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Notice Concerning Acquisition (OKI Business Center No.5) of Trust Beneficiary Interest in Domestic Real Estate and Disposition (OKI System Center (Land with Leasehold Interest)) of Domestic Real Estate

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that its investment management company, Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”), had decided to acquire trust beneficiary interest in domestic real estate and dispose of domestic real state (respectively referred to as the “Acquisition” and the “Disposition”) (the Acquisition and the Disposition collectively referred to as the “Transaction”). Brief details are as follows.

1. Transaction Details

1.1 Acquisition Details

Property Name	OKI Business Center No.5
Location	4-10-16 Shibaura, Minato-ku, Tokyo
Acquisition Price	¥11,900 million (Excluding acquisition-related costs, property tax, city planning tax, etc.)
Seller	Domestic company (Please refer to “6. Seller and Purchaser Profile”)
Brokerage	Yes
Decision of Acquisition	September 14, 2020
Contract Date	September 14, 2020
Acquisition Date	September 28, 2020
Payment of Acquisition Costs	September 28, 2020

1.2 Disposition Details

Property Name	OKI System Center (land with leasehold interest)
Location	1-16-8 Chuo, Warabi-shi, Saitama
Disposition Price	Total: ¥6,850 million (The disposition is scheduled to take place in the form of disposition of co-ownership in three phases (40% of co-ownership interest “1st,” 30% of co-ownership interest “2nd,” and 30% of co-ownership interest “3rd”) and the planned disposition prices are as follows.) 1st: ¥2,740 million (40% co-ownership interest) 2nd: ¥2,055 million (30% co-ownership interest) 3rd: ¥2,055 million (30% co-ownership interest)
Book Value	1st: ¥1,909 million (Expected value as of disposition date, 40% co-ownership interest) 2nd: ¥1,432 million (Expected value as of disposition date, 30% co-ownership interest) 3rd: ¥1,432 million (Expected value as of disposition date, 30% co-ownership interest)
Amount of Difference from Disposition Price	1st: ¥830 million (Note) 2nd: ¥622 million (Note) 3rd: ¥622 million (Note)
Purchaser	Domestic company (Please refer to “6. Seller and Purchaser Profile”)
Brokerage	Yes
Decision of Disposition	September 14, 2020
Contract Date	September 14, 2020
Disposition Date	1st: September 28, 2020 (40% co-ownership interest) 2nd: December 24, 2021 (30% co-ownership interest) 3rd: February 25, 2022 (30% co-ownership interest)
Receiving of Disposition Costs	1st: September 28, 2020 (40% co-ownership interest) 2nd: December 24, 2021 (30% co-ownership interest) 3rd: February 25, 2022 (30% co-ownership interest)

(Note) Amount of difference between the disposition price and the expected book value as of the scheduled disposition date is indicated.

2. Rationale

TOKYU REIT strives to improve the quality of its portfolio, taking into consideration trends in the capital market and real estate investment market as well as the growth potential of the portfolio's cash flow in the medium to long term. The Transaction will be conducted as part of these efforts in accordance with the "Scope and Policy of Investment Management" as outlined in the Articles of Incorporation of TOKYU REIT.

(1) Acquisition of OKI Business Center No.5

The Shibaura area, where OKI Business Center No.5 (the "Asset to Be Acquired") is located, is on the east side of the JR Yamanote Line. In the area near Tamachi Station, the station nearest to the Asset to Be Acquired, a large-scale mixed-use development called "msb Tamachi" has been completed and multiple redevelopment projects are under way. In addition, with the opening of a new station called Takanawa Gateway Station between Shinagawa Station and Tamachi Station in March 2020, the area is expected to develop further in the future.

The Asset to Be Acquired is an office building located approximately an eight-minute walk from Tamachi Station on the JR Yamanote and Keihin-Tohoku lines, and although it has a building age of 38 years, it has maintained a certain level of competitiveness in the Shibaura area as it has undergone appropriate facility upgrades.

