

**Additional Documentation for  
“Notice Concerning Revision to Expected Operating  
Condition and Distribution Forecast for the Fiscal Period  
Ending January 2022 (37th Fiscal Period) and the Fiscal  
Period Ending July 2022 (38th Fiscal Period)”**

**Announced on November 22, 2021**

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**TOKYU REIT**  
TSE : 8957 <https://www.tokyu-reit.co.jp/eng/>

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## Terms Used in the Material

|                              |  |
|------------------------------|--|
| LTV based on appraisal value | (Balance of Interest-Bearing Debt at the End of Period + Balance of Securities Deposit without Reserved Cash at the End of Period) / (Appraisal Value (at the end of fiscal period)) |
| NOI Yield                    | NOI / Acquisition Price  |

\*Please refer to the end of this material for notes.

# Executive Summary (Updated: November 22, 2021)

|   | Period Ended Jul. 2021 (FP36) Actual   |                                  | Period Ending Jan. 2022 (FP37) Forecast  |                                      | Period Ending Jul. 2022 (FP38) Forecast  |                                      |
|---|--|----------------------------------|--|--------------------------------------|--|--------------------------------------|
| <b>External Growth</b>  | <ul style="list-style-type: none"> <li>• <b>Property Replacement</b><br/>Acquisition of TOKYU REIT Shibuya Miyashita Koen Building</li> </ul>  |                                  | <ul style="list-style-type: none"> <li>• <b>Property Replacement</b><br/>Disposition of OKI System Center (land with leasehold interest) (30%)<br/>Disposition of Shonan Mall Fill (land with leasehold interest)<br/>Disposition of Setagaya Business Square<br/>Acquisition of Aoyama Oval Building</li> <li>• <b>Property disposition</b><br/>Daikanyama Forum</li> </ul> |                                      | <ul style="list-style-type: none"> <li>• <b>Property Replacement</b><br/>Disposition of OKI System Center (land with leasehold interest) (30%)</li> <li>• <b>Property disposition</b><br/>Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)</li> </ul> |                                      |
| <b>Gain on sale of properties, etc.</b>   | –  | (-764 million yen)               | 4,677 million yen  | (+4,677 million yen)                 | 1,988 million yen  | (-2,689 million yen)                 |
| <b>Internal Growth</b>  | <ul style="list-style-type: none"> <li>• Period-end occupancy rate: 97.2% (-1.2 pts)</li> <li>• Rent revision: +33 million yen</li> <li>• Move-ins and move-outs of tenants: -168 million yen</li> <li>• Miscellaneous income (restoration costs, etc. of Tokyu Toranomon Building): +177 million yen</li> </ul> |                                  | <ul style="list-style-type: none"> <li>• Period-end occupancy rate: 97.1% (-0.1 pts)</li> <li>• Extension work of Tokyu Toranomon Building: -414 million yen</li> <li>• Miscellaneous income: -200 million yen</li> <li>• Introduction of 100% renewable energy</li> </ul>   |                                      | <ul style="list-style-type: none"> <li>• Period-end occupancy rate: 99.1% (+2.0 pts)</li> <li>• Extension work of Tokyu Toranomon Building (Repair and maintenance costs): +124 million yen</li> </ul>   |                                      |
| <b>NOI</b>  | 5,848 million yen  | (+221 million yen)               | 4,675 million yen  | (-1,172 million yen)                 | 4,194 million yen  | (-481 million yen)                   |
| <b>Operating income</b>   | 3,981 million yen  | (-557 million yen)               | 7,386 million yen  | (+3,404 million yen)                 | 4,521 million yen  | (-2,864 million yen)                 |
| <b>Finance (Note 1)</b>   | <ul style="list-style-type: none"> <li>• Interest expenses: -13 million yen (Average interest rate: 0.81%)</li> </ul>  |                                  | <ul style="list-style-type: none"> <li>• Interest expenses: -39 million yen (Average interest rate: 0.79%)</li> </ul>  |                                      | <ul style="list-style-type: none"> <li>• Interest expenses: -15 million yen (Average interest rate: 0.79%)</li> </ul>  |                                      |
| <b>Net income [per unit]</b>  | 3,540 million yen<br>3,621 yen   | (-543 million yen)<br>(-555 yen) | 6,974 million yen<br>7,134 yen   | (+3,434 million yen)<br>(+3,513 yen) | 4,127 million yen<br>4,222 yen   | (-2,847 million yen)<br>(-2,912 yen) |
| <b>Provision of reserve for reduction entry [per unit]</b>                      | –  | (-407 million yen)<br>(-416 yen) | 428 million yen<br>438 yen   | (+428 million yen)<br>(+438 yen)     | 412 million yen<br>422 yen   | (-15 million yen)<br>(-16 yen)       |
| <b>Provision of reserve for reduction entry of replaced property [per unit]</b> | –  | –                                | 2,683 million yen<br>2,745 yen   | (+2,683 million yen)<br>(+2,745 yen) | –  | (-2,683 million yen)<br>(-2,745 yen) |
| <b>Distribution per unit</b>  | 3,621 yen  | (-139 yen)                       | 3,950 yen  | (+329 yen)                           | 3,800 yen  | (-150 yen)                           |
| <b>Balance of reserve for reduction entry per unit</b>                          | 1,542 yen  | ( – )                            | 1,981 yen  | (+438 yen)                           | 2,403 yen  | (+422 yen)                           |
| <b>Balance of reserve for reduction entry of replaced property per unit</b>     | –  | –                                | 2,745 yen  | (+2,745 yen)                         | 2,745 yen  | ( – )                                |
| <b>LTV based on total assets</b>  | 44.9%  | (+0.9 pts)                       | 41.7 %   | (-3.2 pts)                           | 41.6 %   | (-0.1 pts)                           |
| <b>LTV based on appraisal value</b>   | 37.4%  | (+1.0 pts)                       |  |                                      |  |                                      |
| <b>Acquisition capacity (Note 2)</b>  | 78.8 billion yen   | (-4.6 billion yen)               |  |                                      |  |                                      |

