokyo	100,000	Investment management business	—	None	Entrustment of asset management	Payment of asset management fee	4,721	Accounts payable – other (Note 4)	19,378
Subsidiary of major unitholder	Tosei Community Co., Ltd.	3-19-13 Toranomon, Minato-ku, Tokyo	99,500	Property management business	—	None	Leasing and management of real estate	Property management fee, etc. (Note 3) (Note 4)	7,567	Operating accounts payable (Note 4)	57,534

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

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

(Note 3) The entries above include not only management fee, but also repair expenses, advertising expenses, etc.

(Note 4) As a result of issuance of new investment units through public offering conducted on November 16, 2015, Tosei Corporation no longer falls under the category of related parties. Therefore, the transaction amount indicates the amount during the period when Tosei Corporation was a related party, and the balance at the end of period indicates the balance as of the time when it became no longer a related party.

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

## 2nd Period (from May 1, 2015 to October 31, 2015)

Not applicable.

## 3rd Period (from November 1, 2015 to April 30, 2016)

Not applicable.

## [Notes on Tax-Effect Accounting]

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

(Unit: JPY thousand)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
[Deferred tax assets – current]		
Non-deductible accrued enterprise tax	13	16
Total deferred tax assets – current	13	16
Net deferred tax assets – current	13	16
[Deferred tax assets – non-current]		
Deferred losses on hedges	3,286	9,936
Subtotal	3,286	9,936
Valuation allowance	(3,286)	(9,936)
Total deferred tax assets – non-current	—	—
Net deferred tax assets – non-current	—	—

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

(Unit: %)

	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
Statutory tax rate	32.31	32.31
[Adjustments]		
Deductible cash distribution payable	(32.21)	(32.24)
Other	0.21	0.11
Effective income tax rate after application of tax-effect accounting	0.31	0.18

## 3. Adjustments to deferred tax assets and liabilities due to changes in income tax rates

The Act on Partial Revision of the Income Tax Act, etc. (Act No.15 of 2016) and the Act on Partial Revision of the Local Taxation Act, etc. (Act No.13 of 2016) were promulgated on March 31, 2016, and the corporate tax rate was changed from fiscal periods starting on or after April 1, 2016. Accordingly, the effective statutory tax rate used to calculate the deferred tax assets and liabilities for temporary differences expected to be settled or realized during fiscal periods which start on or after May 1, 2016 has been changed to 31.74% from 32.31%. The effect of this change in tax rate is minimal.

## [Notes on Retirement Benefits]

2nd Period (as of October 31, 2015)

Not applicable.

3rd Period (as of April 30, 2016)

Not applicable.

## [Notes on Asset Retirement Obligations]

2nd Period (as of October 31, 2015)

Not applicable.

3rd Period (as of April 30, 2016)

Not applicable.

## [Notes on Investment and Rental Properties]

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

(Unit: JPY thousand)

	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
Carrying amount (Note 1)		
Balance at beginning of period	17,555,943	17,495,938
Amount of increase (decrease) during period (Note 2)	(60,004)	11,918,724
Balance at end of period	17,495,938	29,414,663
Fair value at end of period (Note 3)	18,773,000	32,218,000

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

(Note 2) For the 2nd Period, the amount of increase is mainly attributable to acquisition of "Inage Kaigan Building air-conditioning equipment" (JPY14,036 thousand), etc., while the amount of decrease is mainly attributable to depreciation (JPY91,638 thousand). For the 3rd Period, the amount of increase is mainly attributable to acquisition of "Kannai Tosei Building II" and other properties totaling 5 properties (JPY12,045,810 thousand), while the amount of decrease is mainly attributable to depreciation (JPY159,257 thousand).

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

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

## [Notes on Segment Information]

## Segment Information

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

## [Notes on Per Unit Information]

	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
Net assets per unit	JPY102,103	JPY105,631
Net income per unit	JPY2,986	JPY3,330

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.

In addition, diluted net income per unit is not stated because there are no diluted investment units.

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

	2nd Period (From: May 1, 2015 To: Oct. 31, 2015)	3rd Period (From: Nov. 1, 2015 To: Apr. 30, 2016)
Net income (JPY thousand)	286,657	516,621
Amount not attributable to common unitholders (JPY thousand)	—	—
Net income attributable to common investment units (JPY thousand)	286,657	516,621
Average number of investment units during period (units)	96,000	155,132

## [Notes on Significant Subsequent Events]

## 1. Acquisition of Assets

Tosei Reit resolved to conclude a sale and purchase agreement for acquisition of the following property at the Board of Directors Meeting held on June 15, 2016, and concluded the agreement on the same day.

Property name	Nishidai NC Building
Type of asset	Trust beneficiary right
Acquisition price (Note 1)	JPY1,481 million
Seller	Tosei Corporation
Scheduled acquisition date	August 31, 2016

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

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

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

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

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

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

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

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

(Note 5) There exist no investment units without voting rights provided in Article 308 Paragraph 2 of the Companies Act which will be applied mutatis mutandis pursuant to Article 94 of the Investment Trusts Act (treasury investment units) or investment units without voting rights provided in Article 160 of the Ordinance for Enforcement of Investment Trusts Act (mutual-holding investment units).

#### 4. Changes in Directors

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

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

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

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

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

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

## (2) Directors of the Asset Management Company

During the fiscal period under review, Ryohei Yasuda (Senior Managing Director), Katsuhito Kosuge (Director (part-time)) and Akira Ishida (Auditor (part-time)) retired on February 25, 2016; and Takayoshi Kitajima, Noboru Hirano and Hiroshi Nishinakama assumed the posts of Director, Director (part-time) and Auditor (part-time), respectively, on the same day. For details, please refer to Notice Concerning Changes in Board Members of the Asset Management Company dated February 10, 2016 and (Revised) Notice Concerning Changes in Board Members of the Asset Management Company dated February 16, 2016.

## 5. Reference Information

### (1) Investment Status

The following is an overview of the investment status of Tosei Reit as of April 30, 2016. Real estate that are the assets in trust of the real estate trust beneficiary rights (“real estate trust beneficiary rights”) that are the portfolio assets of Tosei Reit are each the building and its site for leasing to tenants.

