October 10, 2019

For Immediate Release

Real Estate Investment Trust Securities Issuer
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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)

(1)	Total number of investment units to be offered:	52,000 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 23, 2019 (Wednesday) and October 29, 2019 (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 3,480 yen of forecasted distribution per unit for the fiscal period ending October 31, 2019 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 the demand conditions and other factors.

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(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, 2019 (Friday)
(11) Delivery date:	November 5, 2019 (Tuesday)

(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:	2,600 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 2,600 units) borrowed from Tosei Corporation ("Tosei") (the "Borrowed Investment Units") (The lending and borrowing will be conditional on the sale of 12,800 units, out of the Investment Units in the public offering, to "Tosei" as stated in <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.

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(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.

3. Issuance of new investment units through third-party allotment (Please refer to <Reference> 1. below.)

(1) Number of investment units to be offered:	2,600 units
(2) Paid-in amount (issue amount):	To be determined The paid-in amount (issue amount) shall be determined on the Pricing Date. The paid-in amount (issue amount) shall be the same as that in the primary offering.
(3) Total paid-in amount (total issue amount):	To be determined
(4) Allottee and number of units allotted:	Daiwa Securities Co., Ltd. 2,600 units
(5) Subscription unit:	One unit or more in multiples of one unit
(6) Subscription period (Subscription Date):	November 26, 2019 (Tuesday)
(7) Payment date:	November 27, 2019 (Wednesday)

(8) If there is no subscription for all or a part of the investment units on or before the subscription period (Subscription Date) described in (6) above, the issuance of such investment units shall be canceled.
(9) If the primary offering is suspended, the issuance of new investment units through third-party allotment shall also be suspended.
(10) The paid-in amount (issue amount) and other items necessary for the issuance of the new investment units 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 2,600 units) borrowed from "Tosei", a unitholder of Tosei Reit, (The lending and borrowing will be conditional on the sale of 12,800 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 2,600, 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.

In order to allow Daiwa Securities Co., Ltd. to acquire the Investment Units needed to return the Borrowed Investment Units upon the secondary offering through over-allotment, Tosei Reit has resolved at its Board of Directors' meeting held on October 10, 2019 (Thursday) to issue 2,600 units of the new Investment Units through third-party allotment (the "Third-Party Allotment"), to Daiwa Securities Co., Ltd. as the allottee with the payment date on November 27, 2019 (Wednesday), aside from the public offering.

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.

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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 22, 2019 (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.

Daiwa Securities Co., Ltd. intends to agree to the Third-Party Allotment to acquire the investment units for the number of investment units obtained by subtracting the number of investment units that are purchased through the Syndicated Cover Transaction and the stabilization transactions, and used to return the Borrowed Investment Units from the number of investment units for the secondary offering through overallotment. As a result, there may be cases in which there shall be no subscription to the investment units to be offered through the Third-Party Allotment in whole or in part. Accordingly, the subscription right shall be forfeited and the final number of investment units offered with respect to the Third-Party Allotment may be reduced to the same extent, or the issue itself may be suspended.

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. In the case where the secondary offering (over-allotment) is not conducted, the above-mentioned borrowing of investment units by Daiwa Securities Co., Ltd. from the unitholder of Tosei Reit will not be conducted. Therefore, Daiwa Securities Co., Ltd. will not accept and will not subscribe for the Third-Party Allotment, and the issuance of investment units through the Third-Party allotment itself will not be conducted at all as the subscription right shall be forfeited. In addition, the syndicate covering transactions on the TSE will not 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:	283,015 units	
Number of new Investment Units to be issued through public offering:	52,000 units	
Total number of investment units issued and outstanding after new issuance through public offering:	335,015 units	
Number of new Investment Units to be issued through the Third-Party Allotment:	2,600 units	(Note)
Total number of investment units issued and outstanding after new issuance through the Third-Party Allotment:	337,615 units	(Note)

(Note) The number is on the assumption that Daiwa Securities Co., Ltd. subscribes to all the Investment Units to be issued through the Third-Party Allotment and all such units are issued.

3. Reason for and purpose of new issuance

Tosei Reit has decided to issue new investment units to realize stability of cash flow and revenue through continuous expansion of asset size in acquiring new specified assets (as defined in Article 2,

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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)

JPY6,945,120,000

(Note) The above-mentioned amount represents the sum of JPY6,614,400,000 in net proceeds Tosei Reit will receive from the primary offering and the maximum amount of JPY 330,720,000 Tosei Reit will receive from the issuance of new investment units through the Third-Party Allotment. 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 1, 2019 (Tuesday).