(Note 1) Borrowings and investment corporation bonds  
 (Note 2) Assumed LTV based on appraisal value to be 50%  
 \*Figures in parentheses are comparison with previous fiscal period

# Financial Results Forecast

(FP ending Jan. 2022 and FP ending Jul. 2022) (Updated: November 22, 2021)

## Forecast of Income Statement (P/L) and Distribution per Unit

(Unit: million yen)

| Item  | FP ended Jul. 2021 Actual (FP 36) | FP ending Jan. 2022 Forecast (FP 37) |         |                                    |  |                                | Change (PoP) | FP ending Jul. 2022 Forecast (FP 38) |          |                                    |  |                                |         | Change (PoP) |   |                                |
|---|-----------------------------------|--------------------------------------|---------|------------------------------------|--|--------------------------------|--------------|--------------------------------------|----------|------------------------------------|--|--------------------------------|---------|--------------|---|--------------------------------|
|   |                                   | ① Forecast as of Nov. 22, 2021       | ①-②     | Aoyama Oval Building (Acquisition) | Setagaya Business Square (Disposition) | ② Forecast as of Sep. 10, 2021 |              | ① Forecast as of Nov. 22, 2021       | ①-②      | Aoyama Oval Building (Acquisition) | Setagaya Business Square (Disposition) | ② Forecast as of Oct. 29, 2021 | ②-③     |              | Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building) (Disposition) | ③ Forecast as of Sep. 10, 2021 |
| Operating revenues (A)  | 8,066                             | 11,587                               | 3,174   | +98                                | -286                                   | 8,412                          | 3,521        | 8,307                                | -631     | +325                               | -930                                   | 8,939                          | 1,417   | -            | 7,522   | -3,279                         |
| Revenues from real estate operation (B)                                     | 8,059                             | 6,893                                | -180    | +98                                | -286                                   | 7,074                          | -1,166       | 6,319                                | -631     | +325                               | -930                                   | 6,951                          | -0      | -            | 6,951   | -573                           |
| Rental revenues   | 7,528                             | 6,509                                | -199    | +88                                | -289                                   | 6,708                          | -1,019       | 5,985                                | -648     | +297                               | -883                                   | 6,633                          | -0      | -            | 6,634   | -524                           |
| Other rental revenues   | 530                               | 383                                  | 18      | +10                                | +2                                     | 365                            | -146         | 334                                  | 16       | +27                                | -47                                    | 317                            | 0       | -            | 317   | -49                            |
| Gain on sale of real estate, etc.   | -                                 | 4,677                                | 3,354   |                                    |  | 1,323                          | 4,677        | 1,988                                | -        |                                    |  | 1,988                          | 1,417   | -            | 570   | -2,689                         |
| Acceptance of contribution for construction                                 | 6                                 | -                                    | -       |                                    |  | -                              | -6           | -                                    | -        |                                    |  | -                              | -       | -            | -   | -                              |
| Revenues from facility acceptance   | -                                 | 15                                   | -       |                                    |  | 15                             | 15           | -                                    | -        |                                    |  | -                              | -       | -            | -   | -15                            |
| Operating expenses (C)  | 4,084                             | 4,201                                | -109    | +33                                | -196                                   | 4,310                          | 116          | 3,786                                | -651     | +176                               | -764                                   | 4,438                          | -32     | -114         | 4,470   | -414                           |
| Expenses from real estate operation   | 3,241                             | 3,221                                | -205    | +33                                | -196                                   | 3,427                          | -19          | 2,951                                | -634     | +176                               | -764                                   | 3,586                          | -114    | -114         | 3,700   | -270                           |
| Expenses (D)  | 2,211                             | 2,218                                | -174    | +24                                | -157                                   | 2,392                          | 6            | 2,125                                | -412     | +149                               | -529                                   | 2,538                          | -95     | -95          | 2,634   | -92                            |
| NOI (B) - (D)   | 5,848                             | 4,675                                | -5      | +74                                | -129                                   | 4,681                          | -1,172       | 4,194                                | -219     | +175                               | -401                                   | 4,413                          | 95      | +95          | 4,317   | -481                           |
| Depreciation  | 1,027                             | 998                                  | -30     | +8                                 | -38                                    | 1,029                          | -28          | 820                                  | -222     | +26                                | -234                                   | 1,042                          | -18     | -18          | 1,060   | -178                           |