Assets of Tokai Net are each the building and its site for leasing to tenants.				
Type of asset	Geographical area, etc. (Note 1)	Main use	3rd Period (As of Apr. 30, 2016)	
			Total amount held (Note 2) (JPY million)	As a percentage of total assets (Note 3) (%)
Real estate trust beneficiary rights	Tokyo metropolitan area	Offices	14,433	42.8
		Retail facilities	4,314	12.8
		Residential properties	10,668	31.7
	Major regional cities	—	—	—
	Total		29,416	87.3
Deposits and other assets			4,278	12.7
Total assets (Note 4)			33,695	100.0
Total liabilities (Note 4)			16,688	49.5
Total net assets (Note 4)			17,006	50.5

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

(Note 2) “Total amount held” is the amount based on the carrying amount (depreciated book value in the case of real estate trust beneficiary rights) as of April 30, 2016 in accordance with the asset valuation method provided in the Articles of Incorporation.

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

(Note 4) “Total assets,” “Total liabilities” and “Total net assets” is the amount based on the carrying amount (depreciated book value in the case of real estate trust beneficiary rights) as of April 30, 2016 in accordance with the asset valuation method provided in the Articles of Incorporation.

## (2) Investment Assets

## (a) Overview of Assets under Management

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

Type	Property no.	Property name	Location	Acquisition price (JPY million)	Investment ratio (%) (Note 1)	Real estate appraisal value, etc. (JPY million) (Note 2)	Acquisition date (Note 3)
Offices	O-01	Tama Center Tosei Building	Tama-shi, Tokyo	3,370	11.5	3,430	November 28, 2014
	O-02	KM Shinjuku Building	Shinjuku-ku, Tokyo	2,057	7.0	2,370	November 28, 2014
	O-03	Nihonbashi-Hamacho Building	Chuo-ku, Tokyo	1,830	6.2	2,030	November 28, 2014
	O-04	Kannai Tosei Building II	Yokohama-shi, Kanagawa	4,100	14.0	4,540	November 17, 2015
	O-05	Nishi Kasai Tosei Building	Edogawa-ku, Tokyo	1,710	5.8	1,880	November 17, 2015
	O-06	Shin Yokohama Center Building	Yokohama-shi, Kanagawa	1,364	4.6	1,570	November 17, 2015
	Subtotal		—	14,431	49.2	15,820	—
Retail facilities	Rt-01	Inage Kaigan Building	Chiba-shi, Chiba	2,380	8.1	2,530	November 28, 2014
	Rt-02	Musashi Fujisawa Tosei Building	Iruma-shi, Saitama	1,950	6.6	2,090	November 17, 2015
	Subtotal		—	4,330	14.7	4,620	—
Offices and retail facilities combined subtotal			—	18,761	63.9	20,440	—
Residential properties	Rd-01	T's garden Koenji	Suginami-ku, Tokyo	1,544	5.3	1,860	November 28, 2014
	Rd-02	Live Akabane	Kita-ku, Tokyo	1,227	4.2	1,400	November 28, 2014
	Rd-03	Gekkocho Apartment	Meguro-ku, Tokyo	1,000	3.4	1,100	November 28, 2014
	Rd-04	T's garden Kawasakidaishi	Kawasaki-shi, Kanagawa	980	3.3	1,080	November 28, 2014
	Rd-05	Abitato Kamata	Ota-ku, Tokyo	836	2.8	900	November 28, 2014
	Rd-06	MarLandFive	Fujimi-shi, Saitama	830	2.8	866	November 28, 2014
	Rd-07	Avenir Shirotae	Yokohama-shi, Kanagawa	780	2.7	874	November 28, 2014
	Rd-08	Dormitory Haramachida	Machida-shi, Tokyo	600	2.0	658	November 28, 2014
	Rd-09	SEA SCAPE Chiba Minato	Chiba-shi, Chiba	2,800	9.5	3,040	November 17, 2015
	Subtotal		—	10,597	36.1	11,778	—
Total			—	29,358	100.0	32,218	—

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

(Note 2) Appraisal of the property is entrusted to Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc. “Real estate appraisal value, etc.” is the appraisal value stated in the real estate appraisal report or investigation report (“real estate appraisal report, etc.”) with April 30, 2016 as the effective date of the appraisal (date of value).

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



## (b) Portfolio Composition

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

## a. By property type

Property type	Number of properties	Acquisition price (JPY million)	Investment ratio by property type (%) (Note)
Offices	6	14,431	49.2
Retail facilities	2	4,330	14.7
Residential properties	9	10,597	36.1
Total	17	29,358	100.0

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

## b. By geographical area

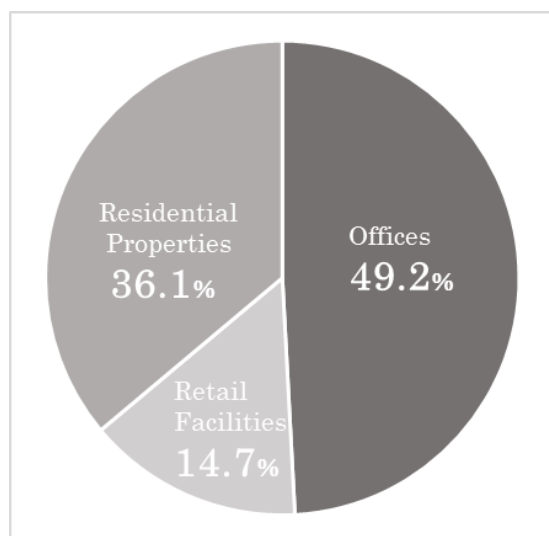
Geographical area	Number of properties	Acquisition price (JPY million)	Investment ratio by geographical area (%) (Note)
Tokyo metropolitan area	17	29,358	100.0
Tokyo 5 central wards	2	3,887	13.2
Tokyo 23 wards (excluding Tokyo 5 central wards)	5	6,317	21.5
Tokyo metropolitan area (excluding Tokyo 23 wards)	10	19,154	65.3
Major regional cities	—	—	—
Total	17	29,358	100.0

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

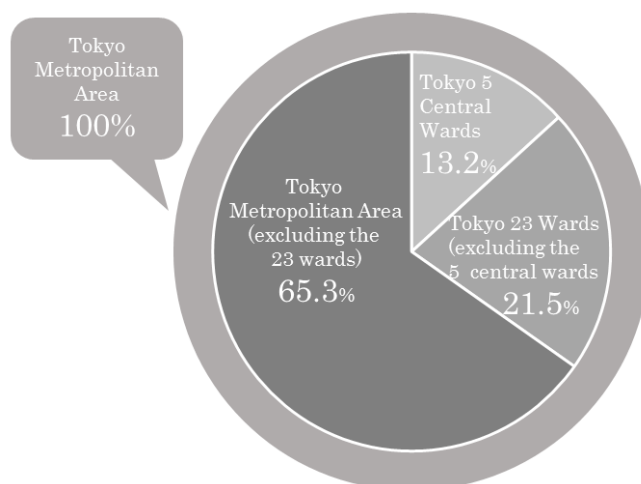
## c. Number of investments by acquisition price

