

**Additional Documentation for
“Notice Concerning Revision to Expected Operating
Condition and Distribution Forecast for the Fiscal Period
Ending July 2021 (36th Fiscal Period) and the Fiscal Period
Ending January 2022 (37th Fiscal Period)”**

Announced on March 26, 2021

TOKYU REIT
TSE : 8957 <https://www.tokyu-reit.co.jp/eng/>

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Terms Used in the Material

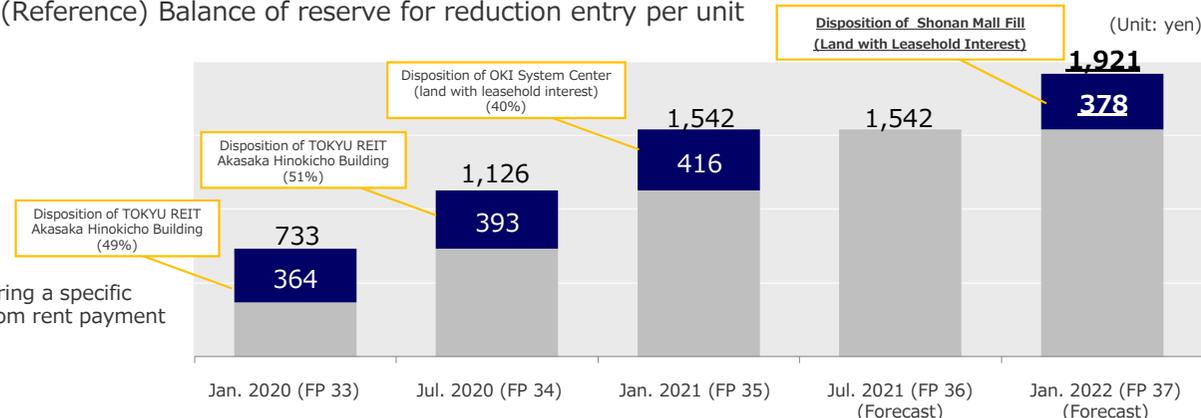
LTV based on appraisal value	(Balance of Interest-Bearing Debt at the End of Period + Balance of Securities Deposit without Reserved Cash at the End of Period) / (Appraisal Value (at the end of fiscal period))
NAV	= Unitholders' capital + Reserve for reduction entry (after appropriation of net income) ± Unrealized gains/losses = Net Assets – Scheduled amount of distribution ± Unrealized gains/losses
NOI Yield	NOI / Acquisition Price

*Please refer to the end of this material for notes.

Executive Summary (Updated: March 26, 2021 (Underlined portions indicate changes))

	Period Ended Jan. 2021 (FP 35) Actual	Period Ending Jul. 2021 (FP 36) Forecast As of March 26, 2021	Period Ending Jan. 2022 (FP 37) Forecast As of March 26, 2021
External Growth	<ul style="list-style-type: none"> • Property Replacement Disposition of OKI System Center (land with leasehold interest) (40%) Acquisition of OKI Business Center No. 5 • Property acquisition (STYLIO FIT Musashikosugi) 	<ul style="list-style-type: none"> • Property Replacement <u>Acquisition of Hulic Shibuya Miyashita Koen Building</u> 	<ul style="list-style-type: none"> • Property Replacement Disposition of OKI System Center (land with leasehold interest) (30%) <u>Disposition of Shonan Mall Fill (Land with Leasehold Interest)</u>
Gain on sale of properties, etc.	764 million yen (+60 million yen)	— (-764 million yen)	<u>1,232 million yen</u> (+1,232 million yen)
Internal Growth	<ul style="list-style-type: none"> • Period-end occupancy rate: 98.4% (-1.2 pts) • Rent revision: +55 million yen • Rent reduction/exemption, RH (Note 3): +17 million yen • Move-ins and move-outs of tenants: -35 million yen 	<ul style="list-style-type: none"> • Period-end occupancy rate: 97.4% (-1.0 pts) • Rent revision: +33 million yen • Rent reduction/exemption, RH (Note 3): -83 million yen • Move-ins and move-outs of tenants: -157 million yen • Miscellaneous income (restoration costs, etc. of Tokyu Toranomon Building): +128 million yen 	<ul style="list-style-type: none"> • Period-end occupancy rate: <u>97.9% (+0.5 pts)</u> • Extension work of Tokyu Toranomon Building: -414 million yen • Rent reduction/exemption, RH (Note 3): +56 million yen • Move-ins and move-outs of tenants: -106 million yen • Miscellaneous income: -149 million yen
NOI	5,626 million yen (+218 million yen)	<u>5,635 million yen</u> (+9 million yen)	<u>4,837 million yen</u> (-797 million yen)
Operating income	4,538 million yen (+213 million yen)	<u>3,772 million yen</u> (-766 million yen)	<u>4,125 million yen</u> (+353 million yen)
Finance (Note 1)	• Interest expenses: -5 million yen (Average interest rate: 0.87% (-0.10 pts))	• <u>Interest expenses: -10 million yen</u> (Average interest rate: <u>0.82% (-0.05 pts)</u>)	• <u>Interest expenses: -29 million yen</u> (Average interest rate: <u>0.80% (-0.02 pts)</u>)
Net income [per unit]	4,083 million yen (+227 million yen) 4,176 yen (+232 yen)	<u>3,324 million yen</u> (-758 million yen) <u>3,400 yen</u> (-776 yen)	<u>3,703 million yen</u> (+379 million yen) <u>3,788 yen</u> (+388yen)
Provision of reserve for reduction entry [per unit]	407 million yen (+23 million yen) 416 yen (+23 yen)	— (-407 million yen) — (-416 yen)	<u>370 million yen</u> (+370 million yen) <u>378 yen</u> (+378yen)
Distribution per unit	3,760 yen (+209 yen)	<u>3,400 yen</u> (-360 yen)	<u>3,410 yen</u> (+10 yen)
NAV per unit	198,120 yen (+2,573 yen)		
LTV based on appraisal value	36.4% (+2.0 pts)		
Acquisition capacity (Note 2)	83.4 billion yen (-8.2 billion yen)		