| Loss from the retirement of fixed assets                                    | 2                                 | 5                                    | -       |                                    |  | 5                              | 2            | 5                                    | -        |                                    |  | 5                              | -       | -            | 5   | -                              |
| Other operating expenses  | 842                               | 979                                  | 95      |                                    |  | 883                            | 136          | 835                                  | -16      |                                    |  | 852                            | 81      |              | 770   | -143                           |
| Investment management fee   | 692                               | 765                                  | 96      |                                    |  | 669                            | 72           | 647                                  | -12      |                                    |  | 660                            | 46      |              | 613   | -117                           |
| Operating income (A) - (C)  | 3,981                             | 7,386                                | 3,284   | +65                                | -90                                    | 4,101                          | 3,404        | 4,521                                | 19       | +148                               | -166                                   | 4,501                          | 1,449   | +113         | 3,051   | -2,864                         |
| Non-operating revenues  | 2                                 | 0                                    | -       |                                    |  | 0                              | -2           | 0                                    | -        |                                    |  | 0                              | -       | -            | 0   | 0                              |
| Non-operating expenses  | 443                               | 410                                  | -1      |                                    |  | 412                            | -32          | 396                                  | -1       |                                    |  | 397                            | -3      | -            | 400   | -14                            |
| Interest expenses   | 385                               | 347                                  | -3      |                                    |  | 350                            | -38          | 331                                  | -1       |                                    |  | 333                            | -3      | -            | 336   | -15                            |
| Interest of investment corporation bonds                                    | 39                                | 37                                   | -       |                                    |  | 37                             | -1           | 37                                   | -        |                                    |  | 37                             | -       | -            | 37  | -0                             |
| Ordinary income   | 3,540                             | 6,975                                | 3,285   |                                    |  | 3,690                          | 3,434        | 4,125                                | 20       |                                    |  | 4,104                          | 1,453   |              | 2,651   | -2,850                         |
| Net income  | 3,540                             | 6,974                                | 3,285   |                                    |  | 3,689                          | 3,434        | 4,127                                | 20       |                                    |  | 4,106                          | 1,453   |              | 2,653   | -2,847                         |
| Information per unit  |                                   |                                      |         |                                    |  |                                |              |                                      |          |                                    |  |                                |         |              |   |                                |
| Net income (EPS) (¥)  | 3,621                             | 7,134                                | 3,361   |                                    |  | 3,773                          | 3,513        | 4,222                                | 22       |                                    |  | 4,200                          | 1,486   |              | 2,714   | -2,912                         |
| Amount of provision of reserve for reduction entry (¥)                      | -                                 | 438                                  | 75      |                                    |  | 363                            | 438          | 422                                  | 2        |                                    |  | 420                            | 420     |              | -   | -16                            |
| Amount of reversal of reserve for reduction entry (¥)                       | -                                 | -                                    | -       |                                    |  | -                              | -            | -                                    | -        |                                    |  | -                              | -685    |              | 685   | -                              |
| Amount of provision of reserve for reduction entry of replaced property (¥) | -                                 | 2,745                                | 2,745   |                                    |  | -                              | 2,745        | -                                    | -        |                                    |  | -                              | -       |              | -   | -2,745                         |
| Distribution (DPU) (¥)  | 3,621                             | 3,950                                | 540     |                                    |  | 3,410                          | 329          | 3,800                                | 20       |                                    |  | 3,780                          | 380     |              | 3,400   | -150                           |
| Occupancy rate (%)  | 97.2                              | 97.1                                 | -1.1pts |                                    |  | 98.2                           | -0.1pts      | 99.1                                 | -0.4pts  |                                    |  | 99.5                           | -       |              | 99.5  | 2.0pts                         |
| NOI yield (%)   | 4.78                              | 3.93                                 | 0.03pts |                                    |  | 3.90                           | -0.85pts     | 3.75                                 | -0.13pts |                                    |  | 3.88                           | 0.18pts |              | 3.70  | -0.18pts                       |