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

The net proceeds of JPY6,614,400,000 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 together with JPY330,720,000, the maximum amount of proceeds from issuance of new investment units through the Third-Party Allotment, 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 12 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 12,800 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 for the Fiscal Period Ending April 30, 2020(11th Period) and Forecasts for Operating Results and Cash Distribution for the Fiscal Period Ending October 31, 2020 (12th Period)" announced 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, 2018 (7th Period)	Fiscal Period Ended October 31, 2018 (8th Period)	Fiscal Period Ended April 30, 2019 (9th Period)
Net income per unit	JPY 3,532	JPY 3,434	JPY 4,349
Cash distribution per unit	JPY 3,532	JPY 3,435	JPY 4,052
not including cash distribution in excess of earnings	JPY 3,532	JPY 3,435	JPY 4,052
cash distribution in excess of earnings	-	-	-
Payout ratio	99.9%	100.0%	93.2%

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Net assets per unit	JPY 105,510	JPY 105,421	JPY 106,840

(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 234,400 units in the 7th Period, 234,400 units in the 8th Period and 282,670 units in the 9th 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 234,400 units in the 7th Period, 234,400 units in the 8th Period and 283,015 units in the 9th Period.

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

Payout ratio = Total cash distribution per unit / Net income per unit × 100

Payout ratio for the 7th and 9th Period is calculated using the following calculation formula as the number of investment units during the fiscal period varied due to the public offering conducted during the fiscal period. The figure is rounded down to one decimal place.

Total cash distributions / Net income × 100

(2) Recent status of investment unit price

(i) Status in the last three fiscal periods

	Fiscal Period Ended April 30, 2018 (7th Period)	Fiscal Period Ended October 31, 2018 (8th Period)	Fiscal Period Ended April 30, 2019 (9th Period)
Opening price	JPY 105,100	JPY 112,400	JPY 110,000
Highest price	JPY 115,900	JPY 116,100	JPY 119,600
Lowest price	JPY 104,400	JPY 108,000	JPY 103,200
Closing price	JPY 112,500	JPY 109,500	JPY 115,200

(ii) Status in the last six months

	May 2019	June 2019	July 2019
Opening price	JPY115,500	JPY117,600	JPY118,900
Highest price	JPY119,600	JPY118,800	JPY122,700
Lowest price	JPY114,900	JPY115,700	JPY118,300
Closing price	JPY118,200	JPY118,700	JPY122,200

	August 2019	September 2019	October 2019
Opening price	JPY122,500	JPY129,000	JPY137,800
Highest price	JPY132,200	JPY138,000	JPY147,500
Lowest price	JPY121,900	JPY127,500	JPY137,500
Closing price	JPY129,000	JPY137,800	JPY146,300

(Note) The investment unit prices for October 2019 show the figures as of October 9, 2019.

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

	October 9, 2019
Opening price	JPY145,000
Highest price	JPY147,500
Lowest price	JPY145,000
Closing price	JPY146,300

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

(i) Capital increase through public offering

Date of issuance	November 1, 2017

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Amount of funds procured	JPY5,161,932,800
Paid-in amount (issue amount)	JPY100,819
Number of investment units issued at time of the offering	183,200 units
Number of investment units issued through the offering	51,200 units
Total number of investment units issued after the offering	234,400 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 2017
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 1, 2018
Amount of funds procured	JPY4,858,305,300
Paid-in amount (issue amount)	JPY104,931
Number of investment units issued at time of the offering	234,400 units
Number of investment units issued through the offering	46,300 units
Total number of investment units issued after the offering	280,700 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 2018
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 28, 2018
Amount of funds procured	JPY242,915,265
Paid-in amount (issue amount)	JPY104,931
Number of investment units issued at time of the offering	280,700 units
Number of investment units issued through the offering	2,315units
Total number of investment units issued after the offering	283,015units
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	December 2018
Allocation of funds as of today	Entire amount has been allocated to part of the funds for the acquisition of T's garden Ojima as of May 24, 2019.

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 (14,251 units) currently held by the company and the Investment Units (12,800 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 180 days have passed after the delivery date for the public offering, without the

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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 the public offering, issuance of new investment units through the Third-Party Allotment 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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