

For Translation Purpose

May 31, 2016

For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice Concerning Revision to Forecasts for Operating Results and Cash Distribution
 for the Fiscal Period Ending April 30, 2016 (3rd Period)

Tosei Reit Investment Corporation (“Tosei Reit”) announces its operating results and cash distribution forecasts for the fiscal period ending April 30, 2016 (3rd Period: November 1, 2015 to April 30, 2016) announced on December 17, 2015 in “(REIT) Financial Report for the Fiscal Period Ended October 31, 2015” as described below.

Although cash distribution in excess of earnings newly arose in these revised forecasts, it is due to change in handling of the cash distribution equivalent to deferred losses on hedges (item indicated under net assets in the balance sheet) concerning derivative transactions (interest rate swap agreements). In accordance with the tax revisions in 2015 and 2016, the change has been made that it shall be handled as cash distribution in excess of earnings, while it was handled as distribution of earnings in the previous forecasts. Tosei Reit is not intended to conduct cash distribution in excess of earnings that exceed net income in the 3rd Period.

In addition, it is based on the assumption approval from lenders will be obtained, as the implementation of cash distribution in excess of earnings requires prior approval from lenders to Tosei Reit.

1. Revisions to operating results and cash distribution forecasts for fiscal period ending April 30, 2016 (3rd Period)

	Operating revenue (JPY million)	Operating income (JPY million)	Ordinary income (JPY million)	Net income (JPY million)	Cash distribution per unit (not including cash distribution in excess of earnings) (JPY)	Cash distribution in excess of earnings per unit (JPY) (Note 4)	Cash distribution per unit (including cash distribution in excess of earnings) (JPY)
Previous forecast (A)	1,231	589	488	488	3,035	0	3,035
Revised forecast (B)	1,245	613	517	516	3,014	194	3,208
Variation (B-A)	13	24	28	27	-21	194	173
Rate of variation	1.1%	4.1%	5.9%	5.7%	-0.7%	- %	5.7%

(Note 1) Number of investment units issued and outstanding at the end of the fiscal period 161,000 units

Disclaimer: This document is an English translation of a press release for public announcement concerning revision to forecasts for operating results and cash distribution forecasts for the fiscal period ending April 30, 2016 (3rd Period) by Tosei Reit Investment Corporation, and has not been prepared for the purpose of solicitation of investment.

- (Note 2) The forecasts may be subject to revision when a disparity beyond a certain degree is expected between the above forecasts and actual figures. In addition, Tosei Reit does not guarantee any actual cash distribution amount by announcing the forecast figures.
- (Note 3) Unless otherwise specified, amounts are rounded down to the nearest specified unit and ratios are rounded to the first decimal place.
- (Note 4) The cash distribution in excess of earnings per unit is divided into distribution of reserve for temporary difference adjustments and distribution of those other than reserve for temporary difference adjustments (“return of capital.”) Entire cash distribution in excess of earnings in this forecasts are distribution of reserve for temporary difference adjustments. For your reference, distribution of reserve for temporary difference adjustments is treated as dividend for tax purposes and is subject to withholding.

2. Reason for revisions and announcement

During the process of preparing financial statements for the fiscal period ending April 30, 2016, operating status in the fiscal period generally came into light and led to the expectation that a difference of 5% or more will arise from the cash distribution per unit forecasts for the fiscal period ending April 30, 2016 (3rd Period) announced on December 17, 2015 in “(REIT) Financial Report for the Fiscal Period Ended October 31, 2015”, and thus revisions to the operating results and cash distribution forecasts were made. The revision is mainly due to rental revenue from offices and residential properties exceeding the forecast, utilities expenses under the expenses related to rent business and IR related cost under SG&A expenses as well as interest expenses under non-operating expenses falling below the forecast and other factors.

As to the operating results and cash distribution forecasts for the fiscal period ending October 2016 (4th Period: May 1, 2016 to October 31, 2016), there are no revisions as of present.

(Concerning cash distribution per unit (not including cash distribution in excess of earnings))

Tosei Reit uses the special treatment method or principle treatment method (method to record deferred gain/loss on hedge as valuation/translation adjustments, etc. in the net assets) as the method for hedge accounting related to derivative transactions (interest rate swap) based on the Accounting Standard for Financial Instruments. In the tax revisions in 2015 and 2016, it was clarified a cash distribution equivalent to deferred loss on hedge, which is a net asset deduction item, shall be treated as a cash distribution in excess of earnings. As a result, deferred loss on hedge is deducted from distributable amount, and the cash distribution per unit (not including cash distribution in excess of earnings) decreases 0.7% from the previous forecast. However, since the amount equivalent to such deducted amount will be distributed as a cash distribution in excess of earnings (distribution of reserve for temporary difference adjustments), there will be no impact on the total amount of cash distributions.

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

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