Simultaneous to the acquisition of the property, a fixed-term building lease agreement is scheduled to be concluded with an expiration date of March 31, 2030, and as a result, stable rental income is anticipated.

The NOI yield of the property over the past year calculated based on estimated rent level and occupancy rate as of the acquisition date is 5.31%, and contribution of stable earnings over the medium to long term is expected.

(2) Disposition of OKI System Center (land with leasehold interest)

OKI System Center (land with leasehold interest) (the "Asset to Be Disposed") is land with leasehold interest of a system center of Oki Electric Industry Co., Ltd. acquired by TOKYU REIT from Oki Electric Industry Co., Ltd. in March 2013. Although Warabi City, Saitama Prefecture, where the Asset to Be Disposed is located, falls outside of the central five wards of Tokyo and the Tokyu Areas, the focused investment areas of TOKYU REIT, the area offers excellent access to the city center and has high potential as a residential area.

In addition, while TOKYU REIT has enjoyed long-term, stable cashflow through a 20-year fixed-term business-use land lease concluded at the time of acquisition with Oki Electric Industry Co., Ltd., on this occasion, an offer was received from the purchaser, and it was determined that disposing of the property was the best option from the perspective of total returns (Note 1) under the current market environment.

TOKYU REIT judged the Transaction would further stabilize cashflow and increase total returns (Note 1) through the acquisition of a favorably located property that falls under the focused investment areas of TOKYU REIT.

Furthermore, in an aim to level off increase in cash distribution due to gain on sale of real estate from the Disposition and to accumulate reserve for reduction entry (Note 2), 40% co-ownership interest, 30% co-ownership interest, and 30% co-ownership interest are scheduled to be disposed on September 28, 2020, December 24, 2021, and February 25, 2022, respectively. As a result, gain on sale of real estate of ¥760 million and provision of reserve for reduction entry of ¥382 million from the Disposition are expected to be posted during the fiscal period ending January 2021 (35th Fiscal Period), while gain on sale of real estate of ¥570 million is expected to be posted during both the fiscal period ending January 2022 (37th Fiscal Period) and the fiscal period ending July 2022 (38th Fiscal Period).

TOKYU REIT will continue to conduct investment management while closely monitoring trends in capital and real estate investment markets, all the while adhering to its investment policy. TOKYU REIT will strive to build a portfolio that leads to improvement in asset value and growth of net income per investment unit.

(Note 1) Total income comprising income returns (rental income, etc.) and future capital returns (sale income) of each fiscal period.

(Note 2) Based on the premise that the application of "Special Provisions for Taxation in the Case of Advance Acquisition of Land, etc. in 2009 and 2010" (Article 66-2 of Special Taxation Measures Law)" up to the limit amount of reserve as stipulated in "Ordinance on Accountings of Investment Corporations" will be accumulated as reserve for reduction entry.

