

October 11, 2018

For Translation Purpose Only

Real Estate Investment Trust Securities Issuer
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Notice Concerning Debt Financing

Tosei Reit Investment Corporation (“Tosei Reit”) announces today that it has decided to obtain debt financing (“Borrowings”, as described below.)

1. Description of the Borrowings

① Term loan (3.1 year) (Note 1)

(1) Lenders	Syndicate of lenders with MUFG Bank, Ltd. as an arranger
(2) Planned loan amount (Note 2)	JPY1,000 million
(3) Interest rate (Note 3)	Base rate (JBA 1 month JPY TIBOR) (Note 4) +0.350%(Note 5)
(4) Planned drawdown date	November 2, 2018
(5) Interest payment date	The first payment date is November 30, 2018 and interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business date; if such a date is in the next month, the immediately preceding business date.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on October 31, 2018 (planned) with above lenders.
(7) Maturity date	November 30, 2021
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Unsecured

② Term loan (5.1 year) (Note 1)

(1) Lenders	Syndicate of lenders with MUFG Bank, Ltd. as an arranger
(2) Planned loan amount (Note 2)	JPY1,000 million
(3) Interest rate (Note 3)	To be decided (fixed interest rate) (Note 5)
(4) Planned drawdown date	November 2, 2018
(5) Interest payment date	The first payment date is November 30, 2018 and interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business date;

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	if such a date is in the next month, the immediately preceding business date.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on October 31, 2018 (planned) with above lenders.
(7) Maturity date	November 30, 2023
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Unsecured

③ Term loan (5.6 years) (Note 1)

(1) Lenders	Syndicate of lenders with MUFG Bank, Ltd. as an arranger
(2) Planned loan amount (Note 2)	JPY2,000 million
(3) Interest rate (Note 3)	To be decided (fixed interest rate) (Note 5)
(4) Planned drawdown date	November 2, 2018
(5) Interest payment date	The first payment date is November 30, 2018 and interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business date; if such a date is in the next month, the immediately preceding business date.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on October 31, 2018 (planned) with above lenders.
(7) Maturity date	May 31, 2024
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Unsecured

④ Term loan (6.1 years) (Note 1)

(1) Lenders	Syndicate of lenders with MUFG Bank, Ltd. as an arranger
(2) Planned loan amount (Note 2)	JPY1,000 million
(3) Interest rate (Note 3)	To be decided (fixed interest rate) (Note 5)
(4) Planned drawdown date	November 2, 2018
(5) Interest payment date	The first payment date is November 30, 2018 and interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business date; if such a date is in the next month, the immediately preceding business date.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on October 31, 2018 (planned) with above lenders.
(7) Maturity date	November 29, 2024
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Unsecured

⑤ Term loan (6.6 years) (Note 1)

(1) Lenders	Syndicate of lenders with MUFG Bank, Ltd. as an arranger
(2) Planned loan amount (Note 2)	JPY1,000 million
(3) Interest rate (Note 3)	To be decided (fixed interest rate) (Note 5)
(4) Planned drawdown date	November 2, 2018

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(5) Interest payment date	The first payment date is November 30, 2018 and interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business date; if such a date is in the next month, the immediately preceding business date.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on October 31, 2018 (planned) with above lenders.
(7) Maturity date	May 30, 2025
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Unsecured

⑥ Back up loan (1.1 years) (Note 1, Note 6)

(1) Lenders	Syndicate of lenders with MUFG Bank , Ltd. as an arranger
(2) Planned loan amount (Note 2)	JPY300 million
(3) Interest rate (Note 3)	Base rate (JBA 1 month JPY TIBOR) (Note 4)+0.200% (Note 5)
(4) Planned drawdown date	November 2, 2018
(5) Interest payment date	The first payment date is November 30, 2018 and interest payment dates are the end of each month and on the maturity date (If such date is not a business day, the immediately following business date; if such a date is in the next month, the immediately preceding business date.)
(6) Borrowing method	Borrowing based on the individual loan agreements concluded on October 31, 2018 (planned) with above lenders.
(7) Maturity date	November 29, 2019
(8) Repayment method	Lump-sum repayment on maturity date
(9) Security	Unsecured

(Note 1) The Borrowings will be conditional on fulfilling all of the separately set preconditions for granting loans, in addition to completion of decision making in loan-granting assessments by financial institutions that comprise a syndicate of lenders as well as other factors. Therefore, execution of the Borrowings is not guaranteed and the day on which the loans become effective as well as the terms of the loans may be changed.