Acquisition price	Number of properties
Less than JPY1.0 billion	5
JPY1.0 billion or more, but less than JPY2.0 billion	7
JPY2.0 billion or more, but less than JPY3.0 billion	3
JPY3.0 billion or more	2
Total	17

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



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



## (c) Overview of Buildings, Etc.

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

The form of lease agreement for Tama Center Tosei Building (Note 1) and Musashi Fujisawa Tosei Building (Note 2) are pass-through type master lease agreement (the “ML agreement”) and fixed-rent master lease agreement, while it is pass-through type master lease agreement for each property other than said properties.

Type	Property no.	Property name	Construction completion (Note 3)	Building age (years) (Note 4)	Annual rent (JPY million) (Note 5)	Security and guarantee deposits (JPY million) (Note 6)	Total leased area (m <sup>2</sup> ) (Note 7)	Total leasable area (m <sup>2</sup> ) (Note 8)	Occupancy rate (%) (Note 9)	Number of tenants (Note 10)
Offices	O-01	Tama Center Tosei Building (Note 1)	July 1989	26.8	346	182	9,737.49	9,737.49	100.0 (66.9)	1 (34)
	O-02	KM Shinjuku Building	September 1991	24.6	157	81	3,403.95	3,403.95	100.0	8
	O-03	Nihonbashi-Hamacho Building	October 1990	25.5	134	80	3,334.40	3,334.40	100.0	7
	O-04	Kannai Tosei Building II	February 1984 (Note 11)	32.2 (Note 11)	290	368	6,736.41	6,917.45	97.4	28
	O-05	Nishi Kasai Tosei Building	January 1994	22.2	125	76	3,187.97	3,187.97	100.0	9
	O-06	Shin Yokohama Center Building	December 1990	25.4	123	89	3,590.51	3,888.28	92.3	11
	Subtotal		—	—	1,177	879	29,990.73	30,469.54	98.4	64
Retail facilities	Rt-01	Inage Kaigan Building	November 1992	23.4	193	288	5,890.92	5,890.92	100.0	15
	Rt-02	Musashi Fujisawa Tosei Building (Note 2)	August 1997	18.7	144	72	6,089.72	6,089.72	100.0 (100.0)	1 (1)
	Subtotal		—	—	337	360	11,980.64	11,980.64	100.0	16
Offices and retail facilities combined subtotal			—	—	1,515	1,239	41,971.37	42,450.18	98.9	80
Residential properties	Rd-01	T's garden Koenji	January 2011	5.3	99	17	2,072.92	2,169.38	95.6	52
	Rd-02	Live Akabane	March 1989	27.1	95	11	3,876.34	3,876.34	100.0	72
	Rd-03	Gekkocho Apartment	March 2008	8.1	53	17	1,147.57	1,392.13	82.4	14
	Rd-04	T's garden Kawasakidaishi	January 2009	7.3	67	8	2,039.77	2,067.77	98.6	54
	Rd-05	Abitato Kamata	June 1991	24.9	50	7	1,702.74	1,768.23	96.3	26
	Rd-06	MarLandFive	April 1990	26.0	70	84	2,469.31	2,727.21	90.5	31
	Rd-07	Avenir Shirotae	February 1995	21.2	63	10	2,287.17	2,499.93	91.5	37
	Rd-08	Dormitory Haramachida	July 1992	23.8	53	5	1,782.12	1,866.90	95.5	68
	Rd-09	SEA SCAPE Chiba Minato	March 2008	7.1	199	57	5,837.75	6,758.52	86.4	119
	Subtotal		—	—	752	219	23,215.69	25,126.41	92.4	473
Total/Average			—	21.7	2,267	1,459	65,187.06	67,576.59	96.5	553

(Note 1) For the property, a pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. (“Tosei Community”) 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 was changed to a fixed-rent master lease agreement upon acquisition of the property by Tosei Reit.

(Note 2) For the property, a pass-through type master lease agreement was concluded between the trustee and Tosei Community on September 30, 2015. In addition, a fixed-rent master lease agreement was concluded between Tosei Community and Tosei at the time of acquisition by Tosei Reit.

(Note 3) “Construction completion” is the date of new construction in the real estate registry. The construction completion for Kannai Tosei Building II is the date of new construction of the office building.