3. Details of Asset to Be Acquired

Property Name	OKI Business Center No.5	
Type of Specified Asset	Trust beneficiary interest in domestic real estate (Note 1)	
Trustee Trust Period	Mizuho Trust & Banking Co., Ltd. (Note 1) March 24, 2003 to September 30, 2030 (Planned)(Note 1)	
Location	Registered	Land: 4-1-6 Shibaura, Minato-ku, Tokyo Building: 4-1-8, 4-1-36 Shibaura, Minato-ku, Tokyo (Note 2)
	Residential	4-10-16 Shibaura, Minato-ku, Tokyo
Access	Approximately an eight-minute walk from Tamachi Station on the JR Yamanote Line and Keihin-Tohoku Line	
Use	Office	
Area Classification	Quasi-industrial districts	
Site/Floor Area (Registered)	Land: 4,646.65 m ² (Note 3)	
	Building: 18,102.32 m ²	
Structure (Registered)	SRC, B2, 12F	
Completion Date (Registered)	June, 1982	
Design Company	NISSOKEN ARCHITECTS/ENGINEERS	
Construction Company	TAISEI CORPORATION	
Inspection Authority	Tokyo Metropolitan Government	
Earthquake Resistance	PML (Probable Maximum Loss) of 8.1% is based on the earthquake risk assessment (detailed) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation (as of July 28, 2020). PML refers to the expected damages caused by earthquakes. Although there is no single authoritative definition of PML, it refers to the percentage of expected damages caused by a small- to large-scale earthquake that may happen within the next 475 years to the replacement value. Calculations also include data relating to individual property surveys, assessment of building conditions, conformity to architectural design, ground conditions of the relevant site, surveys of local factors and structural evaluation.	
Type of Ownership	Land: Proprietary ownership	
	Building: Proprietary ownership	
Acquisition Date	September 28, 2020	
Acquisition Price	¥11,900 million	
Appraisal Value	¥12,700 million (effective date of value: September 1, 2020)	
	Appraiser: Daiwa Real Estate Appraisal Co., Ltd.	
Building Assessment Reporter	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
Date of Building Assessment Report	August 28, 2020	
Property Management Company	TOKYU COMMUNITY CORP. (scheduled)(Note 4)	
Security/Guarantee	TOKYU REIT has no plan to pledge collateral after the acquisition.	
Special Items	<ol style="list-style-type: none"> 1. A sublease agreement for temporary use was concluded on a portion of the land in trust, and while the sublessee has installed a condominium showroom, this shall be removed by the end of March 2022 when the agreement expires. Based on the above premise, TOKYU REIT has determined that there will be no operational issues concerning the showroom. In addition, if operational issues do arise before the above date, the showroom shall be removed at the risk and expense of the sublessee. Furthermore, if TOKYU REIT suffers damages or other losses in connection with the showroom, the seller of the property shall compensate TOKYU REIT. 2. The construction confirmation application documents have not been confirmed for a portion of the annex buildings, etc., that TOKYU REIT is not acquiring, and as a result, there is some doubt as to the legal compliance of the buildings in trust. However, the situation is scheduled to be resolved as such portion shall be removed at the risk and expense of the seller before the property delivery. 	

Special Items	<p>3. While the property does not satisfy the obligation to have parking spaces under regulations, this is scheduled to be resolved at the risk and expense of the seller within three months of the property delivery.</p> <p>4. There are deficiencies in the grounding of the total heat exchanger near the rooftop lightning rod and this is scheduled to be resolved at the risk and expense of the seller within three months of the property delivery.</p> <p>5. There is no definite boundary between the land in trust and the adjacent lot to the southwest (1-11). However, a joint agreement has been concluded with the owner of the adjacent lot to the southwest (1-11), and a boundary confirmation document is scheduled to be concluded one month of the delivery.</p> <p>6. It is confirmed that the PML of the buildings in trust satisfies TOKYU REIT's investment criteria, however, given that they are buildings that satisfy the former standards for quake resistance, TOKYU REIT plans to survey the details of the quake resistance voluntarily. Seismic strengthening work is scheduled to be conducted when necessary after the delivery of the property at the expense of the seller.</p>					
Lease Details	Total Number of Tenants	1				
	Assumed Total Rental Income	¥791 million a year				
	Lease Deposits and Guarantee Deposits	¥696 million				
	Estimated NOI	¥631 million a year				
	Total Leased Area	18,102.32 m ²				
	Total Rentable Area	18,102.32 m ²				
	Occupancy Rate	100.0%				
	Occupancy Rates over the Last Five Years	As of July 31, 2016	As of July 31, 2017	As of July 31, 2018	As of July 31, 2019	As of July 31, 2020
	100.0%	100.0%	100.0%	100.0%	100.0%	
<p>(Note 1) An agreement on amendment of real estate trust is scheduled to be concluded between TOKYU REIT and the trustee on September 28, 2020.</p> <p>(Note 2) Following the consolidation of the land in trust on February 28, 2003, the two lots are scheduled to be changed to "1-6" in accordance with the registration of the change in address.</p> <p>(Note 3) A part of the south side of the land in trust (approximately 101 m²) is used for passage as a road based on Article 42, Paragraph 2 of the Building Standards Law (Paragraph 2 road) and four street lights owned by a third party are installed.</p> <p>(Note 4) The property management agreement is expected to be concluded between the trustee, the property management company, TOKYU REIT, and Tokyu REIM as of September 28, 2020.</p> <p>*The total number of tenants, assumed total rental income, lease deposits/guarantee deposits, and occupancy rate are based on projections as of the scheduled acquisition date (September 28, 2020).</p> <p>*Estimated NOI is the estimated annual figure excluding special factors from the revenue and expenditure of the acquisition fiscal year (not the forecast figure for the current fiscal period) and is based on the following assumptions.</p> <p>(1) Total rental income is the estimated figures of total income from the property based on an expected annual average occupancy rate (100%) as of the acquisition date (September 28, 2020).</p> <p>(2) Taxes and public dues are projected to be the same amount as the fiscal 2020 assessment amount.</p> <p>(3) Repairs and maintenance expenses are calculated based on expected figures assumed for the next one-year period.</p>						