(Reference) Balance of reserve for reduction entry per unit



(Note 1) Borrowings and investment corporation bonds

(Note 2) Assumed LTV based on appraisal value to be 50%

(Note 3) RH (Rent Holiday) = A type of contract where tenants are exempted from rent payments during a specific period other than the time of move-in among contract types where tenants are exempted from rent payment for a certain period after occupancy in lease agreements.

*Figures in parentheses are comparison with previous fiscal period

Financial Results Forecast

(FP ending Jul. 2021 and FP ending Jan. 2022) (Updated: March 26, 2021)

Forecast of Income Statement (P/L) and Distribution per Unit

(Unit: million yen)

Item	FP ended Jan. 2021 Actual (FP 35)	FP ending Jul. 2021 Forecast (FP 36)			FP ending Jan. 2022 Forecast (FP 37)			
		Forecast as of Mar. 26, 2021	Change from the forecast as of Mar. 16, 2021 (Note 1)	Change from the previous period	Forecast as of Mar. 26, 2021	Change from the forecast as of Mar. 16, 2021	Note (Note 2)	Change from the previous period
Operating revenues (A)	8,611	7,987	77	-623	8,414	594		426
Revenues from real estate operation (B)	7,845	7,987	77	141	7,181	-67	Acquisition +119 Disposition -187	-805
Rental revenues	7,454	7,463	72	8	6,810	-74	Acquisition +112 Disposition -187	-652
Other rental revenues	391	524	4	133	371	6	Acquisition	-153
Gain on sale of real estate, etc.	764	-	-	-764	1,232	662	Disposition	1,232
Revenues from facility acceptance	1	-	-	-1	-	-		-
Operating expenses (C)	4,072	4,215	27	142	4,289	63		73
Expenses from real estate operation	3,221	3,384	22	162	3,409	4	Acquisition +30 Disposition -25	25
Expenses (D)	2,219	2,351	9	132	2,343	-12	Acquisition +13 Disposition -25	-7
NOI (B) - (D)	5,626	5,635	68	9	4,837	-55	Acquisition +105 Disposition -161	-797
Depreciation	996	1,027	13	30	1,060	16	Acquisition	32
Loss from the retirement of fixed assets	5	5	-	-0	5	-		-
Other operating expenses	851	831	4	-20	879	58		48
Investment management fee	683	679	3	-4	674	21		-5
Operating income (A) - (C)	4,538	3,772	49	-766	4,125	530		353
Non-operating revenues	5	0	-	-4	0	-		-0
Non-operating expenses	460	447	10	-12	420	-5		-26
Interest expenses	394	389	11	-5	361	-3		-27
Interest of investment corporation bonds	44	39	-	-5	37	-2		-1
Ordinary income	4,084	3,325	39	-758	3,704	536		379
Net income	4,083	3,324	39	-758	3,703	536		379

