

March 25, 2013

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**Notice Concerning Revision to Distribution Forecast and expected operating condition
for the Twentieth Fiscal Period (Ending July 31, 2013) and
Twenty-first Fiscal Period (Ending January 31, 2014)**

TOKYU REIT, Inc. (“TOKYU REIT”) today announced a decision reached at the Board of Directors’ Meeting held on March 25, 2013 to revise to its distribution forecast and expected operating condition for its 20th Fiscal Period (From February 1, 2013 to July 31, 2013) and 21st Fiscal Period (From August 1, 2013 to January 31, 2014) which were announced on March 15, 2013.

1. Revision to Distribution Forecast and expected operating condition
20th Fiscal Period (From February 1, 2013 to July 31, 2013)

	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)	6,377	2,706	1,949	1,948	11,500	11,500	0
Revised Forecast (B)	6,477	2,799	2,033	2,032	12,000	12,000	0
Change (B) — (A)	100	93	84	84	500	500	0
Change	1.6%	3.4%	4.3%	4.3%	4.3%	4.3%	—
<Reference> Actual Distribution per Unit for the Previous Period (19th Fiscal Period ended January 31, 2013)	6,334	2,665	1,888	1,887	11,146	11,146	0

21st Fiscal Period (From August 1, 2013 to January 31, 2013)

	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)	6,259	2,701	1,965	1,964	11,600	11,600	0
Revised Forecast (B)	6,404	2,824	2,067	2,066	12,200	12,200	0
Change (B) — (A)	145	122	101	101	600	600	0
Change	2.3%	4.5%	5.2%	5.2%	5.2%	5.2%	—

(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 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.

2. Rationale

Based on the impacts on revenues resulting from the acquisition of an asset announced in the “Notice Concerning Acquisition of Property” dated today, which was not included in the assumptions for forecasts for the 20th fiscal period and 21st fiscal period announced on March 15, 2013, 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. Therefore, we have revised the distribution forecast and expected operating condition.

Assumptions for Forecasts for the 20th Fiscal Period (from February 1, 2013 to July 31, 2013) and the 21st Fiscal Period (from August 1, 2013 to January 31, 2014)

Item	Preconditions and Assumptions
Period of operation	<ul style="list-style-type: none"> 20th fiscal period (From February 1, 2013 to July 31, 2013) 21st fiscal period (From August 1, 2013 to January 31, 2014)
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 21st fiscal period (January 31, 2014) from the 27 properties, which include OKI System Center (<i>sokochi</i>) that will be acquired on March 27, 2013 along with the 26 properties owned by the Investment Corporation as of March 25, 2013.
Operating revenues	<ul style="list-style-type: none"> Rental revenues are calculated based on lease agreements effective as of February 28, 2013. For tenants, announced lease cancellation by February 28, 2013, is considered as vacant during the period from the cancellation date to the end of the 21st 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 20th fiscal period and 21st fiscal period are projected to be 97.4% and 96.6%, respectively.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses for the 20th and 21st fiscal periods are projected to be ¥420 million and ¥414 million, respectively. Repair, maintenance and renovation expenses for buildings for the 20th and 21st fiscal periods are projected to be ¥199 million and ¥108 million, respectively. 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 TOKYU REIT possesses are calculated based on the amount expected to be imposed in each fiscal period (20th fiscal period: ¥601 million / 21st fiscal period: ¥593 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 (20th fiscal period: ¥23 million).

Item	Preconditions and Assumptions
	<ul style="list-style-type: none"> • Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (20th fiscal period: ¥978 million / 21st fiscal period : ¥988 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.) for the 20th and 21st fiscal periods are expected to be ¥583 million and ¥587 million, respectively. It is assumed that amendments to the Articles of Incorporation of content that, of the investment management fees, base fee 1 shall be reduced for the period from the fiscal period ending July 31, 2013 to the fiscal period ending January 31, 2015 by an amount equivalent to 15% will be approved at the Sixth General Meeting of Unitholders to be held on April 12, 2013.
Debt financing	<ul style="list-style-type: none"> • In addition to the balance of debt financing as of February 28, 2013 of ¥79,000 million, it is assumed that TOKYU REIT will newly undertake short-term debt financing of ¥4,500 million, which was announced in the “Notice Concerning Debt Financing” dated today, upon the acquisition of real estate announced in the “Notice Concerning Acquisition of Property” dated today. • With borrowings (long-term debt financing of ¥19,400 million) repayment dates approaching in the 20th and 21st Fiscal Periods, it is assumed that the long-term debt financing of ¥19,400 million will be refinanced. • LTVs as of the end of the 20th fiscal period and the end of the 21st fiscal period are projected to be 44.2% and 44.3%, respectively. LTV: Interest-bearing debt (forecast) / total assets (forecast) Interest expenses for the 20th and 21st fiscal periods are expected to be ¥764 million and ¥746 million, respectively. 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"> • TOKYU REIT has 169,380 investment units issued and outstanding as of January 31, 2013.
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.
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.

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.
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