

**Additional Documentation for
“Notice Concerning Revision to Expected Operating
Condition and Distribution Forecast for the Fiscal Period
Ending July 2024 (42nd Fiscal Period) and the Fiscal Period
Ending January 2025 (43rd Fiscal Period)”**

Announced on July 12, 2024

TOKYU REIT

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

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■ List of Abbreviations of Properties

Name of Property	Abbreviation
QFRONT	QFRONT
Tokyo Nissan Taito Building	Taito
Akihabara Sanwa Toyo Building	Akihabara
Tokyu Toranomom Building	Tokyu Toranomom
Tokyu Bancho Building	Bancho
Aoyama Oval Building	OVAL
ISM Tsunashima	Tsunashima
Futako Tamagawa Rise	Futako Tamagawa
REVE Nakameguro (land with leasehold interest)	Nakameguro

■ Main Notes / Terms Used in the Material

Tokyo Nissan Taito Building	30% of quasi-co-ownership interest was disposed on July 31, 2023, 30% of quasi-co-ownership interest on January 31, 2024, and 40% of quasi-co-ownership interest on February 29, 2024.
Capital Re-investment Model	A business model in which Tokyu and other sponsor companies re-invest funds collected from sales of properties to TOKYU REIT into real estate development along Tokyu line areas and other businesses, thereby revitalizing economic activities in investment target areas of TOKYU REIT as well as maintaining and enhancing the value of investment targeted areas and portfolio properties.

Executive Summary (Updated : July 12, 2024)

	Period Ended Jan. 2024 (FP 41) Actual	Period Ending Jul. 2024 (FP 42) Forecast	Period Ending Jan. 2025 (FP 43) Forecast
External Growth	Property Disposition Taito (30%)	Property Disposition Taito (40%) / Nakameguro Property Acquisition Tsunashima / Bancho (Additional Acquisition)	New property sales and purchases were not incorporated upon the preparation of financial results forecast
Gain on sale of real estate, etc.	1,295 million yen (+12 million yen)	1,803 million yen (+507 million yen)	– (-1,803 million yen)
Internal Growth	Period-end occupancy rate: 100.0% (+1.5pts) Main factors of increase/decrease from the previous fiscal period [Existing properties] - Move-ins and move-outs of tenants (Tokyu Toranomon) (Note 2): +79 million yen - Move-ins and move-outs of tenants (excluding Tokyu Toranomon) (Note 2): +60 million yen [Disposed properties] (Current period/previous period) Taito NOI (Note 3): -36 million yen	Period-end occupancy rate: 99.3% (-0.7pts) Main factors of increase/decrease from the previous fiscal period [Existing properties] - Increase in repair and maintenance costs at QFRONT: -201 million yen - Increase in taxes and public dues: -100 million yen - Increase in miscellaneous income at Akihabara (restoration costs): +232 million yen [Disposed properties] (Current period/previous period) Taito NOI: -83 million yen (Current period) Nakameguro NOI: -1 million yen [Acquired properties] (Current period) Bancho (Additional Acquisition) NOI: -8 million yen (Current period) Tsunashima NOI: +2 million yen	Period-end occupancy rate: 97.7% (-1.6pts) Main factors of increase/decrease from the previous fiscal period [Existing properties] - Decrease in repair and maintenance costs at QFRONT: +204 million yen - Decrease in rental revenues at OVAL: -67 million yen - Decrease in miscellaneous income at Akihabara (restoration costs): -232 million yen [Disposed properties] (Previous period) Taito NOI: -9 million yen (Previous period) Nakameguro NOI: -18 million yen [Acquired properties] (Previous period) Bancho (Additional Acquisition) NOI: +295 million yen (Previous period) Tsunashima NOI: +16 million yen
NOI	5,372 million yen (+146 million yen)	5,209 million yen (-163 million yen)	5,354 million yen (+145 million yen)
Operating income	4,843 million yen (+160 million yen)	5,166 million yen (+323 million yen)	3,463 million yen (-1,703 million yen)
Finance (Note 1)	Interest expenses: +3 million yen (Average interest rate: 0.77% (-))	Interest expenses: +1 million yen (Average interest rate: 0.78% (+0.01pts))	Interest expenses: +53 million yen (Average interest rate: 0.82% (+0.04pts))
Net income	4,410 million yen (+150 million yen)	4,730 million yen (+319 million yen)	2,976 million yen (-1,753 million yen)
[per unit]	4,511 yen (+153 yen)	4,838 yen (+327 yen)	3,044 yen (-1,793 yen)
Reversal of reserve for reduction entry	–	–	259 million yen (+259 million yen)
[per unit]	–	–	265 yen (+265 yen)
Provision of reserve for reduction entry of replaced property	804 million yen (+151 million yen)	1,081 million yen (+276 million yen)	– (-1,081 million yen)
[per unit]	823 yen (+155 yen)	1,106 yen (+283 yen)	– (-1,106 yen)
Reversal of reserve for reduction entry of replaced property	60 million yen (+1 million yen)	66 million yen (+5 million yen)	87 million yen (+21 million yen)
[per unit]	61 yen (+1 yen)	67 yen (+5 yen)	89 yen (+22 yen)
Distribution per unit	3,750 yen (–)	3,800 yen (+50 yen)	3,400 yen (-400 yen)