# (Reference) Property Replacement (FP ending Jan. 2022)

Continue to conduct property replacement based on the “Long-Term Investment Management Strategy (Surf Plan)” (Note 1)  
 Acquisition of property located in Tokyu Areas (Shibuya Ward) while realizing capital gains

## Acquisition

Aoyama Oval Building  
(Office)



## Disposition

Setagaya Business Square  
(Office)



## Effect of Property Replacement

- Acquisition of a favorably located property that falls under the “Greater Shibuya” area (Note 6)
- Recording of gain on sale of and provision of reserve for reduction entry of replaced property

|   | Jan. 2022<br>(FP 37) |
|---|----------------------|
| Gain on sale of property<br>(Unit: million yen)                         | 3,354                |
| Of which, provision of reserve for reduction entry of replaced property | 2,683                |

| Overview of property  |   |
|---|---|
| Acquisition date  | Dec. 10, 2021                           |
| Seller  | Domestic company                        |
| Acquisition price   | ¥18,600 million                         |
| Appraisal value on acquisition                                    | ¥18,800 million<br>(as of Nov. 1, 2021) |
| NOI (Note 2)<br>(NOI yield)                                       | 558 million yen per annum<br>(3.0%)     |
| NOI after Depreciation (Note 2)<br>(NOI yield after depreciation) | 502 million yen per annum<br>(2.7%)     |
| Occupancy rate (Note 3)   | 92.9%                                   |
| Completion date   | Oct. 1988                               |

| Overview of property   |                                     |
|--|-------------------------------------|
| Disposition date   | Dec. 1, 2021                        |
| Buyer  | GMO Internet, Inc.                  |
| Disposition price  | ¥22,750 million                     |
| Difference between the disposition price and the book value (Note 4) | ¥4,088 million                      |
| NOI (Note 2)<br>(NOI yield)  | 974 million yen per annum<br>(4.3%) |
| NOI after Depreciation (Note 2)<br>(NOI yield after depreciation)    | 527 million yen per annum<br>(2.3%) |
| Occupancy rate (Note 5)  | 93.4%                               |

## <Location map>



- (Note 1) An idea to secure capital gains while replacing properties, and achieve improvement of portfolio quality through a value and contrarian investment approach that eyes the cyclicity of real estate prices.
- (Note 2) For the acquired property, estimated figures exclusive of special items from income and expenditure of the acquisition fiscal year; and for the disposed property, the actual results from August 1, 2020 to July 31, 2021. Yields are based on acquisition/disposition price.
- (Note 3) As of the end of October 2021. NOI and NOI after depreciation are calculated based on an expected annual average occupancy rate (96.3%) as of the acquisition date (December 10, 2021).
- (Note 4) Amount of difference between the disposition price and the expected book value as of the scheduled disposition date is indicated.
- (Note 5) As of the end of July 2021.
- (Note 6) Within a 2.5-km radius of Shibuya Station.

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