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Notice Concerning Revision to Distribution Forecast and Expected Operating Condition for the Twenty-First Fiscal Period (Ending January 31, 2014) and Distribution Forecast and Expected Operating Condition for the Twenty-Second Fiscal Period (Ending July 31, 2014)

TOKYU REIT, Inc. (“TOKYU REIT”) today announced a decision made at the Board of Directors meeting held on July 26, 2013 to revise its distribution forecast and expected operating condition for its 21st Fiscal Period (from August 1, 2013 to January 31, 2014) which were announced on March 25, 2013.

TOKYU REIT also announced the distribution forecast and expected operating condition for its 22nd Fiscal Period (from February 1, 2014 to July 31, 2014).

Furthermore, there is no change to the distribution forecast and expected operating condition for its 20th Fiscal Period (from February 1, 2013 to July 31, 2013) which was announced on March 25, 2013.

1. Revision to Distribution Forecast and Expected Operating Condition

21st Fiscal Period (from August 1, 2013 to January 31, 2014)

	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)	6,404	2,824	2,067	2,066	12,200	12,200	0
Revised Forecast (B)	7,247	3,250	2,425	2,424	12,400	12,400	0
Change (B) — (A)	842	426	358	358	200	200	0
Change	13.2%	15.1%	17.3%	17.3%	1.6%	1.6%	—
<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
<Reference> Forecast announced on March 25, 2013 (20th Fiscal Period ended July 31, 2013)	6,477	2,799	2,033	2,032	12,000	12,000	0

Disclaimer: This document is solely intended for public announcement regarding the revision to distribution forecast and expected operating condition for the twenty-first fiscal period (ending January 31, 2014) and distribution forecast and expected operating condition for the twenty-second fiscal period (ending July 31, 2014), and has not been prepared for the purpose of solicitation of investment. We caution investors to refer to TOKYU REIT's prospectus and notice of amendments thereto without fail and to undertake investment at their own decision and responsibility.

(Reference) Forecast number of investment units outstanding in previously announced forecast: 169,380 units
Forecast number of investment units outstanding in revised forecast: 195,520 units, (please see the section
“Investment units” in the assumptions below for details)

2. Distribution Forecast and Expected Operating Condition

22nd Fiscal Period (from February 1, 2014 to July 31, 2014)

	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)
Forecast	7,274	3,228	2,445	2,444	12,500	12,500	0

(Reference) Forecast number of investment units outstanding in revised forecast: 195,520 units, (please see the section
“Investment units” in the assumptions below for details)

(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.

3. Rationale

Revisions were made to the distribution forecast and expected operating condition for the 21st Fiscal Period due to changes in the assumptions for forecasts for the 21st Fiscal Period announced March 25, 2013 resulting from the acquisition of assets described in the press release “Notice Concerning Acquisition of Properties” announced today, and the issuance of new investment units described in the press release “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today.

Moreover, a distribution forecast and expected operating condition for the 22nd Fiscal Period have also been newly issued based on the same assumptions.

Assumptions for Forecasts for the 21st Fiscal Period (from August 1, 2013 to January 31, 2014) and the 22nd Fiscal Period (from February 1, 2014 to July 31, 2014)

Item	Preconditions and Assumptions
Period of operation	<ul style="list-style-type: none"> 21st Fiscal Period (from August 1, 2013 to January 31, 2014) 22nd Fiscal Period (from February 1, 2014 to July 31, 2014)
Property portfolio	<ul style="list-style-type: none"> It is assumed there will be no transfers (new properties added or existing properties removed from the initial portfolio, etc.) until the end of the 22nd Fiscal Period from the 30 properties, which include KALEIDO Shibuya Miyamasuzaka, Shibuya R Sankei Building and Tokyu Toranomom Building that will be acquired on August 16, 2013 as described in the press release “Notice Concerning Acquisition of Properties” announced today, in addition to the 27 properties owned by TOKYU REIT as of July 26, 2013. For details of these properties scheduled for acquisition, please see the press release “Notice Concerning Acquisition of Properties” announced today.
Operating revenues	<ul style="list-style-type: none"> Rental revenues are calculated based on lease agreements effective as of July 13, 2013. For tenants, announced lease cancellation by July 13, 2013, is considered as vacant during the period from the cancellation date to the end of the 22nd fiscal period. Average leasing rates are calculated based on those for competitive properties located in the same areas and recent stagnation of the real estate market conditions. Forecasts are based on the assumption there is

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Item	Preconditions and Assumptions
	<p>no payment delay or nonpayment of tenants.</p> <ul style="list-style-type: none"> Occupancy Rates as of the end of the 21st fiscal period and 22nd fiscal period are projected to be 97.2% and 97.2%, respectively.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses for the 21st and 22nd fiscal periods are projected to be ¥487 million and ¥464 million, respectively. Repair, maintenance and renovation expenses for buildings for the 21st and 22nd fiscal periods are projected to be ¥178 million and ¥189 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 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 (21st fiscal period: ¥592 million / 22nd fiscal period: ¥679 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 (21st fiscal period: ¥47 million). Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (21st fiscal period: ¥1,096 million / 22nd fiscal period : ¥1,083 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 21st and 22nd fiscal periods are expected to be ¥629 million and ¥655 million, respectively.
Non-operating expenses	<ul style="list-style-type: none"> The expected cost for the issuance of new investment units described in the press release “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today is ¥67 million. It assumes the costs for the issuance of new investment units and secondary offering will be amortized in three years by the straight-line method. Interest expenses for the 21st and 22nd fiscal periods are expected to be ¥812 million and ¥771 million, respectively. Interest expenses include interest expense, interest expense on investment corporation bonds, interest expense on security deposits and other financial expenses.
Debt financing	<ul style="list-style-type: none"> In addition to the balance of debt financing as of February 26, 2013 of ¥91.5 billion (¥1 billion of short-term debt, ¥82.5 billion of long-term debt and ¥8 billion of investment corporation bonds), it assumes TOKYU REIT will newly undertake short-term debt financing of ¥11 billion with the acquisition of real estate, etc. as described in the press release “Notice Concerning Acquisition of Properties” announced today and repay ¥1 billion of the short-term debt with funds acquired from the issuance of new investment units through third-party allotment by way of over-allotment. For borrowings (short-term debt financing of ¥1 billion and long-term debt financing of ¥21 billion) due for repayment by the end of the 22nd fiscal period, it is assumed that refinancing will be executed for the entire amount. LTVs as of the end of the 21st fiscal period and the end of the 22nd fiscal period are projected to be 43.7% and 43.8%, respectively. LTV: Interest-bearing debt (forecast) / total assets (forecast)

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Item	Preconditions and Assumptions
Investment units	<ul style="list-style-type: none"> In addition to the 169,380 investment units outstanding as of July 26, 2013, it assumes a total of 26,140 units (23,764 units to be newly issued through primary offering as determined today as well as 2,376 units, which is the maximum of units to be issued through third-party allotment by way of over-allotment) will be issued. For details, please refer to the press release “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today.
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 revisions will not be made to laws and regulations, tax systems, accounting standards, listing rules, rules of the Investment Trusts Association, Japan that impact forecast figures. Forecasts are based on the assumption there will be no major unforeseen changes to general economic trends in real estate and other market conditions, etc.

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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.