

October 13, 2017

**For Translation Purpose Only**

Real Estate Investment Trust Securities Issuer  
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(Securities Code: 3451)

Asset Management Company  
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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: | 51,200 units  |
| (2) Paid-in amount (issue amount):                  | To be determined<br>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 23, 2017 (Monday) and October 26, 2017 (Thursday) (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<br>The price shall provisionally be calculated by multiplying the amount gained by deducting 3,259 yen of forecasted distribution per unit for the fiscal period ending October 31, 2017 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 Japan Securities Dealers Association after taking into account |

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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, 2017(Wednesday)
- (11) Delivery date: November 2, 2017(Thursday)
- (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: 2,560 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 2,560 units) borrowed from Tosei Corporation (“Tosei”) (the “Borrowed Investment Units”) (The lending and borrowing will be conditional on the sale of 2,560 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 2,560 units) borrowed from "Tosei", a unitholder of Tosei Reit, (The lending and borrowing will be conditional on the sale of 2,560 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 2,560, 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 24 (Friday), 2017.

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 24, 2017 (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:	183,200 units
Number of new Investment Units to be issued through public offering:	51,200 units
Total number of investment units issued and outstanding after new issuance through public offering:	234,400 units

3. Reason for and purpose of new issuance

Tosei Reit has decided to issue new investment units to realize stability of revenue base and enhancement of profitability over the medium to long term through continuous expansion of asset size in acquiring new specified assets (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 “to-be-acquired assets”), thereby further stabilizing its financial basis, while taking into account the levels of cash distributions per unit, LTV (Loan to Value) and liquidity of its investment units.

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

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

JPY5,140,480,000

(Note) The above-mentioned amount represents the sum of JPY5,140,480,000 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 October 2, 2017 (Monday).

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

The net proceeds of JPY5,140,480,000 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 8 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 2,560 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, 2018 (7th Period) and Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending October 31, 2018 (8th Period)” announced

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today.

## 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, 2016 (3rd Period)	Fiscal Period Ended October 31, 2016 (4th Period)	Fiscal Period Ended April 30, 2017 (5th Period)
Net income per unit	JPY 3,330	JPY 3,371	JPY 3,591
Cash distribution per unit	JPY 3,208	JPY 3,371	JPY 3,592
not including cash distribution in excess of earnings	JPY 3,014	JPY 3,371	JPY 3,592
cash distribution in excess of earnings	JPY 194	-	-
Payout ratio	93.9%	99.9%	100.0%
Net assets per unit	JPY 105,631	JPY 105,860	JPY 105,837

(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.

(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 155,132 units in the 3rd Period, 161,000 units in the 4th Period and 183,200 units in the 5th Period. "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 161,000 units in the 3rd Period, 161,000 units in the 4th Period and 183,200 units in the 5th 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 3rd period, 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, 2016 (3rd Period)	Fiscal Period Ended October 31, 2016 (4th Period)	Fiscal Period Ended April 30, 2017 (5th Period)
Opening price	JPY 114,200	JPY 113,400	JPY 104,600
Highest price	JPY 126,000	JPY 118,900	JPY 111,400
Lowest price	JPY 102,700	JPY 103,800	JPY 99,000
Closing price	JPY 114,700	JPY 104,500	JPY 102,400

#### (ii) Status in the last six months

	May 2017	June 2017	July 2017
Opening price	JPY 102,500	JPY 107,000	JPY 107,300
Highest price	JPY 107,800	JPY 107,700	JPY 107,900
Lowest price	JPY 101,800	JPY 105,000	JPY 104,500
Closing price	JPY 107,000	JPY 107,200	JPY 107,400
	August 2017	September 2017	October 2017
Opening price	JPY 107,400	JPY 107,400	JPY 109,700
Highest price	JPY 107,500	JPY 110,000	JPY 111,900
Lowest price	JPY 105,600	JPY 103,900	JPY 108,500
Closing price	JPY 107,000	JPY 109,600	JPY 111,100

(Note) The investment unit prices for October 2017 show the figures as of October 12, 2017.

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

	October 12, 2017
Opening price	JPY 111,200
Highest price	JPY 111,700
Lowest price	JPY 110,700
Closing price	JPY 111,100

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

(i) 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	157,900units
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

(ii) 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.

(iii)Capital increase through public offering

Date of issuance	November 1, 2016
Amount of funds procured	JPY2,224,573,200
Paid-in amount (issue amount)	JPY100,206
Number of investment units issued at time of the offering	161,000 units
Number of investment units issued through the offering	22,200units
Total number of investment units issued after the offering	183,200units
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 2016
Allocation of funds as of today	Entire amount has been allocated by

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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 (11,820 units) currently held by the company and the Investment Units (2,560 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/>