4. Details of Asset to Be Disposed

Property Name		OKI System Center (land with leasehold interest)				
Type of Specified Assets		Domestic real estate (ownership of land to which a fixed-term business-use land lease is attached)				
Location	Registered	1-16-20, 1-16-33, 1-16-34, 1-16-35 Chuo, Warabi-shi, Saitama				
	Residential	1-16-8 Chuo, Warabi-shi, Saitama				
Access		Approximately a four-minute walk from Warabi Station on the JR Keihin-Tohoku Line				
Area Classification		Neighborhood commercial district				
Site/Floor Area (Registered)		17,019.18 m ²				
Type of Ownership		Proprietary ownership				
Acquisition Date		March 27, 2013				
Acquisition Price		¥4,530 million				
Disposition Date		1st: September 28, 2020 (40% co-ownership interest) 2nd: December 24, 2021 (30% co-ownership interest) 3rd: February 25, 2022 (30% co-ownership interest)				
Disposition Price		Total ¥6,850 million 1st: ¥2,740 million (40% co-ownership interest) 2nd: ¥2,055 million (30% co-ownership interest) 3rd: ¥2,055 million (30% co-ownership interest)				
Appraisal Value		¥6,850 million (effective date of value: September 1, 2020) Appraiser: Japan Real Estate Institute				
Book Value		1st: ¥1,909 million (Expected value as of disposition date, 40% co-ownership interest) 2nd: ¥1,432 million (Expected value as of disposition date, 30% co-ownership interest) 3rd: ¥1,432 million (Expected value as of disposition date, 30% co-ownership interest)				
Amount of Difference from Disposition Price		1st: ¥830 million (Note) 2nd: ¥622 million (Note) 3rd: ¥622 million (Note)				
Special Items		<p>As a result of a soil and groundwater contamination survey conducted by the former owner on the property, volatile organic compounds such as trichloroethylene and heavy metals such as fluorine and lead were detected in proportions that exceed the standards set by the Soil Contamination Countermeasures Act on a portion of the soil of the property, and volatile organic compounds such as trichloroethylene were detected in a portion of the groundwater of the property. Upon the acquisition of the property, TOKYU REIT outsourced the evaluation operations of the soil and groundwater contamination survey conducted by the former owner to Engineering and Risk Services Corporation, a third party, and Engineering and Risk Services Corporation has reported that the risks to human health are extremely small if one is to use the site under its current conditions, and that the likelihood of the groundwater contamination spreading off site is low, insofar as appropriate measures are implemented at the edge of the site to prevent the spread of the contamination of soil and groundwater off site. As of the date of this document, such containment measures have been implemented appropriately.</p> <p>Upon the disposition of this property, it has been agreed with the purchaser that TOKYU REIT shall not be held liable for soil contamination of the land of the property for non-compliance with the contract.</p>				
Lease Details	Total Number of Tenants	1 (as of today)				
	Total Rental Income	¥290 million a year (actual results from August 1, 2019, to July 31, 2020)				
	Lease Deposits and Guarantee Deposits	¥290 million (as of July 31, 2020)				
	Estimated NOI	¥259 million a year (actual results from August 1, 2019, to July 31, 2020)				
	Total Leased Area	17,019.19 m ² (as of July 31, 2020)				
	Total Rentable Area	17,019.19 m ² (as of July 31, 2020)				
	Occupancy Rates over the Last Five Years	As of July 31, 2016	As of July 31, 2017	As of July 31, 2018	As of July 31, 2019	As of July 31, 2020
	100.0%	100.0%	100.0%	100.0%	100.0%	
(Note) Amount of difference between the disposition price and the expected book value as of the scheduled disposition date is indicated.						

