

October 11, 2016

For Translation Purpose Only

Real Estate Investment Trust Securities Issuer
Tosei Reit Investment Corporation
4-2-3 Toranomom, Minato-ku, Tokyo
Representative: Hisaaki Kuroyama, Executive Director
(Securities Code: 3451)

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Tosei Reit Investment Corporation (“Tosei Reit”) announces that it resolved at the Board of Directors meeting held today concerning issuance of new investment units and secondary offering of investment units, as described below.

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

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| (1) Total number of investment units to be offered: | 22,200 units |
| (2) Paid-in amount (issue amount): | To be determined
The price shall be determined, in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association, at the Board of Directors meeting to be held on a date between October 19, 2016 (Wednesday) and October 25, 2016 (Tuesday) (the “Pricing Date”). The paid-in amount (issue amount) refers to the amount per investment unit of Tosei Reit’s investment units (the “Investment Units”) that Tosei Reit is to receive as the amount paid in for new investment units. |
| (3) Total paid-in amount (total issue amount): | To be determined |
| (4) Issue price (offer price): | To be determined
The price shall provisionally be calculated by multiplying the amount gained by deducting 3,196 yen of forecasted distribution per unit for the fiscal period ending October 31, 2016 from the closing price of the Investment Units in a regular trading session (if the closing price is not available on such date, the closing price on the immediately preceding date), by a factor of 0.90 to 1.00 (amounts less than one yen to be rounded down), and then be determined in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the |

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Japan Securities Dealers Association after taking into account the demand conditions and other factors.

- (5) Total issue price (offer price): To be determined
- (6) Offering method: The offering of the Investment Units shall be through a public offering, and underwritten in full by Daiwa Securities Co., Ltd. and SMBC Nikko Securities Inc. (collectively referred to as the “Joint Lead Managers”) and Mizuho Securities Co., Ltd. (the above collectively referred to as the “Underwriters”).
- (7) Underwriting agreement: The underwriters shall underwrite the issue at the paid-in amount (issue amount), which is to be determined on the Pricing Date, and publicly offer the issue at a different price (issue price (offer price)). Tosei Reit will pay no underwriting fee to the Underwriters. However, the Underwriters shall pay the total paid-in amount (total issue amount) to Tosei Reit on the payment date identified in (10) below. The difference between the total issue price (total offer price) and the total paid-in amount (total issue amount) in the public offering shall be the proceeds of the Underwriters.
- (8) Subscription unit: One unit or more in multiples of one unit
- (9) Subscription period: From the business day immediately following the Pricing Date to the second business day immediately following the Pricing Date
- (10) Payment date: November 1, 2016(Tuesday)
- (11) Delivery date: November 2, 2016(Wednesday)
- (12) The paid-in amount (issue amount), issue price (offer price) and other items necessary for the issuance of the new investment units shall be determined at a future Board of Directors’ meeting.
- (13) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan.

2. Secondary offering of investment units (over-allotment) (Please refer to <Reference> 1. below.)

- (1) Number of investment units to be offered: 1,110 units
The above-mentioned number indicates the maximum number of investment units to be offered through the secondary offering (over-allotment), which is conducted by Daiwa Securities Co., Ltd. upon public offering after considering the demand, etc. There may be cases where this number is reduced or the secondary offering through over-allotment itself may not take place at all, depending on the demand and other factors. The number of investment units to be offered through the secondary offering shall be determined at the Board of Directors’ meeting to be held on the Pricing Date taking into account the demand for the public offering and other factors.
- (2) Seller: Daiwa Securities Co., Ltd.
- (3) Offer price: To be determined
The offer price shall be determined at a meeting of Board of Directors to be held on the Pricing Date, and shall be same as the issue price (offer price) for the public offering.
- (4) Total offer price: To be determined
- (5) Offering method: In consideration of the demand and other factors of the public offering, Daiwa Securities Co., Ltd. shall, aside from the public offering, offer the Investment Units (up to 1,100 units) borrowed from Tosei Corporation (“Tosei”) (the “Borrowed Investment Units”) (The lending and borrowing will be conditional on the sale of 2,220 units, out of the Investment Units in the public offering, to “Tosei” as stated in

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<Reference> 5. below).

