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For Immediate Release

Real Estate Investment Trust Securities Issuer
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Notice Concerning Revision to Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending April 30, 2016 (3rd Period) and Forecasts for Operating Results and Cash Distribution per Unit for the Fiscal Period Ending October 31, 2016 (4th Period)

Tosei Reit Investment Corporation (“Tosei Reit”) announces that it has revised the operating results and cash distribution per unit forecasts for the fiscal period ending April 30, 2016 (3rd Period: November 1, 2015 to April 30, 2016) announced on June 19, 2015 in “(REIT) Financial Report for the Fiscal Period Ended April 30, 2015,” as described in 1. below. Tosei Reit also announces forecasts for the operating results and cash distribution per unit forecasts for the fiscal period ending October 31, 2016 (4th Period: May 1, 2016 to October 31, 2016), as described in 2. below.

There is no change to the operating results and cash distribution per unit forecasts for the fiscal period ending October, 2015 (2nd Period: May 1, 2015 to October 31, 2015) announced on June 19, 2015.

1. Revisions to operating results and cash distribution per unit forecasts for fiscal period ending April, 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)
Previous forecast (A)	788	336	273	273	2,844	—
Revised forecast (B)	1,231	589	488	488	3,035	—
Variation (B-A)	442	252	215	215	191	—
Rate of variation	56.1%	74.9%	79.0%	79.0%	6.7%	—
(Reference) Actual of previous fiscal period (1st Period)	662	344	187	186	1,938	—

Number of investment units issued and outstanding at the end of the fiscal period in the previous forecast: 96,000 units
 Number of investment units issued and outstanding at the end of the fiscal period in the revised forecast: 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 per unit for the fiscal period ending April 30, 2016 (3rd Period) and forecasts for operating results and cash distribution per unit for the fiscal period ending October 31, 2016 (4th Period) by Tosei Reit Investment Corporation, and has not been prepared for the purpose of solicitation of investment. We caution investors to refer to Tosei Reit’s prospectus and notice of amendments thereto, if any, without fail and to undertake investment at their own decision and responsibility.

For further details, please refer to the “Number of investment units issued and outstanding” column in the attachment “ Assumptions for Forecasts for the Fiscal Periods Ending April 30, 2016 (3rd Period) and October 31, 2016 (4th Period).”

2. Operating results and cash distribution per unit forecasts for fiscal period ending October, 2016 (4th 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)
Current forecast	1,291	597	493	493	3,063	—

Fiscal period ending October 2016 (4th Period):

Forecast number of investment units issued and outstanding at the end of the fiscal period: 161,000 units

(Note 1) Fiscal periods of Tosei Reit are from May 1 to October 31 and from November 1 to April 30 of the following year for every year. However, the fiscal period ended April, 2015 (1st Period) is from the establishment date of Tosei Reit (September 4, 2014) to April 30, 2015.

(Note 2) The forecasts indicated above are the current figures calculated under the assumptions described in the Attachment “Assumptions for Forecasts for the Fiscal Periods Ending April 30, 2016 (3rd Period) and October 31, 2016 (4th Period).” The actual operating revenue, operating income, ordinary income, net income, cash distribution per unit (not including cash distribution in excess of earnings) and cash distribution in excess of earnings per unit may be subject to change due to variances in the assumptions arising from changes in operational environment such as additional acquisition/disposition of real estate, etc., changes in rental income associated with changes in tenants or other causes and unexpected occurrences of repair, etc., fluctuations in interest rates and changes in other conditions surrounding Tosei Reit, etc. in the future. In addition, Tosei Reit does not guarantee any actual cash distribution amount by announcing the forecast figures.

(Note 3) The forecasts may be subject to revision when a disparity beyond a certain degree is expected between the above forecasts and actual figures.

(Note 4) Unless otherwise specified, amounts are rounded down to the nearest specified unit and ratios are rounded to the first decimal place.

3. Reason for revisions and announcement

Concerning the operating results and cash distribution per unit forecasts for the fiscal period ending April 30, 2016 (3rd Period) described in “(REIT) Financial Report for the Fiscal Period Ended April 30, 2015” announced on June 19, 2015, assumptions for calculation have been changed due to the resolution of issuance of new investment units and acquisition of assets, etc. announced today in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and “Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights and Leases (Total of 5 Properties).” Thus revisions to the operating results and cash distribution forecasts and announcement of operating results and cash distribution forecasts for the fiscal period ending October 2016 (4th Period) were made.

* 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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【Attachment】

Assumptions for Forecasts for the Fiscal Periods Ending April 30, 2016 (3rd Period)
and October 31, 2016 (4th Period)