5. Property Appraisal Summary

5.1 Asset to be Acquired

(JPY in thousands) (rounded down to the nearest specified unit)

Property Name: OKI Business Center Building No. 5	Estimation	Notes
Appraisal Firm: Daiwa Real Estate Appraisal co., LTD.		
Effective Date of Value	September 1, 2020	—
Type of Value	Market value	—
Appraisal Value	12,700,000	Applied the value indicated by the income approach
Value Indicated by Income Approach	12,700,000	Assessed by correlation of the value indicated by the direct capitalization method with the value indicated by the DCF method
Value Indicated by Direct Capitalization Method	12,800,000	—
(1) Operating Revenue (a.-b.)	763,133	—
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	763,133	Assessed the stabilized assumed rental income and common area charges income of the subject property based on leasing case examples and the level of new rent of similar properties in the prime market area and the trends thereof, and by taking into consideration such factors as the medium- to long-term competitiveness of the subject property
b. Vacancy Loss	0	Assessed based on the current vacancy rate and the market vacancy rate
(2) Operating Expenses (c.+d.+e.+f.+g.+h.+i. +j.)	155,337	—
c. Building Maintenance Cost	44,916	Recorded that assessed based on the estimate
d. Utilities Expenses	0	Not recorded based on the tenant's responsibility
e. Repair Expenses	14,325	Recorded the annual average repair expenses in the engineering report obtained from the client
f. Property Management Fee	11,151	Recorded based on the scheduled contract
g. Tenant Solicitation Expenses, etc.	0	Not recorded as the tenant's turnover is not expected
h. Property Taxes	77,262	Recorded that assessed based on the fiscal 2020 actual amount
i. Property Insurance	1,109	Recorded that assessed based on the estimate
j. Other Expenses	6,571	Recorded reserve for unscheduled work, miscellaneous expenses and, etc. that assessed by using level of similar properties as references
(3) Net Operating Income (NOI) ((1)-(2))	607,796	—
(4) Investment Profits from Refundable Deposits	6,969	Recorded that assessed by comprehensively taking into consideration the actual state of investment of refundable deposits, etc. from the perspective of both the investment aspect and the procurement aspect
(5) Capital Expenditure	40,319	Recorded by taking the annual average renewal costs in the engineering report obtained from the client and considering the construction management fee
(6) Net Cash Flow (NCF) ((3)+(4)-(5))	574,446	—
(7) Overall Capitalization Rate	4.5%	Assessed by comprehensively considering the conditions of the subject properties, such as location, building grade and others, and using the overall capitalization rates of similar properties in the primary market area as references
Value Indicated by DCF Method	12,600,000	—
Discount Rate	4.3%	—
Terminal Capitalization Rate	4.7%	—
Value Indicated by Cost Approach	12,700,000	—
Ratio of Land Value	93.8%	—
Ratio of Building Value	6.2%	—
Reconciliation before Arriving at the Value Conclusion	The indicated value by Cost Approach looks into cost aspect of a real property. On the other hand, the indicated value by Income Approach is derived from profitability of a real property. In regard to an income-producing property valuation, the utmost importance should be placed on the value by the Income Approach. In conclusion, we have regarded the value by Cost Approach only as guide, and our concluded value is fully based on the Income Approach.	

