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**Notice Concerning Revision to Expected Operating Condition and Distribution Forecast
 for the Fiscal Period Ending January 2021 (35th Fiscal Period) and the Expected Operating
 Condition and Distribution Forecast for the Fiscal Period Ending July 2021 (36th Fiscal Period)**

TOKYU REIT, Inc. (“TOKYU REIT”) today announces a decision to revise its expected operating condition and its distribution forecast for its fiscal period ending January 2021 (FP 35) (from August 1, 2020 to January 31, 2021) which were announced on March 16, 2020 as follows.

In addition, TOKYU REIT also announces its expected operating condition and distribution forecast for the fiscal period ending July 2021 (FP 36) (from February 1, 2021 to July 31, 2021) as follows.

1. Revision to Expected Operating Condition and Distribution Forecast
 (Fiscal Period Ending January 2021 (FP 35))

	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)	7,673	3,613	3,167	3,166	3,239	3,240	—
Revised Forecast (B)	8,497	4,284	3,825	3,824	3,912	3,520	—
Change (B) -(A)	823	670	657	657	673	280	—
Change	10.7%	18.6%	20.8%	20.8%	20.8%	8.6%	—
<Reference> Actual Distribution per Unit for the Previous Period (Fiscal Period ended July 2020 (FP 34))	8,203	4,325	3,856	3,855	3,944	3,551	—

2. Details of Expected Operating Condition and Distribution Forecast

(Fiscal Period Ending July 2021 (FP 36))

	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)
Current forecast	7,879	3,580	3,139	3,138	3,210	3,210	—

(Note 1) The forecasts presented in this document have been calculated in accordance with the assumptions set out under certain condition. 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 forecast exceeding a certain amount is expected, and the numerical values of the forecast are expected to change beyond a certain amount, we will amend the forecast and announce them accordingly.

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

3. Rationale

The expected operating condition and distribution forecast are revised as a difference of 10% or more from the forecasted operating revenues and 5% or more from the forecasted distribution per unit for the fiscal period ending January 2021 (35th fiscal period) announced on March 16, 2020 is expected to occur with the recording of 760 million yen of gain on sale of real estate, etc. in the fiscal period ending January 2021 (35th fiscal period) due to the acquisition and disposition of assets as described in “Notice Concerning Acquisition (OKI Business Center No.5) of Trust Beneficiary Interest in Domestic Real Estate and Disposition (OKI System Center (Land with Leasehold Interest)) of Domestic Real Estate” announced today.

The expected operating condition and distribution forecast for the fiscal period ending July 2021 (36th fiscal period) are disclosed together with the expected operating condition and distribution forecast for the fiscal period ending January 2021 (35th fiscal period) based on the new announcement of “FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JULY 2020” announced today.

[Reference]

Timely Disclosure Relating to the acquisition and disposition of the assets
September 14, 2020

“Notice Concerning Acquisition (OKI Business Center No.5) of Trust Beneficiary Interest in Domestic Real Estate and Disposition (OKI System Center (Land with Leasehold Interest)) of Domestic Real Estate”