- (6) Subscription unit: One unit or more in multiples of one unit
- (7) Subscription period: Same as the subscription period for the primary offering.
- (8) Delivery date: Same as the delivery date for the primary offering.
- (9) If the primary offering is canceled, the secondary offering through over-allotment shall also be canceled.
- (10) The offer price and other items necessary for the secondary offering through over-allotment shall be determined at a future Board of Directors' meeting.
- (11) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan.

<Reference>

1. Details of the secondary offering (over-allotment)

Taking into account the demand and other factors upon the public offering, Daiwa Securities Co., Ltd. may implement a secondary offering (secondary offering through over-allotment) of the Investment Units (up to 1,110 units) borrowed from "Tosei", a unitholder of Tosei Reit, (The lending and borrowing will be conditional on the sale of 2,220 units, out of the Investment Units in the public offering, to "Tosei" as stated in <Reference> 5. below) (secondary offering through over-allotment), aside from the public offering. The number of investment units to be offered in the secondary offering through over-allotment is scheduled to be 1,110, but the number is the maximum amount. The number may be reduced or the secondary offering through over-allotment itself may not take place at all, depending on the demand and other factors.

Upon secondary offering through over-allotment, Tosei Corporation grants Daiwa Securities Co., Ltd. an option to additionally acquire the Investment Units for the same price as the issue price, up to the number of units for the secondary offering through over-allotment (the "greenshoe option"). The greenshoe option shall be exercised from the day following the final day of the application period of secondary offering through public offering and over-allotment to November 18 (Friday), 2016.

Daiwa Securities Co., Ltd. may conduct stabilization transactions in relation to the primary offering and secondary offering through over-allotment, and allocate all or part of the Investment Units purchased through stabilization transactions, to repayment of the Borrowed Units.

In addition, Daiwa Securities Co., Ltd. may, within the period commencing on the day immediately following the end of the subscription period for the primary offering and the secondary offering through over-allotment and ending on November 18, 2016 (Friday) (the "Syndicate Cover Transaction Period"), purchase up to the maximum number of investment units offered in the secondary offering through over-allotment on the Tokyo Stock Exchange ("Syndicate Cover Transaction") with the aim of procuring and repaying the Borrowed Units. Investment units purchased by Daiwa Securities Co., Ltd. by way of Syndicate Cover Transaction shall be allocated in full as repayment for the Borrowed Units. Daiwa Securities Co., Ltd., at its discretion, may choose not to enter into any Syndicate Cover Transaction, or to terminate such transaction prior to reaching the maximum number of investment units to be offered in the secondary offering through over-allotment.

For the number of the Investment Units obtained by subtracting the number of Investment Units that are purchased through the stabilization transactions and the Syndicated Cover Transaction and used to return the Borrowed Investment Units from the number of the Investment Units for the secondary offering (over-allotment), Daiwa Securities Co., Ltd. shall exercise the greenshoe option.

Whether or not the secondary offering (over-allotment) is conducted, and the number of units to be sold if the secondary offering (over-allotment) is conducted, shall be determined on the Pricing Date. When the secondary offering (over-allotment) is not conducted, neither the borrowing of the

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Investment Units from “Tosei” by Daiwa Securities Co., Ltd. nor granting of the greenshoe option to Daiwa Securities Co., Ltd. By “Tosei” nor the Syndicated Cover Transaction at the Tokyo Stock Exchange shall be conducted.

Daiwa Securities Co., Ltd. shall conduct the stabilization transactions and the Syndicated Cover Transaction upon consultation with SMBC Nikko Securities Inc.

2. Changes in total number of investment units issued and outstanding after these issuances of new investment units

Total number of investment units issued and outstanding at present:	161,000 units
Number of new Investment Units to be issued through public offering:	22,200 units
Total number of investment units issued and outstanding after new issuance through public offering:	183,200 units

3. Reason for and purpose of new issuance

Tosei Reit has decided to issue new investment units to realize further strengthening of its financial basis as well as stability of revenue base and enhancement of profitability over a medium- to long-term through acquisition of new specified assets (the same meaning as defined in Article 2 Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended). The same shall apply hereinafter. The specified assets are, individually or collectively, referred to as the “Assets to be Acquired”) while paying attention to market trends, the levels of cash distributions per unit and NAV per unit.

4. Amount to be procured, use of funds and scheduled expenditure date

(1) Amount to be procured (approximate net balance Tosei Reit will obtain)

JPY2,264,400,000

(Note) The above-mentioned amount represents the sum of JP2,264,400,000 in net proceeds Tosei Reit will receive from the primary offering. Moreover, the amount is an estimate calculated on the basis of the closing price of the Investment Units in a regular trading session at the Tokyo Stock Exchange as of September 30, 2016 (Friday).