5.2 Asset to be Disposed

(JPY in thousands) (rounded down to the nearest specified unit)

Property Name: OKI System Center (land with leasehold interest)	Estimation	Notes
Appraisal Firm: Japan Real Estate Institute		
Effective Date of Value	September 1, 2020	—
Type of Value	Market Value	—
Appraisal Value	6,850,000	We selected the value indicated by the income capitalization approach (DCF method) as the appraised value.
Value Indicated by Income Approach	6,850,000	—
Value Indicated by DCF Method	6,850,000	—
Discount Rate	3.7%	—
Value Indicated by the Right Ratio Method	6,080,000	—
Vacant Land Value	7,610,000	We estimated the vacant land value (fee simple) by employing sales comparison and development methods.
Ratio of Leased Fee Estate Value to Vacant Land Value	85%	We determined the ratio of the leased fee estate value to the vacant land value by taking into account the contents of the ground lease agreement of the subject property.
Adjustment Rate for Contaminated Site Remediation	94%	We judged the adjustment rate for contaminated site remediation after considering the contamination level of the subject site, expected cleanup costs, and the remaining ground lease period.
Reconciliation before Arriving at the Value Conclusion	<ul style="list-style-type: none"> • The subject property is located within a walking distance from Warabi Station on the Japan Railway Keihin Tohoku line. • Thanks to its proximity to public transit and large size, the subject site could be redeveloped with high-rise multifamily buildings. • However, taking into consideration the fact that the subject site is leased to a creditworthy big corporation, we judged that it would be continually used as a site for a system center. • We reckoned that the prospective purchasers of the subject property would be corporate investors with deep pockets who focus on ground rent income and the reversionary value of the subject site upon the expiry of the ground lease. • We decided the value by the DCF method as the appraised value of the subject property because the method best reflects the investment behavior of such prospective buyers. • In the DCF method, we incorporated the contaminated site remediation costs for the subject property when we calculated the reversionary value at the end of the analysis period. 	

The above appraisal value conclusion is a value opinion as of the effective date of value, indicated by the licensed real estate appraiser in conformity with the Japanese Real Estate Appraisal Act and Real Estate Appraisal Standards. A reappraisal of the same property could result in another value if it were carried out either by a different appraiser, with different methods, or at a different time. This appraisal does not guarantee or assure, at present or in the future, any sales transactions at the concluded value.

6. Seller and Purchaser Profile

The name of the company, etc., have not been disclosed as the seller and purchaser have not provided consent. There is no capital relationship or personnel relationship to state between TOKYU REIT or Tokyu REIM and said domestic company, and said seller and purchaser are not a related party of TOKYU REIT or Tokyu REIM.

7. Status of Property Acquirers, Etc. and Transactions with Interested Persons, Etc.

The Asset to Be Acquired is not an acquisition from a party that has particular vested interest in TOKYU REIT or Tokyu REIM.

As the property management of OKI Business Center No.5 is to be outsourced to TOKYU COMMUNITY CORP., which is categorized as a Related Party (Note) under TOKYU REIM's self-imposed Rules on Related-Party Transactions, upon implementing the procedures in accordance with the Rules on Related-Party Transactions, TOKYU REIT shall enter into a property management agreement upon acquisition of the property by TOKYU REIT as the condition precedent. As for the property management fees, a written opinion has been acquired from Urban Research Institute Corporation that confirms that the compensation is in line with the general level of fees paid by other investment corporations, etc., listed on the Tokyo Stock Exchange.

With respect to the transaction with a related party, etc., outlined above, multiple checks have been conducted based on the Rules on Related-Party Transactions, and based on the above results, they have been approved by TOKYU REIT's board of directors.