Item	Assumptions
Calculation Period	<ul style="list-style-type: none"> • Fiscal period ending April 30, 2016 (3rd Period): November 1, 2015 – April 30, 2016 (182 days) • Fiscal period ending October 31, 2016 (4th Period): May 1, 2016 – October 31, 2016 (184 days)
Assets under Management	<ul style="list-style-type: none"> • It is assumed that trust beneficiary interests in real estate to be newly acquired (5 properties in total; the “Properties to be Acquired”) after the issuance of new investment units, which was resolved at the Board of Directors meetings held on October 28, 2015, are acquired in addition to the trust beneficiary interests in real estate owned by Tosei Reit as of today (12 properties in total; the “Assets under Management”) as well as that there will be no change (new property acquisitions, sales of existing properties, etc.) through the end of the fiscal period ending October 2016 (4th Period) except for the acquisition of the Properties to be Acquired. • In practice, they may vary due to acquisition of new properties other than the Properties to be Acquired or sales of properties held, etc.
Operating Revenue	<ul style="list-style-type: none"> • Rental revenues from the Assets under Management are calculated taking into account lease agreements that are effective as of today, the tenant trends, market trends, etc. Rental revenues from the Properties to be Acquired are calculated taking into account the information obtained from the present owners and such of the Properties to be Acquired. • For rental revenues, it is assumed that no rent payments will be behind or declined by tenants.
Operating Expenses	<ul style="list-style-type: none"> • Among expenses related to rent business, which are the principal operating expenses, expenses excluding depreciation are calculated on the basis of historical data, reflecting variable factors of expenses. JPY376 million and JPY404 million are assumed for the fiscal period ending April 2016 and the fiscal period ending October 2016, respectively. • As expenses that account for a large portion of expenses related to rent business, management fee of JPY110 million and JPY113 million are assumed for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively. As major items of the expenses, operational management costs of JPY82 million and JPY85 million are assumed for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively, and property management costs of JPY25 million is assumed for each of the fiscal period ending April 2016 and for the fiscal period ending October 2016. • For the expenditure for repair and maintenance of buildings, the amount expected to be required in the fiscal period has been assumed as costs of JPY23 million and JPY21 million for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively, based on the amount planned by Tosei Asset Advisors Inc. (the “Asset Management Company”), the asset management company of Tosei Reit, 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. • For property taxes, JPY81 million and JPY94 million are assumed for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively, as expenses. Upon transactions of real estate and other properties, it is a general practice to calculate and reimburse the pro rata portion of fixed property 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. Therefore, concerning the Properties to be Acquired, fixed property taxes, city planning taxes and other public charges in the fiscal 2015 will not be recorded as expenses in the fiscal year ending April 2016. The fixed property taxes, city planning taxes and other public charges to be included in the acquisition cost of the Properties to be Acquired are assumed to be JPY9 million (equivalent to that for 45 days). • Depreciation is calculated using the straight line method, including incidental expenses and others, and is assumed to be JPY157 million each for the fiscal period ending April 2016 and the fiscal period ending October 2016. • As costs other than for rent business-related expenses among operating expenses, JPY109 million and JPY132 million in total are assumed for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively. Out of such, asset management fee which the Asset Management Company shall receive is assumed to be JPY64 million and JPY76 million for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively.

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NOI	<ul style="list-style-type: none"> • NOI for the entire portfolio is assumed to be JPY855 million and JPY886 million at the end of the fiscal period ending April 2016 and at the end of the fiscal period ending October 2016, respectively. • Out of the above, NOI for the Assets under Management is assumed to be JPY517 million and JPY523 million for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively. • Out of the above, NOI for the Properties to be Acquired is assumed to be JPY337 million and JPY363 million for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively. • NOI is calculated by using the following calculation method. NOI = Property-related operating revenue – Property-related operating expenses
Non-operating Expenses	<ul style="list-style-type: none"> • The costs related to the issuance of new investment units resolved at the Board of Directors meetings held on October 28, 2015, are scheduled to be amortized over 36 months using the straight line method, and the amount of impact of the costs is assumed to be JPY6 million each for the fiscal period ending April 2016 and the fiscal period ending October 2016. • Interest expenses and borrowing related expenses are assumed to be JPY94 million and JPY98 million for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively. Among the borrowing related expenses, JPY36 million and JPY37 million for the fiscal period ending April 2016 and for the fiscal period ending October 2016, respectively, will be amortized in accordance with the borrowing period as deferred cost.
Debt Financing	<ul style="list-style-type: none"> • Debt outstanding as of October 28, 2016 is JPY9,169 million, and additional new borrowings of JPY5,700 million is assumed. Furthermore, since consumption tax refund in line with the acquisition of the Properties to be Acquired is assumed in the fiscal period ending October 2016 (4th Period), 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 October 2016. • LTV as of the end of the fiscal period ending April 2016 (3rd Period) is assumed to be 44.3% and as of the end of fiscal period ending October 2016 (4th Period) 44.0%. • LTV is calculated by using the following calculation method. $LTV = \text{Total interest-bearing debt} / \text{total assets} \times 100$
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • It is assumed that, in addition to 9,600 investment units issued and outstanding as of today, all of the investment units scheduled to be newly issued will be issued through the issuance of new investment units (61,900 units to be purchased by underwriters) and the issuance of new investment units through the third-party allotment by way of over-allotment (maximum of 3,100 units) as was resolved at the Board of Directors meeting held on October 28, 2015. • It is assumed that, except for the above, there will be no changes in the number of investment units due to additional issuance of new investment units and such through the end of the fiscal period ending October 2016. • Cash distribution per unit is calculated using the forecast number of investment units issued and outstanding at the end of the fiscal period ending April 2016 and the end of the fiscal period ending October 2016 (161,000 units) including 65,000 units scheduled to be newly issued as stated above.
Cash Distribution per Unit (not including cash distribution in excess of earnings)	<ul style="list-style-type: none"> • Cash distribution per unit (not including cash distribution in excess of earnings) is calculated on the assumption described in the monetary cash distribution policy stipulated in Tosei Reit's Articles of Incorporation. • It is assumed that the entire amount of unappropriated retained earnings is distributed excluding the portion where cash distribution per unit would be less than JPY1. • 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 assets owned by Tosei Reit, changes in rental revenue accompanying changes in tenants, etc., and unexpected repair and maintenance, etc.
Cash Distribution in Excess of Earnings per Unit	<ul style="list-style-type: none"> • Tosei Reit does not currently anticipate cash distributions in excess of earnings per unit.
Other	<ul style="list-style-type: none"> • 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. • 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.

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