(2) Specific use of the funds to be procured and scheduled expenditure date

The net proceeds of JPY2,264,400,000 Tosei Reit will receive from the public offering shall be used for the acquisition of the Assets to be Acquired and part of funds for acquisition-related expenses. The residual funds, if any, shall be saved as cash on hands, to be allocated to part of the funds for future acquisition of specified assets and part of the funds for repayment of loans.

For details of the Assets to be Acquired, please refer to “Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Total of 5 Properties)” announced today.

(Note) The procured funds are scheduled to be deposited to financial institutions until the time of expenditure.

5. Designation of party to receive allocation

The Underwriters plan to sell 2,220 units out of the Investment Units offered through the public offering to “Tosei”, the shareholder of the asset management company, as a buyer designated by Tosei Reit.

6. Future outlook

Please refer to “Notice Concerning Revision to Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending April 30, 2017 (5th Period) and Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending October 31, 2017 (6th Period)” announced today.

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7. Operating results of last three fiscal periods and status of equity financing, etc.

(1) Operating results of the last three fiscal periods

	Fiscal Period Ended April 30, 2015 (1st Period)	Fiscal Period Ended October 31, 2015 (2nd Period)	Fiscal Period Ended April 30, 2016 (3rd Period)
Net income per unit	JPY2,835 (JPY 1,938)	JPY 2,986	JPY 3,330
Cash distribution per unit	JPY 1,938	JPY 2,986	JPY 3,208
not including cash distribution in excess of earnings	JPY 1,938	JPY 2,986	JPY 3,014
cash distribution in excess of earnings	-	-	JPY 194
Payout ratio	99.9%	99.9%	93.9%
Net assets per unit	JPY 101,161	JPY 102,103	JPY 105,631

(Note 1) Fiscal periods of Tosei Reit are 6 months from May 1 to October 31 and from November 1 to April 30 of the following year for every year. However, the 1st Period is from the establishment date of Tosei Reit (September 4, 2014) to April 30, 2015. Actual operating days for the 1st Period is 154 days from November 28, 2014 to April 30, 2015.

(Note 2) "Net income per unit" is calculated by dividing net income by the day-weighted average number of investment units during the fiscal period. The average number of investment units was 65,633 units in the 1st Period, 96,000 units in the 2nd Period and 155,132 units in the 3rd Period. In the parenthesis is a figure calculated using weighted average number of investment units (96,000 units) from November 28, 2014 (the start date of actual operation of the 1st Period) onward. "Distribution per unit" is calculated by dividing total cash distribution by the total number of investment units issued at the end of each fiscal period. The number of investment units issued at the end of each fiscal period was 96,000 units in the 1st Period, 96,000 units in the 2nd Period and 161,000 units in the 3rd Period.

(Note 3) Payout ratio is calculated using the following calculation formula and rounded down to one decimal place.

Payout ratio = Total cash distribution (not including cash distribution in excess of earnings) / Net income × 100

When calculated as: Payout ratio = Total cash distribution (including cash distribution in excess of earnings) / net income × 100, the payout ratio for the 3rd Period is 99.9%.

(Note 4) 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.

(2) Recent status of investment unit price

(i) Status in the last three fiscal periods

	Fiscal Period Ended April 30, 2015 (1st Period)	Fiscal Period Ended October 31, 2015 (2nd Period)	Fiscal Period Ended April 30, 2016 (3rd Period)
Opening price	JPY 115,000	JPY 129,000	JPY 114,200
Highest price	JPY 148,700	JPY 134,800	JPY 126,000
Lowest price	JPY 106,200	JPY 108,900	JPY 102,700
Closing price	JPY 129,400	JPY 114,300	JPY 114,700

(Note) Since Tosei Reit was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange on November 27, 2014, there is no applicable information on investment unit prices before then.

