

September 14, 2022

FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JULY 2022

TOKYU REIT, Inc. is listed on the Tokyo Stock Exchange with the securities code number 8957.
 URL: <https://www.tokyu-reit.co.jp/eng/>

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Planned date of filing Securities Report: October 28, 2022
 Planned start of dividend payments: October 17, 2022

Supplementary documents for results: YES
 Results briefing (for institutional investor and analysts): YES

This financial report has been prepared in accordance with Japanese accounting standards and Japanese law.
 Figures have been rounded down to eliminate amounts of less than one million yen.

PERFORMANCE FOR THE FISCAL PERIOD ENDED JULY 2022 (February 1, 2022 – July 31, 2022)

(1) Business Results

Percentage change shows the increase and decrease ratio to the previous period.

	Operating Revenues		Operating Income		Ordinary Income	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
Period Ended July 2022	8,671	-25.5	4,732	-36.7	4,340	-38.6
Period Ended January 2022	11,641	44.3	7,481	87.9	7,072	99.7

	Net Income		Net Income per Unit	Return on Unitholders' Equity (ROE)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	(Millions of Yen)	(%)	(Yen)	(%)	(%)	(%)
Period Ended July 2022	4,339	-38.6	4,438	3.6	1.9	50.1
Period Ended January 2022	7,071	99.8	7,233	6.0	3.1	60.7

(2) Distributions

	Distribution per Unit	Total Distributions	Distribution in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
	(Yen)	(Millions of Yen)	(Yen)	(Millions of Yen)	(%)	(%)
Period Ended July 2022	4,005	3,915	-	-	90.2	3.3
Period Ended January 2022	3,950	3,861	-	-	54.6	3.3

Note: The payout ratio is calculated by the following formula.

$$\text{Payout Ratio} = \text{Total Distributions} / \text{Net Income} \times 100$$

Distribution per unit for the fiscal period ended July 2022 is calculated by dividing by the total number of units issued and outstanding the amount obtained after subtracting ¥423 million of provision of reserve for reduction entry from unappropriated retained earnings.

Distribution per unit for the fiscal period ended January 2022 is calculated by dividing by the total number of units issued and outstanding the amount obtained after subtracting ¥3,209 million of provision of reserve for reduction entry of replaced property from unappropriated retained earnings.

(3) Financial Position

	Total Assets	Net Assets	Unitholders' Capital to Total Assets	Net Assets per Unit
	(Millions of Yen)	(Millions of Yen)	(%)	(Yen)
Period Ended July 2022	224,636	119,537	53.2	122,276
Period Ended January 2022	226,847	119,059	52.5	121,787

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of Period
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Period Ended July 2022	12,632	-9,680	-5,260	5,170
Period Ended January 2022	40,510	-21,270	-14,739	7,479

FORECAST OF RESULTS FOR THE FISCAL PERIOD ENDING JANUARY 2023 (August 1, 2022 – January 31, 2023) AND THE FISCAL PERIOD ENDING JULY 2023 (February 1, 2023 – July 31, 2023)

Percentage change shows the increase and decrease ratio to the previous period.

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit	Distribution in Excess of Earnings per Unit
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Yen)	(Yen)
Period Ending January 2023	6,730	-22.4	2,888	-39.0	2,489	-42.6	2,488	-42.6	3,200	-
Period Ending July 2023	7,682	14.2	3,374	16.8	2,942	18.2	2,941	18.2	3,400	-

Reference: Estimated net income per unit for the Fiscal Period Ending January 2023: ¥ 2,546
 Estimated net income per unit for the Fiscal Period Ending July 2023: ¥ 3,009
 Total number of investment units issued and outstanding for the Period Ending January 2023: 977,600 units
 Total number of investment units issued and outstanding for the Period Ending July 2023: 977,600 units

Note: Distribution per unit for the fiscal period ending January 2023 is assumed to be distributed through reversal of part of the reserve for reduction entry (estimated amount: 638 million yen) in addition to net income.
 Distribution per unit for the fiscal period ending July 2023 is assumed to be distributed through reversal of part of the reserve for reduction entry (estimated amount: 382 million yen) in addition to net income.