- (Note 4) “Building age” is the number of years that has elapsed from the date of new construction in the real estate registry to April 30, 2016. In addition, that in the total/average column is the figure that is the weighted average based on acquisition price.
- (Note 5) “Annual rent” is the amount annualized by multiplying by 12 the monthly rent (limited to the rent of rental units, including common area maintenance charges, but excluding warehouse, signboard, parking lot, etc. usage fees; the same applies hereinafter) for the building indicated in the lease agreement for the asset under management as of April 30, 2016 (limited to those occupied as of the same date) (the sum total amount thereof if the asset under management is under several lease agreements, and excluding consumption tax, etc.; the same applies hereinafter). For the concerned asset under management, it is the amount annualized by multiplying by 12 the monthly rent based on lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded (if the lessee of the pass-through type master lease agreement has concluded a fixed-rent master lease agreement, the lessee of the concerned fixed-rent master lease agreement is counted as end-tenants; the same applies hereinafter), and it is the amount annualized by multiplying by 12 the monthly rent based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.
- (Note 6) “Security and guarantee deposits” is the sum total amount of tenant security and guarantee deposits required based on the lease agreement for the asset under management as of April 30, 2016 (limited to those occupied as of the same date). For the concerned asset under management, it is the tenant security and guarantee deposits based on lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded, and it is the tenant security and guarantee deposits based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.
- (Note 7) “Total leased area” is the sum total of the leased floor area indicated in the lease agreement for the asset under management as of April 30, 2016. The leased floor area indicated in the lease agreement may differ from the actual measurement value. For the concerned asset under management, it is the sum total of the floor area actually leased under lease agreements concluded with end-tenants in cases where a pass-through type master lease agreement has been concluded, and it is the leased floor area based on the master lease agreement in cases where a fixed-rent master lease agreement has been concluded. The same applies hereinafter.
- (Note 8) “Total leasable area” is the sum total of the floor area of the portion regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building for the asset under management as of April 30, 2016. The same applies hereinafter.
- (Note 9) “Occupancy rate” is the ratio of the total leased area to total leasable area for the asset under management as of April 30, 2016. However, in cases where a master lease agreement has been concluded for the concerned asset under management, the occupancy rate in the case of a property under a pass-through type master lease agreement is the ratio of the sum total of the floor area actually leased under lease agreements concluded with end-tenants, and the occupancy rate in the case of a property under a fixed-rent master lease agreement is the ratio of the leased floor area based on the master lease agreement and the occupancy rate that is the ratio of the sum total of the floor area actually leased under lease agreements concluded between the master lease company and end-tenants is shown in parentheses. In addition, that in the subtotal columns, offices and retail facilities combined subtotal column and total/average column is each the ratio of the sum total of total leased area to the sum total of total leasable area for each asset under management in the respective item. The same applies hereinafter.
- (Note 10) “Number of tenants” is the number of tenants for the asset under management based on the lease agreement for the asset under management as of April 30, 2016. However, in cases where a master lease agreement has been concluded for the concerned asset under management, the number of tenants in the case of a property under a pass-through type master lease agreement is the total number of end-tenants, and the number of tenants in the case of a property under a fixed-rent master lease agreement is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on lease agreements between the master lease company and end-tenants is shown in parentheses.
- (Note 11) As to Kannai Tosei Building II, the parking building was constructed in May 1980 and the office building was added at a later date. The construction completion is the date of new construction of the office building, which is the main part of the building, in the real estate registry, and the building age and the average building age of Kannai Tosei Building II are the number of years calculated based on the said date of new construction.
- (Note 12) Even if there is a notice of cancellation or termination of lease agreements with end-tenants or unpaid rent or other non-performance of obligations, in the case of agreements that are ongoing as of April 30, 2016, “Annual rent,” “Security and guarantee deposits,” “Total leased area” and “Occupancy rate” is on the basis that the concerned lease agreements with end-tenants are existing and thus based on the concerned lease agreements. The same applies hereinafter.

## (d) Changes in Occupancy Rate

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

	Number of properties	Total leased area (m <sup>2</sup> )	Total leasable area (m <sup>2</sup> )	Occupancy rate (%)
1st Period (As of April 30, 2015)	12	39,194.32	40,732.76	96.2
2nd Period (As of October 31, 2015)	12	39,713.19	40,734.02	97.5
3rd Period (As of April 30, 2016)	17	65,187.06	67,576.59	96.5

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

(Unit: %)

Property no.	Property name	1st Period (As of Apr. 30, 2015)	2nd Period (As of Oct. 31, 2015)	3rd Period (As of Apr. 30, 2016)
O-01	Tama Center Tosei Building	100.0 (77.9)	100.0 (56.2)	100.0 (66.9)
O-02	KM Shinjuku Building	87.5	96.6	100.0
O-03	Nihonbashi-Hamacho Building	100.0	100.0	100.0
O-04	Kannai Tosei Building II	—	—	97.4
O-05	Nishi Kasai Tosei Building	—	—	100.0
O-06	Shin Yokohama Tosei Building	—	—	92.3
Rt-01	Inage Kaigan Building	100.0	100.0	100.0
Rt-02	Musashi Fujisawa Tosei Building	—	—	100.0 (100.0)
Rd-01	T's garden Koenji	96.5	98.6	95.6
Rd-02	Live Akabane	95.8	95.8	100.0
Rd-03	Gekkocho Apartment	86.1	87.7	82.4
Rd-04	T's garden Kawasakidaishi	95.2	95.9	98.6
Rd-05	Abitato Kamata	92.6	92.6	96.3
Rd-06	MarLandFive	89.4	92.3	90.5
Rd-07	Avenir Shirotae	100.0	97.9	91.5
Rd-08	Dormitory Haramachida	91.2	96.7	95.5
Rd-09	SEA SPACE Chiba Minato	—	—	86.4

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

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

The following is a summary of each asset under management's real estate appraisal report, etc. obtained by Tosei Reit and the Asset Management Company with April 30, 2016 as the effective date of the appraisal (date of value). Each real estate appraisal or investigation of the respective real estate appraisal report, etc. is no more than the appraiser's judgment and opinion at a certain point in time, and is not a guarantee of the validity or accuracy of the content, possibility of transaction at the concerned appraisal value, etc. and such. In addition, there is no special vested interest between Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc., which performed the real estate appraisal, etc., and Tosei Reit or the Asset Management Company.