(ii) Status in the last six months

	May 2016	June 2016	July 2016
Opening price	JPY 113,400	JPY 115,900	JPY 117,600
Highest price	JPY 115,000	JPY 118,100	JPY 118,900
Lowest price	JPY 109,100	JPY 109,300	JPY 112,900
Closing price	JPY 115,000	JPY 117,900	JPY 118,200
	August 2016	September 2016	October 2016
Opening price	JPY 117,900	JPY 112,700	JPY 111,500
Highest price	JPY 118,600	JPY 113,800	JPY 112,100
Lowest price	JPY 112,500	JPY 106,700	JPY 111,000

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Closing price	JPY 112,500	JPY 111,900	JPY 111,100
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(Note) The investment unit prices for October 2016 show the figures as of October 7, 2016.

(iii) Investment unit price on the business day preceding the resolution day of the issuance

	October 7, 2016
Opening price	JPY 111,800
Highest price	JPY 111,900
Lowest price	JPY 111,000
Closing price	JPY 111,100

(3) Status of equity financing conducted in the last three fiscal periods

(i) Private placement for incorporation

Date of issuance	September 4, 2014
Amount of funds procured	JPY960,000,000
Paid-in amount (issue amount)	JPY100,000
Number of investment units issued at time of the offering	0 units
Number of investment units issued through the offering	9,600 units
Total number of investment units issued after the offering	9,600 units
Initial intended use of funds at time of the offering	To allocate to part of funds to establish Tosei Reit
Scheduled outlay period at the time of offering	September 2014
Allocation of funds as of today	Entire amount has been allocated by the scheduled period above

(ii) Capital increase through public offering

Date of issuance	November 26, 2014
Amount of funds procured	JPY8,565,436,800
Paid-in amount (issue amount)	JPY99,137
Number of investment units issued at time of the offering	9,600 units
Number of investment units issued through the offering	86,400 units
Total number of investment units issued after the offering	96,000 units
Initial intended use of funds at time of the offering	To allocate the entire amount to part of funds to acquire specified assets
Scheduled outlay period at the time of offering	November 2014
Allocation of funds as of today	Entire amount has been allocated by the scheduled period above

(iii) Capital increase through public offering

Date of issuance	November 16, 2015
Amount of funds procured	JPY6,662,235,100
Paid-in amount (issue amount)	JPY107,629
Number of investment units issued at time of the offering	96,000 units
Number of investment units issued through the offering	61,900 units
Total number of investment units issued after the offering	157,900 units
Initial intended use of funds at time of the offering	To allocate the entire amount to part of funds to acquire specified assets and part of funds for acquisition-related expenses.
Scheduled outlay period at the time of offering	November 2015
Allocation of funds as of today	Entire amount has been allocated by the scheduled period above

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(iv) Capital increase through third-party allotment

Date of issuance	December 16, 2015
Amount of funds procured	JPY333,649,900
Paid-in amount (issue amount)	JPY107,629
Number of investment units issued at time of the offering	157,900 units
Number of investment units issued through the offering	3,100 units
Total number of investment units issued after the offering	161,000units
Initial intended use of funds at time of the offering	To be allocated to part of the funds for future acquisition of specified assets and part of the funds for repayment of borrowings.
Scheduled outlay period at the time of offering	December 2015
Allocation of funds as of today	Entire amount has been allocated to part of the funds for the acquisition of Nishidai NC Building as of August 31, 2016.

8. Restrictions on sale and additional issuance of investment units, etc.

(1) With respect to the public offering, Tosei Reit plans to request “Tosei”, a unitholder of Tosei Reit, to agree with the Joint Lead Managers that the Investment Units (9,600 units) currently held by the company and the Investment Units (2,220 units), which the company plans to acquire through the public offering as stated in the above <Reference> 5, will not be sold, etc. (excluding the lending of the Investment Units to Daiwa Securities Co., Ltd. associated with the offering through over-allotment, and sales and such of the Investment Units to Daiwa Securities Co., Ltd. based on the exercising of the greenshoe option) during the period from the Pricing Date to a date when 360 days have passed after the delivery date for the public offering, without the prior written approval of the Joint Lead Managers.

The Joint Lead Managers have the right to cancel all or part of the above restrictions at their discretion even during the period stated above.

(2) With respect to the public offering, Tosei Reit has agreed with the Joint Lead Managers that it will not issue the Investment Units (except for issuance of view investment units through the public offering, and issuance of new investment units in line with a split of investment units) for a period from the Pricing Date to a date when 90 days have passed after the delivery date for the public offering without prior written consent of the Joint Lead Managers.

The Joint Lead Managers have the right to cancel all or part of the above restrictions at their discretion even during the period stated above.

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

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

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