(Note 1) Increase due to the acquisition of Hulic Shibuya Miyashita Koen Building

(Note 2) Acquisition : Hulic Shibuya Miyashita Koen Building Disposition : Shonan Mall Fill (Land with Leasehold Interest)

Information per unit	Net income per unit (EPS) (¥)	4,176	3,400	40	-776	3,788	548	388
	Amount of provision of reserve for reduction entry per unit (¥)	416	-	-	-416	378	378	378
	Distribution per unit (DPU) (¥)	3,760	3,400	40	-360	3,410	20	10
Others	Occupancy rate (%)	98.4	97.4	-	-1.0pts	97.9	-	0.5pts
	NOI yield (%)	4.69	4.61	-	-0.08pts	3.97	-	-0.64pts

(Reference) Property Replacement (FP ending Jul. 2021 and FP ending Jan. 2022)

Continue to conduct property replacement based on the “Long-Term Investment Management Strategy (Surf Plan)” (Note 1). Acquisition of property in the Tokyu Areas (Shibuya Ward) while realizing capital gains.

Acquisition

Hulic Shibuya Miyashita Koen Building
(Office)



Disposition

Shonan Mall Fill
(Land with leasehold interest)



Effect of Property Replacement

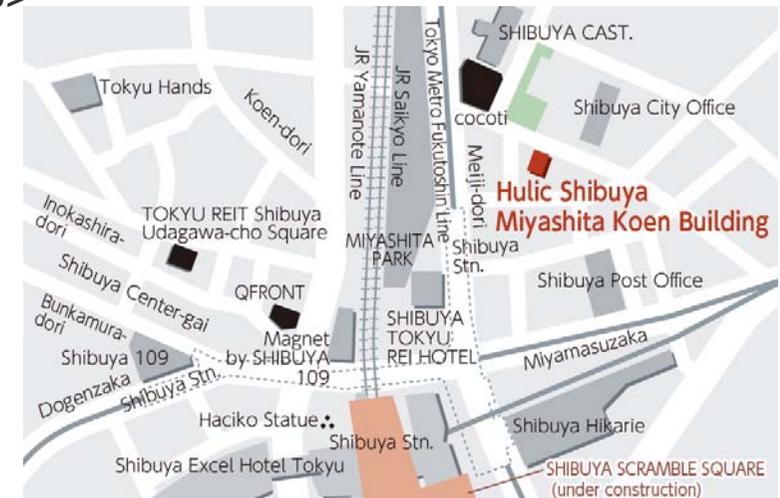
- Improvement of percentage of properties in focused investment areas (Note 4): 96.1% (Note 5) → 100% (Note 6)
- Recording of gain on sale of property and provision of reserve for reduction entry

	Jan. 2022 (FP 37)
Gain on sale of property (Unit: million yen)	662
Of which, provision of reserve for reduction entry	370

Overview of property	
Acquisition date	Mar. 29, 2021
Seller	Hulic Co., Ltd
Acquisition price	¥6,000 million
Appraisal value on acquisition	¥6,060 million (as of Mar. 1, 2021)
NOI (Note 2) (NOI yield)	181 million yen per annum (3.0%)
Occupancy rate (Note 3)	100%
Completion date	Apr. 2008

Overview of property	
Disposition date	Aug. 2, 2021
Buyer	Domestic company
Disposition price	¥7,700 million
Difference between the disposition price and the book value	¥673 million
NOI (Note 2) (NOI yield)	324 million yen per annum (4.2%)
Occupancy rate (Note 3)	100%

<Location map>



(Note 1) An idea to secure capital gains while replacing properties, and achieve improvement of portfolio quality through a value and contrarian investment approach that eyes the cyclicity of real estate prices.
 (Note 2) For the acquired property, estimated figures exclusive of special items from income and expenditure of the acquisition fiscal year; and for the disposed property, the actual results from February 1, 2020 to January 31, 2021. Yields are based on acquisition/disposition price.
 (Note 3) As of the end of February 2021.
 (Note 4) Percentage of properties in Tokyo Central 5 Wards and Tokyu Areas (Based on acquisition price).
 (Note 5) As of the end of January 2021.
 (Note 6) Indicates the figure after the disposition of OKI System Center (land with leasehold interest).
 30% of co-ownership interest is scheduled to be disposed on December 24, 2021, and 30% of co-ownership interest is scheduled to be disposed on February 25, 2022.

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