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**Notice Concerning Distribution Forecast and Revision to Expected Operating Condition for the  
Twenty-Second Fiscal Period (Ending July 31, 2014) and the Twenty-Third Fiscal Period  
(Ending January 31, 2015)**

TOKYU REIT, Inc. (“TOKYU REIT”) today announced a decision to revise its expected operating condition for its 22nd Fiscal Period (from February 1, 2014 to July 31, 2014) and its 23rd Fiscal Period (from August 1, 2014 to January 31, 2015) which were announced on March 14, 2014.

There is no change to the distribution forecast for its 22nd Fiscal Period (from February 1, 2014 to July 31, 2014) and its 23rd Fiscal Period (from August 1, 2014 to January 31, 2015) which were announced on March 14, 2014.

**1. Distribution Forecast and Revision to 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)
Previous Forecast (A)	7,289	3,214	2,445	2,444	2,500	2,500	0
Revised Forecast (B)	7,288	3,211	2,445	2,444	2,500	2,500	0
Change (B) — (A)	-0	-2	0	0	0	0	0
Change	-0.0%	-0.1%	0.0%	0.0%	—	—	—
<Reference> Actual Distribution per Unit for the Previous Period (21st Fiscal Period ended January 31, 2014)	7,308	3,322	2,508	2,507	2,590	12,823	0

23rd Fiscal Period (from August 1, 2014 to January 31, 2015)

	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)	7,303	3,226	2,445	2,444	2,500	2,500	0
Revised Forecast (B)	7,492	3,321	2,559	2,558	2,617	2,500	0
Change (B) — (A)	188	94	114	114	117	0	0
Change	2.6%	2.9%	4.7%	4.7%	4.7%	—	—

(Note 1) TOKYU REIT executed a five-for-one split of investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date. “Net income per unit” of the actual performance for the previous fiscal period (the 21st fiscal period (ended January 2014)) is calculated based on the assumption that the split of investment units was conducted at the beginning of the 21st fiscal period ended January 2014. Moreover, net income per unit when calculated based on the number of investment units issued and outstanding prior to the split of investment units is ¥12,951.

(Reference)

Number of investment units issued and outstanding as of the end of the 21st fiscal period: 195,520 units

Number of investment units issued and outstanding as of the end of the 22nd fiscal period: 977,600 units

(Note 2) 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 3) Figures have been rounded down and percentages have been rounded to the nearest first decimal place.

## 2. Rationale

Revisions were made to the expected operating condition for the 23rd fiscal period due to changes in the assumptions for forecasts for the 23rd fiscal period announced on March 14, 2014 resulting from the transfer of the asset described in the press release “Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate (Beacon Hill Plaza (Ito-Yokado Noukendai Store))” announced today.

Moreover, the expected operating condition for the 22nd fiscal period ending July 2014 have also been revised accordingly.

For further details of the aforementioned transfer of the asset, please refer to the press release “Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate (Beacon Hill Plaza (Ito-Yokado Noukendai Store))” and its reference material “Transfer of Beacon Hill Plaza (Ito-Yokado Noukendai Store) and Future Measures” announced today.

**Assumptions for Forecasts for the 22nd Fiscal Period (from February 31, 2014 to July 31, 2014)  
and the 23rd Fiscal Period (from August 1, 2014 to January 31, 2015)**