Type	Property no.	Name of real estate, etc.	Appraisal firm	Acquisition price (JPY million) (Note 1)	Book value at end of period (JPY million) (Note 2)	Estimated value at end of period (Note 3)					
						Appraisal value, etc. (JPY million)	Indicated value by direct capitalization method (JPY million)	Capitalization rate (%)	Indicated value by DCF method (JPY million)	Discount rate (%)	Terminal capitalization rate (%)
Offices	O-01	Tama Center Tosei Building	Japan Real Estate Institute	3,370	3,346	3,430	3,440	5.9	3,420	5.5	5.9
	O-02	KM Shinjuku Building	Japan Real Estate Institute	2,057	2,046	2,370	2,380	4.3	2,360	4.0	4.4
	O-03	Nihonbashi-Hamacho Building	Japan Real Estate Institute	1,830	1,827	2,030	2,060	4.6	2,000	4.4	4.8
	O-04	Kannai Tosei Building II	Japan Valuers Co., Ltd.	4,100	4,107	4,540	4,650	5.1	4,430	4.9	5.3
	O-05	Nishi Kasai Tosei Building	Japan Valuers Co., Ltd.	1,710	1,715	1,880	1,910	5.2	1,840	5.0	5.4
	O-06	Shin Yokohama Center Building	Morii Appraisal & Investment Consulting, Inc.	1,364	1,389	1,570	1,590	5.1	1,550	4.9	5.3
	Subtotal			14,431	14,433	15,820	16,030	—	15,600	—	—
Retail facilities	Rt-01	Inage Kaigan Building	Japan Real Estate Institute	2,380	2,357	2,530	2,540	5.5	2,510	5.3	5.7
	Rt-02	Musashi Fujisawa Tosei Building	Japan Real Estate Institute	1,950	1,957	2,090	2,090	5.9	2,080	5.5	6.1
	Subtotal			4,330	4,314	4,620	4,630	—	4,590	—	—
Offices and retail facilities combined subtotal				18,761	18,748	20,440	20,660	—	20,190	—	—
Residential properties	Rd-01	T's garden Koenji	Japan Real Estate Institute	1,544	1,550	1,860	1,880	4.3	1,830	4.1	4.5
	Rd-02	Live Akabane	Japan Real Estate Institute	1,227	1,230	1,400	1,410	5.0	1,380	4.8	5.2
	Rd-03	Gekkocho Apartment	Japan Real Estate Institute	1,000	1,006	1,100	1,120	4.4	1,080	4.2	4.6
	Rd-04	T's garden Kawasaki-daishi	Japan Real Estate Institute	980	983	1,080	1,090	5.1	1,070	4.9	5.3
	Rd-05	Abitato Kamata	Japan Real Estate Institute	836	845	900	914	4.9	886	4.7	5.1
	Rd-06	MarLandFive	Japan Real Estate Institute	830	833	866	875	6.1	857	5.9	6.3
	Rd-07	Avenir Shirotae	Japan Real Estate Institute	780	782	874	886	5.3	862	5.1	5.5
	Rd-08	Dormitory Haramachida	Japan Real Estate Institute	600	606	658	663	5.1	652	4.9	5.3
	Rd-09	SEA SPACE Chiba Minato	Morii Appraisal & Investment Consulting, Inc.	2,800	2,828	3,040	3,060	5.3	3,010	5.1	5.5
	Subtotal			10,597	10,668	11,778	11,898	—	11,627	—	—
Total				29,358	29,416	32,218	32,558	—	31,817	—	—

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

(Note 2) "Book value at end of period" is the depreciated book value as of April 30, 2016, rounded down to the nearest JPY million.

(Note 3) "Estimated value at end of period" is the value stated in the real estate appraisal report, etc. prepared by Japan Real Estate Institute, Japan Valuers Co., Ltd. and Morii Appraisal & Investment Consulting, Inc. with April 30, 2016 as the effective date of the appraisal (date of value) pursuant to the Articles of Incorporation of Tosei Reit and the rules of The Investment Trusts Association, Japan.

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

Tosei Reit has obtained an engineering report concerning building inspection, compliance with applicable laws and regulations, repair expenses valuation, environmental assessment, etc. for each asset under management from Deloitte Tohmatsu Property Risk Solution Co., Ltd., HI International Consultant Co., Ltd. and Sompo Japan Nipponkoa Risk Management Inc. (The company changed its business name to SOMPO Risk Care Management Inc. on April 1, 2016. The same applies hereinafter.) The statements in the engineering report are no more than an indication of the opinion of the reporting party, and Tosei Reit does not guarantee the accuracy of the content thereof. There is no special vested interest between Deloitte Tohmatsu Property Risk Solution Co., Ltd. or HI International Consultant Co., Ltd. or Sompo Japan Nipponkoa Risk Management Inc. and Tosei Reit or the Asset Management Company.

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

Property no.	Name of real estate, etc.	Engineering report prepared by	Engineering report date	Emergency and short-term repair expenses (JPY thousand) (Note 1)	Long-term repair expenses (JPY thousand) (Note 2)	Seismic PML reevaluation report prepared by	Seismic PML reevaluation report date	PML value (%)
O-01	Tama Center Tosei Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	48,865	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	4.36
O-02	KM Shinjuku Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,322	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	5.52
O-03	Nihonbashi-Hamacho Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,930	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	6.11
O-04	Kannai Tosei Building II	HI International Consultant Co., Ltd.	July 2015	170	27,239	Sompo Japan Nipponkoa Risk Management Inc.	July 2015	11.54
O-05	Nishi Kasai Tosei Building	HI International Consultant Co., Ltd.	July 2015	—	17,387 (Note 4)	Sompo Japan Nipponkoa Risk Management Inc.	July 2015	3.84
O-06	Shin Yokohama Center Building	Sompo Japan Nipponkoa Risk Management Inc.	August 2015	—	19,378	Sompo Japan Nipponkoa Risk Management Inc.	July 2015	6.47
Rt-01	Inage Kaigan Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	June 2014	—	24,129	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	6.49
Rt-02	Musashi Fujisawa Tosei Building	Sompo Japan Nipponkoa Risk Management Inc.	September 2015	120	8,605	Sompo Japan Nipponkoa Risk Management Inc.	September 2015	5.85
Rd-01	T's garden Koenji	HI International Consultant Co., Ltd.	February 2014	670	2,936	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.91
Rd-02	Live Akabane	HI International Consultant Co., Ltd.	February 2014	7,370	8,355	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.45
Rd-03	Gekkocho Apartment	HI International Consultant Co., Ltd.	April 2014	350	3,833	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	8.98
Rd-04	T's garden Kawasakidaishi	HI International Consultant Co., Ltd.	February 2014	685	2,475	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.38
Rd-05	Abitato Kamata	HI International Consultant Co., Ltd.	February 2014	1,890	3,365	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.82
Rd-06	MarLandFive	HI International Consultant Co., Ltd.	February 2014	3,570	8,500	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	4.00
Rd-07	Avenir Shirotae	HI International Consultant Co., Ltd.	March 2014	1,210	7,827	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	7.57
Rd-08	Dormitory Haramachida	HI International Consultant Co., Ltd.	February 2014	4,540	9,477	Sompo Japan Nipponkoa Risk Management Inc.	March 2015	5.29
Rd-09	SEA SPACE Chiba Minato	Sompo Japan Nipponkoa Risk Management Inc.	July 2015	—	13,280	Sompo Japan Nipponkoa Risk Management Inc.	July 2015	7.30
Entire portfolio (Note 3)								3.71

(Note 1) "Emergency and short-term repair expenses" is the sum total of the expenses stated in the engineering report as expenses in urgent need and repair and renewal expenses required within roughly one year.

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

(Note 3) The value stated in "Entire portfolio" is the PML value concerning the entire portfolio based on the "seismic PML evaluation report" dated September 2015 by Sompo Japan Nipponkoa Risk Management Inc.

(Note 4) For the property, construction work to upgrade the air-conditioning was implemented at the expense and under the responsibility of Tosei. Long-term repair expenses after completion of the concerned construction work is JPY11,954 thousand (average amount per year) according to the "follow-up report to the building survey and diagnosis report" prepared by HI International Consultant Co., Ltd.