(Note) Related Party includes Interested Persons, etc., as defined in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, as well as any entity that falls under the following (1) to (3):

(1) Tokyu Corporation and its subsidiaries (any entity that falls under the following);

- Tokyu Corporation;
- A consolidated subsidiary of Tokyu Corporation;
- A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by silent partnership or other investment shares in that entity by the respective company exceeds 50%;

(2) Affiliates within the scope of consolidation of Tokyu Corporation;

(3) Tokyu Fudosan Holdings Corporation and its subsidiaries (any entity that falls under the following);

- Tokyu Fudosan Holdings Corporation (“Tokyu Fudosan Holdings”);
- A consolidated subsidiary of Tokyu Fudosan Holdings;
- A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings and where the share of investment by silent partnership or other investment shares in that entity by the respective company exceeds 50%.

8. Matters Concerning Forward Commitment, Etc.

The transaction concerning the Second Transaction scheduled to take place on December 24, 2021, and the Third Transaction scheduled to take place on February 25, 2022, in the purchase and sale agreement concerning the Disposition falls within forward commitments, etc. by investment corporations as defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set forth by the Financial Services Agency. The overview of the provisions regarding the penalties stipulated in each purchase and sale agreement for the Second Transaction and the Third Transaction is as follows.

When either party violates the agreed matters (including but not limited to provisions of representations and warranties) stipulated in each purchase and sale agreement for the Second Transaction and the Third Transaction, and such violation results in failure of achieving the purpose of the said purchase and sale agreement, the counterparty may cancel the said purchase and sale agreement before the completion of the Second Transaction and the Third Transaction. In such a case, for the Second Transaction, the violating party shall pay a penalty in the amount equivalent to 20% of the amount calculated by subtracting the purchase/sales price of the First Transaction of the sale agreement from the total purchase/sales price of the First through Third Transactions, and for the Third Transaction, the violating party shall pay a penalty in the amount equivalent to 20% of the amount calculated by subtracting the purchase/sales price of the First and Second Transactions of the sale agreement from the total purchase/sales price of the First through Third Transactions.

9. Settlement Method, Etc.

Payment of the purchase/sale price of the Transaction will be conducted at time of delivery for each property.

10. Financing Details

TOKYU REIT intends to fund the Acquisition using the amount obtained through the Disposition and loans.

(Note) Details of such loans are to be finalized on September 17, 2020 and September 24, 2020, and will be announced as soon as they are confirmed.

11. Outlook

Through the Transaction, gain on sale of real estate of ¥760 million is expected to occur during the fiscal period ending January 2021 (35th Fiscal Period), ¥570 million is expected to occur during the fiscal period ending January 2022 (37th Fiscal Period), and ¥570 million is expected to occur during the fiscal period ending July 2022 (38th Fiscal Period), resulting in a difference from the already announced forecast of operating condition and distribution for the fiscal period ending January 2021 (35th Fiscal Period).

For details, please refer to “Notice Concerning Revision to Expected Operating Condition and Distribution Forecast for the Fiscal Period Ending January 2021 (35th Fiscal Period) and the Expected Operating Condition and Distribution Forecast for the Fiscal Period Ending July 2021 (36th Fiscal Period)” separately announced today.

Attachments

1. Property Portfolio after the Transaction (as of February 25, 2022)
2. Photograph of OKI Business Center No.5
3. Location Map of OKI Business Center No.5

Attachment 1

Property Portfolio after the Transaction (assumption figure as of February 25, 2022)