Item	Preconditions and Assumptions
Period of operation	<ul style="list-style-type: none"> <li>22nd Fiscal Period (from February 1, 2014 to July 31, 2014)</li> <li>23rd Fiscal Period (from August 1, 2014 to January 31, 2015)</li> </ul>
Property portfolio	<ul style="list-style-type: none"> <li>It is assumed that Beacon Hill Plaza (Ito-Yokado Noukendai Store) will be transferred on August 8, 2014 from the 30 properties owned by TOKYU REIT as of June 6, 2014. For other properties, it is assumed that there will be no transfers (new property acquisitions or transfer of owned properties) until the end of the 23rd fiscal period. For details of the property scheduled for transfer, please refer to the press release “Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate (Beacon Hill Plaza (Ito-Yokado Noukendai Store))” announced today.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>Rental revenues are calculated based on lease agreements effective as of May 15, 2014. For tenants, announced lease cancellation by May 15, 2014, is considered as vacant during the period from the cancellation date to the end of the 23rd fiscal period. Average leasing rates are calculated based on those for competitive properties located in the same areas and the recent real estate market conditions. Forecasts are based on the assumption there is no payment delay or nonpayment of tenants.</li> <li>Posting gain on sale of 468 million yen in the 23rd fiscal period resulting from the transfer of Beacon Hill Plaza (Ito-Yokado Noukendai Store) on August 8, 2014 is projected.</li> <li>Occupancy Rates as of the end of the 22nd fiscal period and 23rd fiscal period are projected to be 97.6% and 96.3%, respectively.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Outsourcing expenses for the 22nd and 23rd fiscal periods are projected to be ¥469 million and ¥467 million, respectively.</li> <li>Repair, maintenance and renovation expenses for buildings for the 22nd and 23rd fiscal periods are projected to be ¥180 million and ¥349 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. Regarding the policies and plans of TOKYU REIT’s asset management, including the repair, maintenance and renovation expenses for said building, please refer to the “Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate (Beacon Hill Plaza (Ito-Yokado Noukendai Store))” and its reference material “Transfer of Beacon Hill Plaza (Ito-Yokado Noukendai Store) and Future Measures” announced today.</li> <li>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 (22nd fiscal period: ¥678 million / 23rd fiscal period: ¥631 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.</li> <li>Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (22nd fiscal period: ¥1,076 million / 23rd fiscal period : ¥1,029 million).</li> <li>Rental expenses other than those listed above were calculated in consideration of fluctuation factors based on results in past fiscal periods.</li> <li>Operating expenses other than expenses from real estate operation (investment management fees and asset custodian fees, etc.) for the 22nd and 23rd fiscal periods are expected to be ¥678 million and ¥670 million, respectively.</li> </ul>

Non-operating expenses	<ul style="list-style-type: none"> <li>Interest expenses for the 22nd and 23rd fiscal periods are expected to be ¥755 million and ¥725 million, respectively. Interest expenses include interest expense, interest expense on investment corporation bonds, interest expense on security deposits and other financial expenses.</li> <li>The amortization of issuance expenses for the new investment units issued in the 21st fiscal period are ¥8 million for the 22nd fiscal period and ¥8 million for the 23rd fiscal period.</li> </ul>
Debt financing	<ul style="list-style-type: none"> <li>Of the balance of debt financing interest-bearing debt as of the date of this document of ¥103 billion (short-term debt of ¥5 billion, long-term debt of ¥83.5 billion and investment corporation bonds of ¥14.5 billion), it is assumed that the short-term debt (¥5 billion) due for repayment during the 23rd fiscal period will be repaid with the proceeds from the transfer of Beacon Hill Plaza (Ito-Yokado Noukendai Store).</li> <li>As for borrowings (long-term debt of ¥2 billion) due for repayment during the 22nd fiscal period after June 6, 2014, it is assumed that refinancing will be made for the entire amount. As for investment corporation bonds of ¥5 billion due for redemption during the 23rd fiscal period, it is assumed that redemption will be made for the entire amount with new borrowings (¥5 billion).</li> <li>LTVs as of the end of the 22nd fiscal period and the end of the 23rd fiscal period are projected to be 44.6% and 43.8%, respectively. LTV: Interest-bearing debt (forecast) / total assets (forecast)</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>It is assumed that there will be no additional issuance of investment units to the 977,600 units issued outstanding as of June 6, 2014 through the end of the 23rd fiscal period.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>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. In the 23rd fiscal period, however, pursuant to the “Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010” (Article 66-2 of Special Taxation Measures Law), of the expected gain on sale of ¥468 million resulting from the planned transfer of Beacon Hill Plaza (Ito-Yokado Noukendai Store), it is assumed that ¥115 million be retained as reserve for reduction entry.</li> <li>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.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>TOKYU REIT does not currently anticipate distributions in excess of earnings per unit.</li> </ul>
Other	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>

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.