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

The following is the designer, structural designer, contractor, confirmation and inspection body and structural calculation confirmation body (Note 1) for each asset under management. Tosei Reit has entrusted a third-party expert body HI International Consultant Co., Ltd. or Sompo Japan Nipponkoa Risk Management Inc. with confirmation and verification of structural calculation documents and structural drawings for the 16 properties excluding Avenir Shirotae, and has obtained from HI International Consultant Co., Ltd. or Sompo Japan Nipponkoa Risk Management Inc. overall findings that no intentional falsification has been found in any part of the structural calculation documents and that the structural calculation documents and structural drawings are in alignment and that, accordingly, the buildings are deemed to meet the requirements for seismic safety under the standards act at the time of design with the content stated in the structural calculation documents, subject to the condition that they were appropriately constructed according to the structural drawings at the time of construction of the building of the asset under management. On the other hand, concerning Avenir Shirotae, the report on verification of whether or not there was falsification of structural calculation documents has pointed out inconsistencies between the calculation documents after change in the plan and the structural drawings at the time of application for confirmation, but the matter has already been rectified.

Property no.	Property name	Designer	Structural designer	Contractor	Confirmation and inspection body	Structural calculation confirmation body
O-01	Tama Center Tosei Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Taisei Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-02	KM Shinjuku Building	Mitsubishi Jisho Sekkei Inc., first-class architect office	Mitsubishi Jisho Sekkei Inc., first-class architect office	Taisei Corporation, Tokyo Branch	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-03	Nihonbashi-Hamacho Building	Ishimoto Architectural & Engineering Firm, Inc.	Ishimoto Architectural & Engineering Firm, Inc.	Toda Corporation	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
O-04	Kannai Tosei Building II (Note 2)	Takenaka Corporation First Class Licensed Architect Office	Takenaka Corporation First Class Licensed Architect Office	Takenaka Corporation Tokyo Head Office, Mitsui Construction Co., Ltd., Yokohama Branch	City of Yokohama, building official	Sompo Japan Nipponkoa Risk Management Inc.
O-05	Nishi Kasai Tosei Building	Kitayama Architectural Engineering Office, Inc.	Kitayama Architectural Engineering Office, Inc.	Tobishima Corporation	City of Edogawa, building official	HI International Consultant Co., Ltd.
O-06	Shin Yokohama Center Building	Nikken Sekkei first-class architect office	Nikken Sekkei first-class architect office	Maeda Corporation	City of Yokohama, building official	Sompo Japan Nipponkoa Risk Management Inc.
Rt-01	Inage Kaigan Building	Nikken Sekkei Ltd.	Nikken Sekkei Ltd.	Haseko Corporation	City of Chiba, building official	HI International Consultant Co., Ltd.
Rt-02	Musashi Fujisawa Tosei Building	Matsumura-Gumi Corporation, Tokyo Head Office, first-class architect office	Matsumura-Gumi Corporation, Tokyo Head Office, first-class architect office	Matsumura-Gumi Corporation, Tokyo Head Office	Saitama Prefectural Government, building official	Sompo Japan Nipponkoa Risk Management Inc.
Rd-01	T's garden Koenji	YOKOHOUSE, Inc., first-class architect office	Yabuki Architecture Office	Maeda Corporation, Tokyo Branch	Houseplus Architectural Inspection, Inc.	HI International Consultant Co., Ltd.
Rd-02	Live Akabane	KK Arte Kenchiku Sekkei Jimusho	(Note 3)	Toda Corporation	City of Kita, building official	HI International Consultant Co., Ltd.
Rd-03	Gekkocho Apartment	Urban Design System Ltd., first-class architect office	Ove Arup & Partners Japan Limited	Kajima Corporation, Tokyo Architectural Construction Branch	Bureau Veritas Japan Co., Ltd.	HI International Consultant Co., Ltd.
Rd-04	T's garden Kawasaki-daishi	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch, first-class architect office	(Note 4)	Sekisui House, Ltd., Yokohama Kita Sha Maison Branch	East Japan House Evaluation Center	HI International Consultant Co., Ltd.
Rd-05	Abitato Kamata	Tokyo Keizairen and KK Zenkoku Nokyo Sekkei	KK Zenkoku Nokyo Sekkei	Tanaka Doken Kogyo Co., Ltd.	Tokyo Metropolitan Government, building official	HI International Consultant Co., Ltd.
Rd-06	MarLandFive	Institute of New Architecture Inc.	Institute of New Architecture Inc.	Tobu Fudosan KK	Saitama Prefectural Government, building official	HI International Consultant Co., Ltd.
Rd-07	Avenir Shirotae	KK San-a Sekkei	Party that prepared the structural calculation document not stated therein.	Toa Corporation, Yokohama Branch Office	City of Yokohama, building official	HI International Consultant Co., Ltd.
Rd-08	Dormitory Haramachida	Mitsui Fudosan Kensetsu KK, first-class architect office	Mitsui Fudosan Kensetsu KK	Mitsui Fudosan Kensetsu KK	City of Machida, building official	HI International Consultant Co., Ltd.
Rd-09	SEA SPACE Chiba Minato	Kume Sekkei Co., Ltd.	Kume Sekkei Co., Ltd.	Taisei Corporation, Chiba Branch	UHEC	HI International Consultant Co., Ltd.

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

(Note 2) As to this building, information on the office building, which is the main part of the building, is provided. The designer and structural designer of the parking building is Ishimoto Architectural & Engineering Firm, Inc., the constructors are Yokohama Elevator Co., Ltd. and the consortium of Obayashi Corporation and Takenaka Corporation for new construction of Bashamichi Building, and the confirmation and inspection body is City of Yokohama, building official. The structural calculation confirmation body is Sompo Japan Nipponkoa Risk Management Inc., the same as that for the office building.

(Note 3) The structural designer is unknown because the structural calculation document for the building is missing. A structural calculation document has been reproduced by HI International Consultant Co., Ltd.

(Note 4) Verification results have been obtained from HI International Consultant Co., Ltd. that the building is judged to have strength compliant with the current Building Standards Act as building materials, structural members, construction techniques and foundations certified with type approval by the Minister of Land, Infrastructure, Transport and Tourism have been employed and have been manufactured and newly constructed by certified type, parts, etc. manufacturers.