(Note 2) “Planned loan amount” indicates the maximum amount planned as of today.

(Note 3) Figures indicated do not include borrowing related expenses, etc. to be paid to the lenders.

(Note 4) The base rate applicable to the interest rate calculation period for each interest payment date will be determined on the date two business days prior to the interest payment date immediately before each interest payment date (the drawdown date for the first interest payment date). For JBA’s JPY TIBOR, please check with the JBA TIBOR Administration’s website (<http://www.jbatibor.or.jp/english/rate/>).

(Note 5) The interest rate shall be announced once it is determined.

(Note 6) The upper limit of the loan is JPY300 million. However, the actual loan amount will be finalized through the loan agreement scheduled to be concluded after the paid-in amount of the public offering (the public offering indicated in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” separately announced today, (the “Public Offering”)) is determined. The loan amount may be changed or the Borrowing of JPY300 million may be cancelled depending on the amount of proceeds from the Public Offering. Tosei Reit will not execute the Borrowing if the estimated amount of proceeds from the Public Offering calculated based on the closing price of the regular transaction of investment units at the Tokyo Stock Exchange on October 1, 2018 (Monday) is assumed.

2. Reason for the Borrowings

Tosei Reit is using the borrowed funds for the acquisition of 6 properties to be acquired (total planned acquisition price of JPY 10,692 million) described in “Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Total of 6 Properties)” separately announced today, and for a portion of acquisition-related expenses.

3. Amount to be procured, use of funds and schedule of expenditure

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(1) Amount to be procured
JPY6,000 million (Note)

(2) Specific use of funds to be procured

For the acquisition of the above real estate trust beneficiary rights (6 properties) and for a portion of acquisition-related expenses

(3) Schedule of expenditure (planned)

November 2, 2018

(Note) The borrowing through the backup loan (1.1 year) is not included. Execution of the borrowing and the loan amount when executing the borrowing will be decided after taking into account the amount of proceeds from the Public Offering and other factors.

4. Status of loans, etc. after the Borrowings (As of November 2, 2018)

(Unit: JPY million)

	Before the Borrowings	After the Borrowings	Increase (Decrease)
Short-term loans (Note 1)	0	0	0
Long-term loans (Note 1) (Note 2) (Note 3)	24,000	30,000	+6,000
Total loans (Note 2)	24,000	30,000	+6,000
Investment corporation bonds	—	—	—
Total interest-bearing debt (Note 2)	24,000	30,000	+6,000

(Note 1) Short-term loans refer to loans with the period from the drawdown date to the maturity date being one year or less, and long-term loans refer to loans with the period from the drawdown date to the maturity date being more than one year.

(Note 2) Short-term loans, total loans and total interest-bearing debt indicate amounts excluding JPY300 million, the upper limit of the planned loan amount through backup loan (1.1 year). Execution of the Borrowing and the loan amount when executing the Borrowing will be decided after taking into account the amount of proceeds from the Public Offering and other factors.

(Note 3) Figures including the borrowings that are scheduled to be repaid within one year from today are indicated.

5. Future prospects

For the forecast of operating results for the fiscal period ending April 2019 (from November 1, 2018 to April 30, 2019) and the fiscal period ending October 2019 (from May 1, 2019 to October 31, 2019) based on the execution of the Borrowings, please refer to the “Notice Concerning Revisions to Forecasts for Operating Results and Cash Distribution for the Fiscal Period Ending April 30, 2019 (9th Period) and Forecasts for Operating Results and Cash Distribution for the Fiscal Period Ending October 31, 2019 (10th Period)” announced today.

6. Other

Concerning the risks associated with the Borrowings, there is no material change from the content of “Part II. Reference Information; Section 2. Information Supplementary to Reference Documents; 4. Investment Risks” of the securities registration statement submitted today.

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

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

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