**Assumptions for Forecasts for the Fiscal Period Ending January 2021
and the Fiscal Period Ending July 2021**

	Preconditions and Assumptions
Property portfolio	<ul style="list-style-type: none"> Regarding the 31 properties owned by TOKYU REIT as of July 31, 2020, the acquisition of OKI Business Center No.5 and disposition of OKI System Center (land with leasehold interest) is taking place in the form of 40% of co-ownership interest on September 28, 2020. After that, it is assumed that there will be no transfers (additional property acquisition or disposition of owned properties) until the end of the fiscal period ending July 2021.
Operating revenues	<ul style="list-style-type: none"> Rental revenue is calculated in consideration of rent level, occupancy rate, etc. fluctuation factors in light of recent real estate market conditions, state of negotiations with tenants, presence of competitive properties in the area, etc. In addition, there is assumed to be no payment delay or nonpayment by tenants. Gain on sale of real estate, etc. on sale of ¥760 million in the fiscal period ending January 2021 resulting from the disposition of OKI System Center (land with leasehold interest) is projected. Occupancy Rates as of the end of the fiscal period ending January 2021 and the fiscal period ending July 2021 are projected to be 98.6% and 98.2%, respectively. As to the impact of COVID-19 in the fiscal period ending January 2021 and fiscal period ending July 2021, rent reduction/exemption and rent holiday (Note) of some retail tenants assumed at this point in time are factored in upon calculation. (Note) A type of contract where tenants are exempted from rent payments during a specific period other than the time of move-in, out of the contract type where tenants are exempted from rent payment for a certain period after occupancy in lease agreements.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses for the fiscal period ending January 2021 and the fiscal period ending July 2021 are projected to be ¥478 million and ¥486 million, respectively. Repair, maintenance and renovation expenses for buildings for the fiscal period ending January 2021 and the fiscal period ending July 2021 are projected to be ¥249 million and ¥248 million, respectively. In an aim to improve the competitiveness of properties and the satisfaction of tenants under management, etc., constructions scheduled in the future will be implemented with priority. Actual repair, maintenance and renovation expenses for each fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies and the others. Property and other taxes, such as fixed property tax and city planning tax, on real estate TOKYU REIT possesses, are calculated based on the amount expected to be imposed in each fiscal period (Period Ending January 2021 : ¥684 million / Period Ending July 2021 : ¥757 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. Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (Period Ending January 2021 : ¥1,055 million / Period Ending July 2021 : ¥1,106 million). Rental expenses other than those listed above are 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.) for the fiscal period ending January 2021 and the fiscal period ending July 2021 are expected to be ¥836 million and ¥807 million, respectively.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses for the fiscal period ending January 2021 and the fiscal period ending July 2021 are expected to be ¥438 million and ¥422 million, respectively. Interest expenses include interest expense, interest expense on investment corporation bonds, and other financial expenses.
Interest-Bearing Debt	<ul style="list-style-type: none"> The balance of interest-bearing debt as of July 31, 2020, is ¥92,000 million (long-term debt of ¥84,000 million and investment corporation bonds of ¥8,000 million). As for borrowings for which repayment dates are approaching in the fiscal period ending January 2021, it is assumed that long-term debt of ¥7,400 million will be entirely refinanced. Furthermore, funds were procured as short-term debt in the amount of ¥9,600 million to fund the acquisition of OKI Business Center No.5 of which ¥3,000 million is assumed to be repaid through issuance of investment corporation bonds of ¥3,000 million during the same fiscal period. With borrowings (long-term debt of ¥ 5,000 million) repayment dates approaching in the fiscal period ending July 2021, it is assumed that long-term debt will be refinanced. In addition, investment corporation bonds of ¥3,000 million due for redemption in March 2021 are assumed to be redeemed with ¥3,000 million to be procured as short-term debt.

	<ul style="list-style-type: none"> • Balance of interest-bearing debt as of the end of the fiscal period ending January 2021 is projected to be ¥101,600 million (short-term debt of ¥6,600 million, long-term debt of ¥84,000 million and investment corporation bonds of ¥11,000 million), and the fiscal period ending July 2021 is projected to be ¥101,600 million (short-term debt of ¥9,600 million, long-term debt of ¥84,000 million and investment corporation bonds of ¥8,000 million). • LTVs as of the end of the fiscal period ending January 2021 and the fiscal period July 2021 are projected to be 44.0% and 44.1%, respectively. (LTV: Interest-bearing debt (forecast) / total assets (forecast))
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • It is assumed that there will be no additional issuance of investment units to the 977,600 units issued and outstanding as of September 14, 2020, through the end of the fiscal period ending July 2021.
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. However, forecasts are based on the assumption that, as for the capital gain projected from the disposition of OKI System Center (land with leasehold interest), ¥382 million of the ¥760 million in gain on sale of real estate, etc. projected, which is to be posted in the fiscal period ending January 2021, are retained through application of the “Special Provisions for Taxation in the Case of Advance Acquisition of Land, etc. in 2009 and 2010” (Article 66-2 of Special Taxation Measures Law) for provision as reserve for reduction entry, up to the limit amount of reserve as stipulated in the “Ordinance on Accountings of Investment Corporations.” • 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.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • TOKYU REIT does not currently anticipate distribution in excess of earnings per unit.
Other	<ul style="list-style-type: none"> • 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. • Forecasts are made under the assumption that there will be no prolonged impact of the COVID-19 pandemic or further spread.

This notice may 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.
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