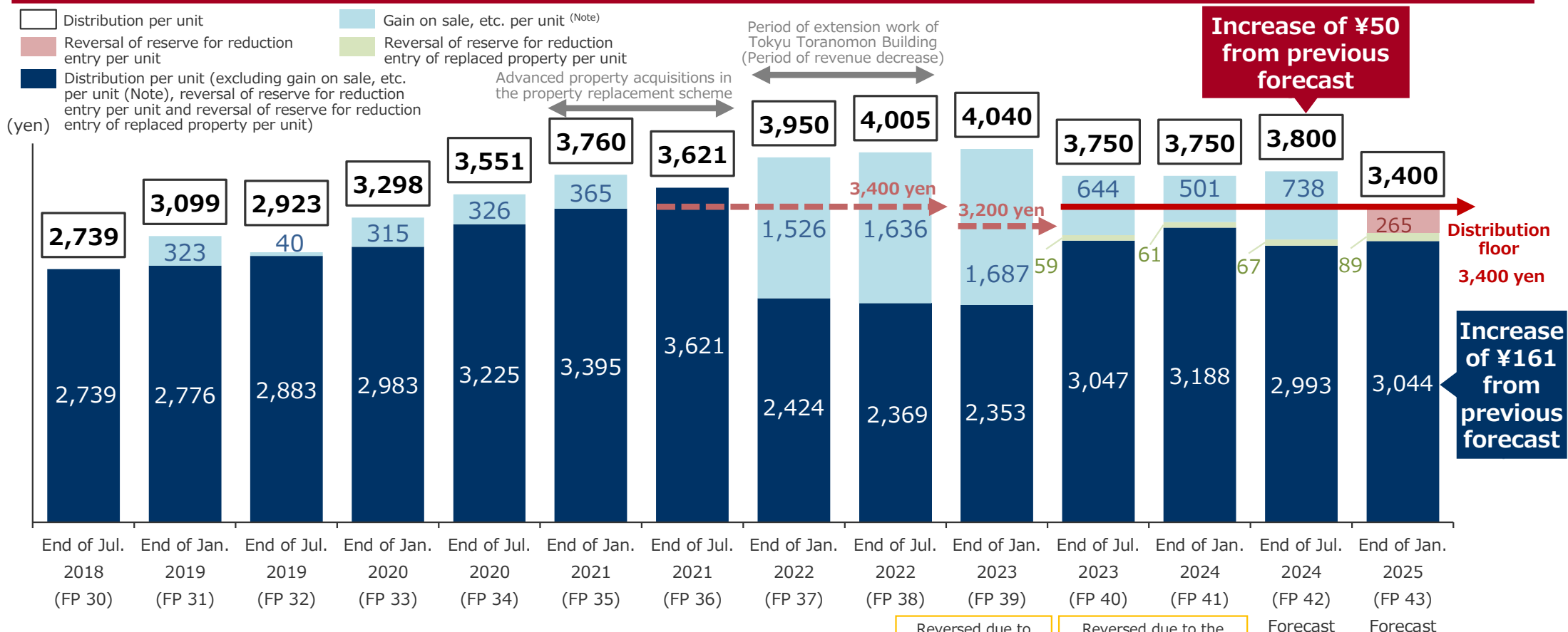
* Figures in parentheses are comparison with previous fiscal period.