Use	Property Name	Area	Acquisition Date	Acquisition Price(million yen)	Ratio(%) *10	Appraisal Value at the end of July 2020 (FP34) (million yen)
Retail	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	6.3%	36,100
	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.0%	6,290
	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	2.4%	8,350
	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	2.8%	12,600
	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *1	14,700	10.3%	24,200
			August 2, 2005 *2	9,800		
	CONZE Ebisu	Central Tokyo and Tokyu Areas (Shibuya)	October 31, 2006	5,116	2.1%	5,300
	Daikanyama Forum	Central Tokyo and Tokyu Areas (Shibuya)	April 22, 2008	4,136	1.7%	3,520
	TOKYU REIT Shimokitazawa Square	Tokyu Areas	April 26, 2019	2,257	0.9%	2,320
KN Jiyugaoka Plaza	Tokyu Areas	October 1, 2019	1,548	1.3%	3,490	
		March 4, 2020	1,611			
Retail Total				71,439	30.0%	102,170
Office	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	9.4%	18,800
	Tokyu Nampocho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.0%	6,840
	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	2.8%	10,700
	Tokyo Nissan Taio Building	Central Tokyo	September 11, 2003	4,450	1.9%	5,940
	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.0%	5,510
	TOKYU REIT Toranomon Building	Central Tokyo	December 15, 2004 *3	8,630	4.3%	13,600
			September 21, 2007 *4	1,100		
			September 21, 2007 *5	200		
			October 26, 2007 *6	140		
			January 21, 2015 *7	107		
	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Central Tokyo	January 31, 2008	8,500	3.6%	7,340
	Tokyu Ikejiri-ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.3%	6,390
	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	3.8%	10,100
	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	3.8%	13,600
	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	1.9%	6,400
	Tokyu Ginza 2-chome Building	Central Tokyo	February 15, 2011	5,010	2.1%	6,020
	TOKYU REIT Shibuya R Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.2%	9,680
	Tokyu Toranomon Building	Central Tokyo	August 16, 2013	15,000	7.1%	21,900
			January 9, 2015	1,850		
	TOKYU REIT Shinjuku 2 Building	Central Tokyo	October 30, 2015	2,750	1.2%	3,310
Tokyu Bancho Building	Central Tokyo	March 24, 2016 *8	12,740	5.8%	15,800	
		March 28, 2019 *9	1,040			
TOKYU REIT Ebisu Building	Central Tokyo and Tokyu Areas (Shibuya)	August 1, 2018	4,500	1.9%	5,060	
Shibuya Dogenzaka Sky Building	Central Tokyo and Tokyu Areas (Shibuya)	March 28, 2019	8,100	3.4%	8,660	
OKI Business Center No.5	Central Tokyo	September 28, 2020	11,900	5.0%	12,700	
Office Total				157,797	66.2%	188,350
Residence	Maison Peony Torisudagaku	Tokyu Areas	November 15, 2017	1,200	0.5%	1,270
Residence Total				1,200	0.5%	1,270
Land with Leaschold Interest	Shonan Mall Fill (land with leaschold interest)	Other	April 28, 2006	6,810	2.9%	6,830
	REVE Nakameguro (land with leaschold interest)	Tokyu Areas	September 27, 2018	1,150	0.5%	1,150
Land with Leaschold Interest Total				7,960	3.3%	7,980
Total				238,396	100.0%	299,770

*1 Details of the 60% portion of trust beneficiary interests acquired under quasi-co-ownership.

*2 Details of the 40% portion of trust beneficiary interests acquired under quasi-co-ownership.

*3 Floor area: 9,688.59 m²; Interest of site rights: 73,585/100,000

*4 Floor area: 865.14 m²; Interest of site rights: 8,579/100,000

*5 Floor area: 139.93 m²; Interest of site rights: 1,322/100,000

*6 Floor area: 93.93 m²; Interest of site rights: 1,166/100,000

*7 Floor area: 95.06 m²; Interest of site rights: 1,464/100,000

*8 Details of the 49.0% portion of trust beneficiary interests acquired under quasi-co-ownership.

*9 Details of the 3.6% portion of trust beneficiary interests acquired under quasi-co-ownership.

*10 Ratio is rounded to one decimal place. Accordingly, the subtotal and total may not exactly match the sum of relevant items.

*11 Appraisal value with September 1, 2020 as the effective date of value.

Attachment 2

Photograph of OKI Business Center No.5



Attachment 3

Location Map of OKI Business Center No.5



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 pressure, 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.