OTHERS

(1) Changes in Account Policies, changes in accounting estimates, and restatement of accounting errors

Changes according to revision of account standard: No

Changes according to another reason: No

Changes in accounting estimates: No

Restatement of accounting errors: No

(2) Total number of investment units issued and outstanding

The total number of investment units issued and outstanding is 977,600 units as of July 31, 2022 and 977,600 units as of January 31, 2022.

No investment unit is held by TOKYU REIT itself as of July 31, 2022 and January 31, 2022.

Note 1: Status of auditing procedure

This summary of financial results is not subject to audit procedures by certified public accountant or audit firm.

Note 2: Forecasts for operating revenues, operating income, ordinary income, and net income, distribution per unit and distribution in excess of earnings per unit may differ significantly from actual results due to changes in operating conditions and a variety of factors. Accordingly, TOKYU REIT does not guarantee any distribution amount.

Forecasts presented in this document are based on “Assumptions for Forecasts for the Fiscal Period Ending January 2023 and the Fiscal Period Ending July 2023” identified in the separate reference attached.

Assumptions for Forecasts for the Fiscal Period Ending January 2023 and the Fiscal Period Ending July 2023

Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit for the fiscal period ending January 2023 and the fiscal period ending July 2023 are based on the following preconditions and assumptions. If major discrepancies between the following assumptions and initial forecast are found, and if they may cause a certain level of change in forecast figures displayed above, a revised forecast shall be drafted and announced immediately.

	Preconditions and Assumptions
Property portfolio	<ul style="list-style-type: none"> Regarding the 31 properties owned by TOKYU REIT as of July 31, 2022, it is assumed that part of co-ownership interest in Futako Tamagawa Rise will be acquired on January 31, 2023. 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 2023.
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. Occupancy Rates as of the end of the fiscal period ending January 2023 and the fiscal period ending July 2023 are projected to be 97.9% and 99.4%, respectively.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses for the fiscal period ending January 2023 and the fiscal period ending July 2023 are projected to be ¥411 million and ¥543 million, respectively. Repair, maintenance and renovation expenses for buildings for the fiscal period ending January 2023 and the fiscal period ending July 2023 are projected to be ¥154 million and ¥173 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 2023: ¥631 million / Period Ending July 2023: ¥698 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 2023: ¥872 million / Period Ending July 2023: ¥1,000 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 2023 and the fiscal period ending July 2023 are expected to be ¥761 million and ¥819 million, respectively.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses for the fiscal period ending January 2023 and the fiscal period ending July 2023 are expected to be ¥369 million and ¥406 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, 2022, is ¥93,000 million (long-term debt of ¥85,000 million and investment corporation bonds of ¥8,000 million). As for long-term debt of ¥2,200 million due for repayment in the fiscal period ending January 2023, it is assumed that it will be entirely refinanced, while investment corporation bonds of ¥3,000 million due for redemption in the same period are assumed to be redeemed by issuing investment corporation bonds in the same amount. In addition, it is assumed that ¥1,500 million of long-term debt will be newly borrowed as funds for the extension work of Tokyu Toranomom Building and ¥18,000 million of short-term debt as funds for the acquisition of Futako Tamagawa Rise. As for long-term debt of ¥5,000 million due for repayment in the fiscal period ending July 2023, it is assumed that it will be entirely refinanced. Balance of interest-bearing debt as of the end of the fiscal period ending January 2023 and the fiscal period ending July 2023 are projected to be ¥112,500 million (short-term debt of ¥18,000 million, long-term debt of ¥86,500 million and investment corporation bonds of ¥8,000 million). LTVs as of the end of the fiscal period ending January 2023 and the fiscal period ending July 2023 are projected to be 46.1%. (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, 2022, through the end of the fiscal period ending July 2023.
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. Distribution for the fiscal period ending January 2023 is assumed to be distributed through reversal of part of the reserve for reduction entry (Period Ending January 2023: ¥638 million). Distribution for the fiscal period ending July 2023 is assumed to be distributed through reversal of part of the reserve for reduction entry (Period Ending July 2023: ¥382 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.
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.

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.