(Note 1) Borrowings and investment corporation bonds.

(Note 2) Rental revenues due to move-ins and move-outs of tenants (including common area charges).

(Note 3) Excluding the impact of rental revenues due to move-ins and move-outs of tenants and upward rent revisions.

Trend and Guidance for Distribution per Unit (Updated : July 12, 2024)



(Reference) Change in/Forecast of Balance of Reserve for Reduction Entry Per Unit and Balance of Reserve for Reduction Entry of Replaced Property Per Unit

		End of Jul. 2019 (FP 32)	End of Jan. 2020 (FP 33)	End of Jul. 2020 (FP 34)	End of Jan. 2021 (FP 35)	End of Jul. 2021 (FP 36)	End of Jan. 2022 (FP 37)	End of Jul. 2022 (FP 38)	End of Jan. 2023 (FP 39)	End of Jul. 2023 (FP 40)	End of Jan. 2024 (FP 41)	End of Jul. 2024 (FP 42) Forecast	End of Jan. 2025 (FP 43) Forecast
Reserve for reduction entry per unit	Provision	-	364	393	416	-	-	433	-	-	-	-	-
	Reversal	-	-	-	-	-	-	-	-	-	-	-	265
	Balance	368	733	1,126	1,542	1,542	1,542	1,976	1,976	1,976	1,976	1,976	1,710
Reserve for reduction entry of replaced property per unit	Provision	-	-	-	-	-	3,283	-	3,003	667	823	1,106	-
	Reversal	-	-	-	-	-	-	-	-	59	61	67	89
	Balance	-	-	-	-	-	3,283	3,283	6,286	6,894	7,655	8,694	8,604

Financial Results Forecast

(FP ending Jul. 2024 (FP 42) and FP ending Jan. 2025 (FP 43)) (Updated : July 12, 2024)

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

(Unit: million yen)

Item		FP ended Jan. 2024 Actual (FP 41)	FP ending Jul. 2024 Forecast (FP 42)			Change (PoP)	FP ending Jan. 2025 Forecast (FP 43)			Change (PoP)
			① As of Jul. 12, 2024	② As of Mar. 15, 2024	①-② Change (Change from previous forecast)		① As of Jul. 12, 2024	② As of Mar. 15, 2024	①-② Change (Change from previous forecast)	
Operating revenues (A)		8,962	9,696	9,632	63	733	7,945	7,593	352	-1,750
Revenues from real estate lease business (B)		7,667	7,892	7,903	-10	225	7,945	7,593	352	53
Rental revenues		7,213	7,168	7,141	27	-44	7,376	7,048	328	207
Other rental revenues		454	723	761	-37	269	569	545	23	-154
Gain on sale of real estate, etc.		1,295	1,803	1,729	73	507	—	—	—	-1,803
Operating expenses (C)		4,119	4,529	4,504	24	409	4,482	4,327	155	-46
Expenses from real estate lease business		3,247	3,640	3,622	17	392	3,645	3,525	119	5
Expenses (D)		2,295	2,683	2,666	16	388	2,591	2,530	60	-92
NOI (B) - (D)		5,372	5,209	5,236	-27	-163	5,354	5,063	291	145
Depreciation		950	951	950	0	1	1,049	990	59	98
Loss from the retirement of fixed assets		2	5	5	—	2	5	5	—	—
Other operating expenses		872	889	882	7	17	837	801	35	-52
Investment management fee		717	720	720	0	3	688	656	31	-31
Operating income (A) - (C)		4,843	5,166	5,128	38	323	3,463	3,266	197	-1,703
Non-operating revenues		2	0	0	—	-1	0	0	—	0
Non-operating expenses		434	435	434	1	1	486	446	39	50
Interest expenses		369	370	368	1	1	423	380	43	52
Interest of investment corporation bonds		36	36	36	—	-0	37	37	—	0
Ordinary income		4,411	4,731	4,694	37	320	2,977	2,819	157	-1,753
Net income		4,410	4,730	4,693	37	319	2,976	2,818	157	-1,753
Information per unit	Net income per unit (EPS) (¥)	4,511	4,838	4,800	37	327	3,044	2,883	161	-1,793
	Amount of reversal of reserve for reduction entry per unit (¥)	—	—	—	—	—	265	450	-185	265
	Amount of provision of reserve for reduction entry of replaced property per unit (¥)	823	1,106	1,114	-8	283	—	—	—	-1,106
	Amount of reversal of reserve for reduction entry of replaced property per unit (¥)	61	67	63	3	5	89	65	23	22
Others	Distribution per unit (DPU) (¥)	3,750	3,800	3,750	50	50	3,400	3,400	—	-400
	Occupancy rate (%)	100.0	99.3	99.3	—	-0.7pts	97.7	97.0	0.7pts	-1.6pts
	NOI yield (Note) (%)	4.33	4.27	4.31	-0.04pts	-0.06pts	4.12	4.13	-0.01pts	-0.15pts