(h) Status of Collateral

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

## (i) Information about Major Real Estate

Of Tosei Reit's assets under management, the following is an overview of those real estate of which annual rent accounts for 10% or more of the entire portfolio's annual rent as of April 30, 2016.

Property name	Total number of tenants	Annual rent (JPY million)	Total leased area (m <sup>2</sup> )	Total leasable area (m <sup>2</sup> )	Occupancy rate (%)
Tama Center Tosei Building (Note 1) (Note 2)	1 (34)	346	9,737.49	9,737.49	100.0 (66.9)
Kannai Tosei Building II	28	290	6,736.41	6,917.45	97.4

(Note 1) A fixed-rent master lease agreement has been concluded for the property. Therefore, the number of tenants is the master lease company alone as tenant and the number of tenants from counting the number of tenants based on the lease agreement between the master lease company and end-tenants (as of April 30, 2016) is shown in parentheses.

(Note 2) A fixed-rent master lease agreement has been concluded for the property. Therefore, occupancy rate is calculated based on the floor area leased to the master lease company. In addition, the occupancy rate based on the floor area leased to end-tenants (as of April 30, 2016) is shown in parentheses.

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

The following table lists those tenants of Tosei Reit's assets under management that account for 10% or more of the entire portfolio's total leased area as of April 30, 2016. In the case of a property under a pass-through type master lease agreement, not only the master lease company but also end-tenants are counted as tenants. In addition, in the case of a property under a fixed-rent master lease agreement, the master lease company alone is counted as tenants and end-tenants are not counted. For Tama Center Tosei Building and Musashi Fujisawa Tosei Building, as a pass-through type master lease agreement has been concluded between the trustee and the master lease company Tosei Community and, furthermore, a fixed-rent master lease agreement has been concluded between the company and the sub master lease company Tosei, both the master lease company and the sub master lease company are shown.

Name of tenant	Type of business	Property name	Annual rent (JPY million)	Total leased area (m <sup>2</sup> )	Leased area ratio (%) (Note 1)	Contract expiration date	Contract form (Note 2)	Security and guarantee deposits (JPY million)
Tosei Community Co., Ltd. (Note 3)	Property management business	Tama Center Tosei Building KM Shinjuku Building Nihonbashi-Hamacho Building Inage Kaigan Building T's garden Koenji Live Akabane Gekkocho Apartment T's garden Kawasakidaishi Abitato Kamata MarLandFive Avenir Shirotae Dormitory Haramachida	1,384	39,744.70	61.0	July 31, 2016	Ordinary building lease agreement	795
		Kannai Tosei Building II Nishi Kasai Tosei Building Shin Yokohama Center Building Musashi Fujisawa Tosei Building SEA SPACE Chiba Minato	882	25,442.36	39.0	November 30, 2016	Ordinary building lease agreement	663
Tosei Corporation	Real estate business	Tama Center Tosei Building	346	9,737.49	14.9	November 27, 2016	Fixed-term building lease agreement	182
		Musashi Fujisawa Tosei Building	144	6,089.72	9.3	November 30, 2025	Ordinary building lease agreement	72

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

(Note 2) "Contract form" is the contract form indicated in the lease agreement with the concerned tenant as of April 30, 2016. The same applies hereinafter.

(Note 3) A pass-through type master lease agreement was concluded between the trustee and Tosei Community Co., Ltd. on April 30, 2016 for all assets under management. Therefore, total leased area is the sum total of the floor area actually leased under lease agreements concluded with end-tenants (however, for Tama Center Tosei Building, the floor area leased under the fixed-rent master lease agreement concluded between Tosei Community Co., Ltd. and Tosei Corporation). If both parties of the lease agreement do not express their intent otherwise to each other by one month prior to the contract expiration date, the agreement shall be renewed for another year under the same terms and conditions, and the same shall apply upon contract expiration thereafter.

## (k) Top End-Tenants by Leased Area

The following are the end-tenants of Tosei Reit's assets under management ranking in the top ten in terms of leased area of the entire portfolio as of April 30, 2016. In the case of a property under a fixed-rent master lease agreement, the entries are not concerning end-tenants but the master lease company and based on the lease agreement with the master lease company. In the case of a property under a pass-through type master lease agreement, the entries are not concerning the master lease company but end-tenants and based on the lease agreement with end-tenants.

Name of end-tenant	Property name	Total leased area (m <sup>2</sup> )	Leased area ratio (%)	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,734.49	14.9	November 27, 2016	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72	9.3	November 30, 2025	Ordinary building lease agreement
Not disclosed (Note)	Inage Kaigan Building	2,989.01	4.6	November 23, 2018	Ordinary building lease agreement
FUJITSU CoWorCo Limited	Shin Yokohama Center Building	1,822.20	2.8	December 31, 2017	Ordinary building lease agreement
Not disclosed (Note)	Kannai Tosei Building II	1,420.46	2.2	April 16, 2017	Ordinary building lease agreement
HEATWAVE Co., Ltd.	KM Shinjuku Building	447.41 447.41 137.29 Total: 1,032.11	1.6	March 31, 2017 October 31, 2016 June 30, 2016	Ordinary building lease agreement
Not disclosed (Note)	Nishi Kasai Tosei Building	926.41	1.4	January 31, 2018	Ordinary building lease agreement
Tokyo Gas Energy Co., Ltd.	Nihonbashi-Hamacho Building	756.21	1.2	March 31, 2018	Ordinary building lease agreement
YORKS Co., Ltd.	Nihonbashi-Hamacho Building	755.29	1.2	January 14, 2017	Ordinary building lease agreement
Not disclosed (Note)	Kannai Tosei Building II	577.59	0.9	March 31, 2017	Ordinary building lease agreement

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

## (l) Overview of Leasing to Related Parties

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

Name of end-tenant	Property name	Total leased area	Annual rent	Security and guarantee deposits	Contract expiration date	Contract form
Tosei Corporation	Tama Center Tosei Building	9,737.49m <sup>2</sup>	JPY346 million	JPY182 million	November 27, 2016	Fixed-term building lease agreement
Tosei Corporation	Musashi Fujisawa Tosei Building	6,089.72 m <sup>2</sup>	JPY144 million	JPY72 million	November 30, 2025	Ordinary building lease agreement

## (m) Earnings Performance of the Properties

## (Reference Information) Earnings Performance of the Properties

3rd Period (from November 1, 2015 to April 30, 2016)

