

June 20, 2024

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**Notice Concerning Acquisition (ISM Tsunashima)  
of Trust Beneficiary Interest in 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 (the “Acquisition”). Brief details are as follows.

1. Acquisition Details

Property Name	ISM Tsunashima
Location	1-15-16, Tsunashima-higashi, Kohoku-ku, Yokohama-shi, Kanagawa
Acquisition Price	¥1,000 million (Excluding acquisition-related costs, property tax, city planning tax, etc.)
Seller	Domestic tokutei mokuteki kaisha (TMK) (Please refer to “5. Seller Profile”)
Brokerage	Yes
Decision of Acquisition	June 20, 2024
Contract Date	June 20, 2024
Acquisition Date	July 5, 2024
Payment of Acquisition Costs	July 5, 2024

## 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 Acquisition 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.

The Tsunashima area where ISM Tsunashima (the "Property") is located is an area that offers high living convenience with a concentration of small eating and drinking establishments, merchandise stores, service stores, etc. around Tsunashima Station on the Tokyu Toyoko Line. Furthermore, with the opening of Shin-tsunashima Station on the Tokyu Shin-yokohama Line in March 2023, city center's major terminal stations (Shibuya Station, Shinjuku-sanchohome Station, Otemachi Station, Yokohama Station, etc.) and Shinkansen bullet train stop Shin-Yokohama Station are accessible without any transfers, greatly enhancing transportation convenience. In addition, with redevelopment underway around Shin-tsunashima Station, it is an area that can be expected to further develop going forward. Against the backdrop of such transportation and living convenience, there is recognized to be strong rental housing demand from a wide range of groups from family, DINKs and one-person households to students.

The Property is a rental apartment building located approximately a four-minute walk from Shin-tsunashima Station on the Tokyu Shin-yokohama Line and approximately a seven-minute walk from Tsunashima Station on the Tokyu Toyoko Line. The Property is situated in a residential district lined with medium-rise apartment complexes that offers high living convenience with convenience stores and small grocery stores in close proximity. While the building is 25 years old, it has not only undergone waterproofing work, renovation of the external walls, and other large-scale repairs and maintenance in 2017, but has also undergone complete renovation of the exclusive-use areas and the common-use areas, and has been equipped with coworking spaces and self-storage units in 2022. Against the backdrop of such high levels of property competitiveness, high occupancy is being maintained.

TOKYU REIT judged the Acquisition would further stabilize cashflow and increase total returns (Note).

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

## 3. Details of Asset to Be Acquired

Property Name		ISM Tsunashima
Type of Specified Asset		Trust beneficiary interest in domestic real estate
Trustee Trust Period		Mitsubishi UFJ Trust and Banking Corporation December 12, 2023, to July 31, 2034
Location	Registered	Land: 1-1183-1, Tsunashima-higashi, Kohoku-ku, Yokohama-shi, Kanagawa Building: 1-1183-1, Tsunashima-higashi, Kohoku-ku, Yokohama-shi, Kanagawa
	Residential	1-15-16, Tsunashima-higashi, Kohoku-ku, Yokohama-shi, Kanagawa
Access		Approximately a four-minute walk from Shin-tsunashima Station on the Tokyu Shin-yokohama Line Approximately a seven-minute walk from Tsunashima Station on the Tokyu Toyoko Line
Use		Apartment Complex
Area Classification		Category I residential zone
Site/Floor Area (Registered)		Land: 633.89 m <sup>2</sup>
		Building: 1,112.71 m <sup>2</sup>
Structure (Registered)		RC, 5F
Completion Date (Registered)		February 1999
Design Company		DAISUE CONSTRUCTION CO.,LTD. (office of first-class registered architect)
Construction Company		DAISUE CONSTRUCTION CO.,LTD.
Inspection Authority		City of Yokohama
Structural Calculation Conformity Review Body or Investigation Body (Note)		Tokio Marine dR Co., Ltd.
Earthquake Resistance		PML: 10.2% (Based on the engineering report as of June 6, 2024, prepared by Tokio Marine dR Co., Ltd.) PML (Probable Maximum Loss) refers to the expected maximum damages caused by earthquakes. Although there is no single authoritative definition of PML, the amount and percentage of damages in the event of the occurrence of the largest earthquake that is expected to happen once in 475 years are used. Calculations also include data relating to assessment of building conditions of individual properties, conformity to architectural design, assessment of ground conditions of the relevant site and assessment of seismic performance.
Type of Ownership		Land: Proprietary Ownership
		Building: Proprietary Ownership
Acquisition Date		July 5, 2024
Acquisition Price		¥1,000 million
Appraisal Value		¥1,050 million (effective date of value: June 1, 2024)
		Appraiser: Japan Real Estate Institute
Building Assessment Reporter		Tokio Marine dR Co., Ltd.
Date of Building Assessment Report		June 6, 2024
Property Management Company		Itochu Urban Community Co., Ltd.
Security/Guarantee		TOKYU REIT has no plan to pledge collateral after the acquisition.
Master Lessee Company		Itochu Urban Community Co., Ltd.
Type of Master Lease Agreement		Pass-through
Special Items		None

