

February 10, 2011

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Notice Concerning Revision to Distribution Forecast and expected operating condition for the Sixteenth Fiscal Period (Ending July 31, 2011)

TOKYU REIT, Inc. (“TOKYU REIT”) today announced a decision reached at the Board of Directors’ Meeting held on February 10, 2011 to revise to its distribution forecast and expected operating condition for its 16th Fiscal Period (From February 1, 2011 to July 31, 2011) which were announced on October 28, 2010.

1. Revision to Distribution Forecast and expected operating condition

16th Fiscal Period (From February 1, 2011 to July 31, 2011)

	Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Unit (Yen)	Distribution per Unit (not including distribution in excess of earnings) (Yen)	Distribution in Excess of Earnings per Unit (Yen)
Previous Forecast (A)	6,594	2,787	1,948	1,947	11,500	11,500	—
Revised Forecast (B)	6,827	2,957	2,101	2,100	12,400	12,400	—
Change (B) — (A)	233	169	152	152	900	900	—
Change	3.5%	6.1%	7.8%	7.8%	7.8%	7.8%	—
<Reference> Actual Distribution per Unit for the Previous Period (14th Fiscal Period ended July 31, 2010)	6,550	3,001	2,134	2,133	12,597	12,598	—

(Note 1) The forecasts presented in this document have been calculated in accordance with the assumptions set out under certain condition as follows. Forecasts for Operating Revenues, Operating Income, Ordinary Income, Net Income, Net Income per Unit, Distribution per unit, and Distribution in Excess of Earnings per Unit may differ from actual figures and TOKYU REIT does not guarantee any figures. In the future, in the event that a discrepancy between the assumptions and the initial forecasts exceeding a certain amount is expected, and the numerical values of forecasts are expected to change beyond a certain amount, we will amend the forecasts and announce them accordingly.

(Note 2) Figures have been rounded down and percentages have been rounded to the nearest first decimal place.

2. Rationale

Based on the impacts on revenues resulting from the acquisition of property mentioned in the “Notice Concerning Acquisition of Properties” announced today, we have revised the current forecasts of business results. As a result, we expect a difference of 5% or more in the forecast for distribution per unit for the 16th Fiscal Period (from February 1, 2011 to July 31, 2011). Therefore, we have revised the distribution forecast and expected operating condition for the 16th Fiscal Period (from February 1, 2011 to July 31, 2011)

No changes are foreseen to the distribution forecast and expected operating condition for the 15th fiscal period (from August 1, 2010 to January 31, 2011)

Item	Preconditions and Assumptions
Period of operation	<ul style="list-style-type: none"> Sixteenth fiscal period (From February 1, 2011 to July 31, 2011)
Property portfolio	<ul style="list-style-type: none"> It is assumed that there will be no transfers (new properties added or existing properties removed from the initial portfolio, etc.) by the end of the sixteenth fiscal period (July 31, 2011) from the 26 properties, which include Tokyu Ginza 2-chome Building that will be acquired on February 15, 2011 along with the 25 properties owned by the Investment Corporation as of January 31, 2011.
Operating revenues	<ul style="list-style-type: none"> Rental revenues are calculated based on lease agreements effective as of January 31, 2011. For tenants, announced lease cancellation by the issuance date of this document is considered as vacant during the period from the cancellation date to the end of the sixteenth fiscal period. Average leasing rates are calculated based on those for competitive properties located in the same areas and exhibiting the same market trends. Forecasts are based on the assumption that there is no payment delay or nonpayment of tenants. Occupancy Rates as of the end of the sixteenth fiscal period are projected to be 96.7%, respectively.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses are projected to be ¥455 million. Repair, maintenance and renovation expenses for buildings are projected to be ¥290 million. Actual repair, maintenance and renovation expenses for each fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies. Property and other taxes, such as fixed property tax and city planning tax TOKYU REIT possesses are calculated based on the amount expected to be imposed in each fiscal period (¥614 million). Fixed property tax and other taxes paid as part of the purchase prices to the seller upon the property acquisition were not recorded as expenses but included in the relevant property acquisition costs (¥24 million). Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (¥1,001 million). Rental expenses other than those listed above were calculated in consideration of fluctuation factors based on results in past fiscal periods. Operating expenses other than expenses from real estate operation (investment management fees and asset custodian fees, etc.) are expected to be ¥613 million.
Debt financing	<ul style="list-style-type: none"> With debt financing (long-term debt financing of ¥10,000 million) repayment dates approaching in the sixteenth fiscal periods, it is assumed that the entire long-term debt financing of ¥10,000 million will be refinanced. There is no investment corporation bond maturing during the sixteenth fiscal period. LTVs as of the end of the sixteenth fiscal period are projected to be 43.3%. LTV: Interest-bearing debt (forecast) / total assets (forecast) Interest expenses for the sixteenth fiscal periods are expected to be ¥833 million. Interest expenses include interest expense, interest expense on investment corporation bonds, interest expense on security deposits and other financial expenses.
Investment units	<ul style="list-style-type: none"> It is assumed that there will be no additional issuances of investment units until the end of the sixteenth fiscal period in addition to the 169,380 investment units outstanding as of February 10, 2011.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated based on the distribution policy stipulated in the Articles of Incorporation. Calculations are based on a 100% distribution of retained earnings. It is possible that the distribution per unit could change due to various factors, including changes in assets under management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> TOKYU REIT does not currently anticipate distributions in excess of earnings per unit.

Item	Preconditions and Assumptions
Other	<ul style="list-style-type: none"> • Concerning the “Accounting Standards for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008), which shall apply to fiscal years beginning on or after April 1, 2010, TOKYU REIT is reviewing whether or not a reasonable estimate can be made by taking into account evidence currently available to TOKYU REIT and other factors. Consequently, TOKYU REIT does not currently include such in the assumptions for forecasts. • Forecasts are based on the assumption that any major revisions to regulatory requirements, accounting standards and taxation will not impact forecast figures. • Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.

This notice contain forward-looking statements, such as current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations. This notice is a translation of the original document in Japanese and is prepared solely for the convenience of non-Japanese speakers. There is no assurance as to the accuracy of the English translation. The original Japanese notice shall prevail in the event of any discrepancies between the translation and the Japanese original.