

Q&A after Announcement of Results for the Fiscal Period Ended January 2020 (FP 33) (Summary)

Date	Q&A
March 16, 2020	<p>Q1 Have you seen any impact of the novel coronavirus (COVID-19) on retail properties?</p>
	<p>A1 No large impact was seen through February, but in March, some tenants operating restaurants, etc. began to see sales decline by 30 to 40%. While many tenants have changed their business hours, only a few have decided to close for a certain period of time. On the other hand, there are tenants that have seen no decrease in income, such as some apparel stores supported by regular customers and sports gyms, etc. that have a membership system.</p>
	<p>Q2 Has there been any impact from COVID-19 on office properties? What do you expect could happen going forward?</p>
<p>A2 There is no significant impact on office properties at this point in time and we believe the impact will be more limited compared with how hotels and retail properties will be affected.</p> <p>If the financial situation and performance of tenants deteriorate due to the prolonged impact, negotiations for rent increase at next rent revision may be tough. That said, however, we do not think such will lead to an increase in the vacancy rate.</p> <p>Since office properties of TOKYU REIT are located only in Tokyo's central 5 wards and the Tokyu Areas including Shibuya Ward, the impact on the office rental market, if any, will appear smaller than in other areas and come much later.</p>	
<p>Q3 Is the impact of COVID-19 factored into the financial results forecast for the fiscal period ending July 2020 (FP34) and fiscal period ending January 2021 (FP35)?</p>	
<p>A3 No special downside has been factored in for the following reasons.</p> <p>(1) Most of the lease agreements for owned properties are set at a fixed rent. (Average rent renewal period) Office properties: 2.5 years, Retail properties: 5.6 years</p> <p>(2) Rent increase and decrease in the financial results forecast factor in only the contracts already concluded, or highly-probable tenant move-ins/outs and rent revisions, based on the current lease agreements; and thus are fairly conservative.</p>	

March 17, 2020	<p data-bbox="288 145 1481 190">Q4 Of TOKYU REIT's revenues, how much comes from variable rent?</p> <hr data-bbox="288 190 1481 194"/> <p data-bbox="288 268 1481 560">A4 There are no tenants whose rent is exclusively linked to sales (or who pay no fixed rent). Six tenants have fixed rent + sales-linked rent, with the portion of fixed rent being equivalent to the market rent. Of the six tenants, only two have paid sales-linked rent in the past five years. Since the most recent payment of such rent was in the amount of 2 million to 4 million yen for each fiscal period (0.03% to 0.07% of total rent paid), any impact on the financial results is minimal.</p>
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