(Note) Based on the average balance of assets during the period (acquisition price).

Prepared on July 11, 2024

(Reference) Overview of Property Acquisition and Disposition announced today

- ✓ Additional acquisition of Tokyu Bancho Building as a replacement for Tokyo Nissan Taito Building
- ✓ Implementation of property transactions with the sponsor based on the Capital Re-investment Model

Acquisition: Tokyu Bancho Building (Additional Acquisition) (Office)



Overview of property

Acquisition date	Jul. 19, 2024
Seller	TOKYU CORPORATION
Acquisition price	14,700 million yen
Appraisal value on acquisition (Note 1)	14,700 million yen
Use	Office, Retail, etc.
NOI (NOI yield) (Note 2)	487 million yen per annum (3.3%)
NOI after depreciation (NOI yield after depreciation) (Note 2)	369 million yen per annum (2.5%)
Occupancy rate (Note 3)	100.0%
Completion date	Sep. 2011
Location	Chiyoda-ku, Tokyo

■ Characteristics of the Acquisition

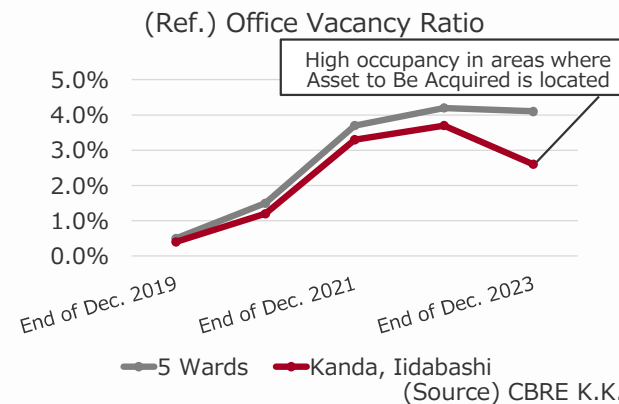
- Acquisition as a replacement for Tokyo Nissan Taito Building disposed over three fiscal periods from FP ended July 2023.
- The first sponsor collaboration project following the announcement of the Medium-Term Management Plan by TOKYU CORPORATION in March 2024.
- Full acquisition of trust beneficiary interest: (Before the Acquisition) 52.6% quasi co-ownership interest (After the Acquisition) 100.0% quasi co-ownership interest

■ Property Characteristics

- A large office building with high visibility and office specifications located in the Ichigaya and Yotsuya area.
- Approximately a three-minute walk from Ichigaya Station on the JR and Subway Lines.

■ Area Characteristics

- High occupancy area with excellent access to central business districts and relatively stable rent levels in the five central wards of Tokyo.



