

July 12, 2024

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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)

TOKYU REIT, Inc. (“TOKYU REIT”) today announced a decision to revise its expected operating condition and its distribution forecast for its Fiscal Period Ending July 2024 (FP 42) (from February 1, 2024 to July 31, 2024) and its Fiscal Period Ending January 2025 (FP 43) (from August 1, 2024 to January 31, 2025), which had been announced on March 15, 2024.

1. Revision to Expected Operating Condition and Distribution Forecast

(1) Fiscal Period Ending July 2024 (FP 42)

	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)	9,632	5,128	4,694	4,693	4,800	3,750	—
Revised Forecast (B)	9,696	5,166	4,731	4,730	4,838	3,800	—
Change (B) - (A)	63	38	37	37	37	50	—
Change	0.7%	0.7%	0.8%	0.8%	0.8%	1.3%	—

(2) Fiscal Period Ending January 2025 (FP 43)

	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)	7,593	3,266	2,819	2,818	2,883	3,400	—
Revised Forecast (B)	7,945	3,463	2,977	2,976	3,044	3,400	—
Change (B) - (A)	352	197	157	157	161	—	—
Change	4.6%	6.0%	5.6%	5.6%	5.6%	—	—

* 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.

2. Rationale

The expected operating condition and distribution forecast for the fiscal period ending July 2024 (FP 42) are revised as 73 million yen of gain on sale of real estate, etc. is to be recorded in the fiscal period ending July 2024 (FP 42) due to the property disposition announced today in “Notice Concerning Acquisition (Tokyu Bancho Building (Additional Acquisition)) of Trust Beneficiary Interest in Domestic Real Estate and Disposition (REVE Nakameguro (land with leasehold interest)) of Domestic Real Estate.”

Second, the forecast figures are expected to be changed due to amendments of the assumptions for forecasts for the fiscal period ending January 2025. Therefore, the expected operating condition for the fiscal period ending January 2025 (FP 43) is revised, but no revision will be made to the distribution forecast.

[Reference]

Timely Disclosure Relating to the Acquisition and Disposition of the Property
July 12, 2024

“Notice Concerning Acquisition (Tokyu Bancho Building (Additional Acquisition)) of Trust Beneficiary Interest in Domestic Real Estate and Disposition (REVE Nakameguro (land with leasehold interest)) of Domestic Real Estate”

**Assumptions for Forecasts for the Fiscal Period Ending July 2024
and the Fiscal Period Ending January 2025**

	Preconditions and Assumptions
Property portfolio	<ul style="list-style-type: none"> Regarding the 31 properties owned by TOKYU REIT as of today, it is assumed that 47.4% quasi-co-ownership interest of trust beneficiary interest in Tokyu Bancho Building will be acquired and REVE Nakameguro (land with leasehold interest) will be disposed on July 19, 2024, respectively.
Operating revenues	<ul style="list-style-type: none"> Rental revenue is calculated in consideration of rent level, occupancy rate, etc., and other 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 to lease agreements effective as of today. In addition, there is assumed to be no payment delay or nonpayment by tenants. Gain on sale of real estate, etc. of ¥73 million in the fiscal period ending July 2024 resulting from the disposition of REVE Nakameguro (land with leasehold interest) is projected. Occupancy Rates as of the end of the fiscal period ending July 2024 and the fiscal period ending January 2025 are projected to be 99.3% and 97.7%, respectively.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses for the fiscal period ending July 2024 and the fiscal period ending January 2025 are projected to be ¥540 million and ¥562 million, respectively. Repair, maintenance and renovation expenses for buildings for the fiscal period ending July 2024 and the fiscal period ending January 2025 are projected to be ¥407 million and ¥189 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 July 2024: ¥763 million / Period Ending January 2025: ¥759 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 July 2024: ¥951 million / Period Ending January 2025: ¥1,049 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 July 2024 and the fiscal period ending January 2025 are expected to be ¥889 million and ¥837 million, respectively.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses for the fiscal period ending July 2024 and the fiscal period ending January 2025 are expected to be ¥407 million and ¥460 million, respectively. Interest expenses include interest expense and interest expense on investment corporation bonds.
Interest-Bearing Debt	<ul style="list-style-type: none"> The balance of interest-bearing debt as of today is ¥104,500 million (long-term debt of ¥93,500 million and investment corporation bonds of ¥11,000 million). It is assumed that ¥7,000 million of short-term debt will be newly borrowed as funds for the acquisition of Tokyu Bancho Building. As for long-term debt of ¥2,500 million due for repayment in the fiscal period ending January 2025, it is assumed that it will be entirely refinanced, while short-term debt of ¥7,000 million due for repayment in the same period is assumed to be entirely refinanced by long-term debt. In addition, it is assumed that ¥1,000 million of short-term debt will be procured during the fiscal period ending January 2025 and repaid using cash on hand during the period. Balance of interest-bearing debt as of the end of the fiscal period ending July 2024 is projected to be ¥111,500 million (short-term debt of ¥7,000 million, long-term debt of ¥93,500 million and investment corporation bonds of ¥11,000 million), and the fiscal period ending January 2025 is projected to be ¥111,500 million (long-term debt of ¥100,500 million and investment corporation bonds of ¥11,000 million). LTVs as of the end of the fiscal period ending July 2024 and the fiscal period ending January 2025 are projected to be 44.6% and 44.7%, respectively. (LTV: Interest-bearing debt (forecast) / total assets (forecast))

<p>Total number of investment units issued and outstanding</p>	<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 today, through the end of the fiscal period ending January 2025.
<p>Distribution per unit</p>	<ul style="list-style-type: none"> • Distribution per unit is calculated based on the distribution policy stipulated in the Articles of Incorporation. • Forecasts are based on the assumption that, as for the capital gain projected from the disposition of Tokyo Nissan Taito Building, ¥1,081 million of the ¥1,729 million in capital gains projected, which is to be posted in the fiscal period ending July 2024 is retained through application of the “Special Provisions for Taxation in Cases of Repurchase of Specified Assets” (Article 65-7 of the Act on Special Measures Concerning Taxation) for provision as reserve for reduction entry of replaced property as stipulated in the “Ordinance on Accountings of Investment Corporations.” • Distribution for the fiscal period ending July 2024 is assumed to be distributed through reversal of part of the reserve for reduction entry of replaced property (Period Ending July 2024: ¥66 million). • Distribution for the fiscal period ending January 2025 is assumed to be distributed through reversal of part of the reserve for reduction entry (¥259 million) and part of the reserve for reduction entry of replaced property (¥87 million). • 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.
<p>Distribution in excess of earnings per unit</p>	<ul style="list-style-type: none"> • TOKYU REIT does not currently anticipate distribution in excess of earnings per unit.
<p>Other</p>	<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.

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. 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.