(Unit: JPY thousand)

Property no.	(O-01)	(O-02)	(O-03)	(O-04)
Property name	Tama Center Tosei Building	KM Shinjuku Building	Nihonbashi- Hamacho Building	Kannai Tosei Building II
Total property-related operating revenue ①	200,803	86,974	88,524	154,555
Rent revenue – real estate	176,836	78,588	76,489	143,841
Other lease business revenue	23,966	8,386	12,035	10,714
Total property-related operating expenses ②	74,490	28,963	28,950	39,483
Management fee	24,325	6,624	7,659	16,450
Trust fee	300	300	300	274
Utilities expenses	26,655	8,565	10,861	11,871
Insurance premium	564	183	178	307
Repair expenses	3,631	223	649	1,205
Property taxes	18,151	9,900	7,890	6,509
Other expenses	862	3,166	1,411	2,863
NOI ③ (①－②)	126,312	58,010	59,573	115,071
Depreciation ④	16,022	8,976	9,740	20,337
Property-related operating income (loss) ⑤ (③－④)	110,290	49,034	49,833	94,734
Capital expenditures ⑥	628	-	1,675	641
NCF ⑦ (③－⑥)	125,684	58,010	57,898	114,430

Property no.	(O-05)	(O-06)	(Rt-01)	(Rd-02)
Property name	Nishi Kasai Tosei Building	Shin Yokohama Center Building	Inage Kaigan Building	Musashi Fujisawa Tosei Building
Total property-related operating revenue ①	61,980	59,448	125,793	65,909
Rent revenue – real estate	56,629	56,155	102,999	65,909
Other lease business revenue	5,351	3,293	22,793	-
Total property-related operating expenses ②	13,040	17,398	49,638	1,369
Management fee	5,974	7,055	8,116	984
Trust fee	274	274	300	274
Utilities expenses	5,433	4,282	25,607	-
Insurance premium	134	192	290	99
Repair expenses	142	598	2,894	-
Property taxes	-	3,522	11,753	-
Other expenses	1,081	1,472	675	11
NOI ③ (①－②)	48,940	42,050	76,154	64,540
Depreciation ④	7,199	7,030	19,966	9,167
Property-related operating income (loss) ⑤ (③－④)	41,741	35,020	56,188	55,372
Capital expenditures ⑥	-	20,187	590	-
NCF ⑦ (③－⑥)	48,940	21,863	75,564	64,540

Property no.	(Rd-01)	(Rd-02)	(Rd-03)	(Rd-04)
Property name	T's garden Koenji	Live Akabane	Gekkocho Apartment	T's garden Kawasakidaishi
Total property-related operating revenue ①	52,182	50,522	31,877	34,781
Rent revenue – real estate	50,487	48,739	30,551	34,150
Other lease business revenue	1,694	1,782	1,326	631
Total property-related operating expenses ②	11,357	13,934	9,372	7,432
Management fee	3,878	4,851	2,845	2,229
Trust fee	300	300	300	300
Utilities expenses	406	736	394	182
Insurance premium	74	136	56	66
Repair expenses	1,987	2,783	1,309	1,607
Property taxes	2,611	3,337	2,122	2,071
Other expenses	2,099	1,789	2,342	975
NOI ③ (①－②)	40,824	36,587	22,504	27,349
Depreciation ④	5,765	4,205	3,302	5,218
Property-related operating income (loss) ⑤ (③－④)	35,058	32,382	19,201	22,130
Capital expenditures ⑥	387	156	164	-
NCF ⑦ (③－⑥)	40,437	36,431	22,340	27,349

Property no.	(Rd-05)	(Rd-06)	(Rd-07)	(Rd-08)
Property name	Abitato Kamata	MarLand- Five	Avenir Shirotae	Dormitory Haramachida
Total property-related operating revenue ①	26,954	37,482	35,368	30,456
Rent revenue – real estate	26,212	35,191	33,541	28,702
Other lease business revenue	742	2,290	1,827	1,753
Total property-related operating expenses ②	6,777	10,990	13,404	11,306
Management fee	2,258	3,559	2,766	2,638
Trust fee	300	300	300	300
Utilities expenses	570	2,598	741	847
Insurance premium	61	100	85	80
Repair expenses	950	1,433	5,383	3,380
Property taxes	1,545	2,592	2,067	2,458
Other expenses	1,089	406	2,060	1,600
NOI ③ (①－②)	20,177	26,492	21,964	19,149
Depreciation ④	3,164	4,803	6,253	4,543
Property-related operating income (loss) ⑤ (③－④)	17,012	21,689	15,711	14,606
Capital expenditures ⑥	1,798	-	678	5,266
NCF ⑦ (③－⑥)	18,378	26,492	21,286	13,883

Property no.	(Rd-09)
Property name	SEA SCAPE Chiba Minato
Total property-related operating revenue ①	102,002
Rent revenue – real estate	94,820
Other lease business revenue	7,182
Total property-related operating expenses ②	25,023
Management fee	9,010
Trust fee	274
Utilities expenses	5,383
Insurance premium	270
Repair expenses	2,873
Property taxes	4,742
Other expenses	2,468
NOI ③ (①–②)	76,978
Depreciation ④	23,561
Property-related operating income (loss) ⑤ (③–④)	53,417
Capital expenditures ⑥	—
NCF ⑦ (③–⑥)	76,978

	Offices total	Retail facilities total	Residential properties total	Entire portfolio
Total property-related operating revenue ①	652,287	191,702	401,628	1,245,618
Rent revenue – real estate	588,539	168,908	382,397	1,139,845
Other lease business revenue	63,747	22,793	19,231	105,772
Total property-related operating expenses ②	202,326	51,007	109,600	362,934
Management fee	68,089	9,100	34,039	111,229
Trust fee	1,724	574	2,674	4,974
Utilities expenses	67,669	25,607	11,861	105,138
Insurance premium	1,560	390	933	2,883
Repair expenses	6,449	2,894	21,710	31,054
Property taxes	45,975	11,753	23,548	81,277
Other expenses	10,857	686	14,832	26,377
NOI ③ (①–②)	449,960	140,695	292,028	882,683
Depreciation ④	69,305	29,133	60,817	159,257
Property-related operating income (loss) ⑤ (③–④)	380,654	111,561	231,210	723,426
Capital expenditures ⑥	23,132	590	8,449	32,171
NCF ⑦ (③–⑥)	426,827	140,105	283,578	850,511