Disposition: REVE Nakameguro (Land with leasehold interest)



Overview of property

Disposition date	Jul. 19, 2024
Purchaser	TOKYU CORPORATION
Disposition price	1,240 million yen
Difference between the disposition price and the book value (Note 4)	77 million yen
NOI (NOI yield) (Note 2)	39 million yen per annum (3.2%)
Occupancy rate (Note 3)	100.0%
Location	Meguro-ku, Tokyo

(Note 1) As of May 1, 2024.

(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 February 2023 to January 2024. Yields are based on acquisition/disposition price.

(Note 3) As of end of May 2024.

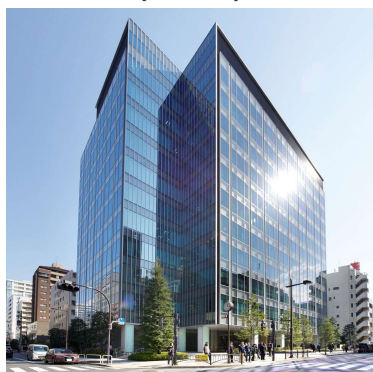
(Note 4) Difference between the disposition price and estimated book value as of the disposition date is indicated.

(Reference) Property Replacement Results in the last three fiscal periods (FP ended Jul. 2023 (FP 40) to FP ending Jul. 2024 (FP 42))

- ✓ Portfolio quality is improved by increasing asset size, NOI and NOI after depreciation and improving NOI yield after depreciation because of property replacements
- ✓ Realize returns to unitholders by realizing unrealized gains and increasing distribution

Acquisition

Tokyu Bancho Building
(Additional Acquisition)
(Office)

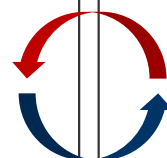


Acquisition date	Jul. 19, 2024
Location	Chiyoda-ku, Tokyo

ISM Tsunashima
(Residence)



Acquisition date	Jul. 5, 2024
Location	Yokohama-shi, Kanagawa



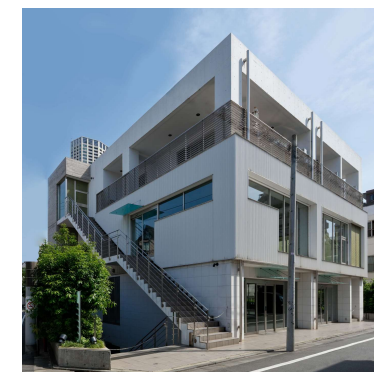
Disposition

Tokyo Nissan Taito Building
(Office)



Disposition date	Jul. 31, 2023 (30%) Jan. 31, 2024 (30%) Feb. 29, 2024 (40%)
Location	Taito-ku, Tokyo

REVE Nakameguro
(Land with leasehold interest)



Disposition date	Jul. 19, 2024
Location	Meguro-ku, Tokyo

(Unit: million yen)	Name of property	Acquisition price	NOI (yield)	NOI after depreciation (yield)
FP 40 to FP 42	ISM Tsunashima	1,000	38 (3.8%)	30 (3.0%)
	Tokyu Bancho Building (Additional Acquisition)	14,700	487 (3.3%)	369 (2.5%)
Total	2 properties	15,700	525 (3.4%)	399 (2.5%)

Name of property	Disposition price	NOI (yield)	NOI after depreciation (yield)	Gain on sale of real estate, etc.	Of which, provision of reserve for reduction entry
Tokyo Nissan Taito Building	7,950	279 (3.5%)	175 (2.2%)	4,307	2,546 (Note)
REVE Nakameguro (Land with leasehold interest)	1,240	39 (3.2%)	39 (3.2%)	73	-
2 properties	9,190	319 (3.5%)	215 (2.3%)	4,380	2,546

* Estimated figures exclusive of special items from the income and expenditure of the acquisition fiscal year are indicated for the acquired properties. Actual results for the two fiscal periods before the disposition are indicated for the disposed properties. Yield is based on acquisition/disposition price.

(Note) Provision of reserve for reduction entry of replaced property

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