Lease Details	Total Number of Tenants	1 (Total Number of End Tenants: 42)		
	Assumed Total Rental Income	¥49 million a year		
	Lease Deposits and Guarantee Deposits	¥3 million		
	Estimated NOI	¥38 million a year		
	Estimated NOI after Depreciation	¥30 million a year		
	Total Leased Area	883.32 m <sup>2</sup> (Total Number of Leased Units: 49)		
	Total Rentable Area	901.76 m <sup>2</sup> (Total Number of Leasable Units: 50)		
	Occupancy Rate	98.0%		
	Occupancy Rates over the Last Three Years	As of May 31, 2022	As of May 31, 2023	As of May 31, 2024
	98.0%	96.0%	98.0%	

(Note) The organization that performed the structural calculation conformity review is indicated for properties that obtained construction confirmation after the enactment of the amended Building Standards Act in June 2007, while the organization that TOKYU REIT has entrusted with the investigation of structural design-related documents upon property acquisition is indicated for properties that obtained construction confirmation any earlier. Furthermore, for properties for which the investigation was performed by TOKYU REIT, acquisition decisions are made after receiving a report to the effect that no intentional falsification, forgery or other fraud has been found with the structural design-related documents. However, the reported content is no more than an opinion of the third-party organization and not a guarantee of the appropriateness or accuracy of the content by TOKYU REIT.

\*The total number of tenants, lease deposits and guarantee deposits, total leased area, and occupancy rate are as of the end of May 2024.

\*Assumed total rental income, Estimated NOI and Estimated NOI after depreciation are 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 are based on the following assumptions.

- (1) Total rental income is the estimated figures of total income from the property based on an expected annual average occupancy rate (95.0%) as of the acquisition date (July 5, 2024).
- (2) Taxes and public dues are projected to be the same amount as the fiscal 2023 assessment amount.
- (3) Repairs and maintenance expenses are calculated based on expected figures assumed for the next one-year period.

## 4. Property Appraisal Summary

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

Property Name: ISM Tsunashima	Estimation	Notes
Appraisal Firm: Japan Real Estate Institute		
Effective Date of Value	June 1, 2024	-
Type of Value	Market Value	-
Appraisal Value	¥1,050,000	The value indicated by the income approach
Value Indicated by Income Approach	¥1,050,000	The same weight on both the value indicated by the direct capitalization method and that by the DCF method.
Value Indicated by Direct Capitalization Method	¥1,060,000	-
(1) Operating Revenue (a.-b.)	¥49,823	-
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	¥53,151	The stabilized rent and common area maintenance charges, which were based on the current rents and the market rent/CAM charges
b. Vacancy Loss	¥3,328	The stabilized occupancy rate, which was based on the past occupancy rate of the subject property and its future prediction as well as the occupancy rate of similar properties in the local market
(2) Operating Expenses (c.+d.+e.+f.+g.+h.+i. +j.)	¥12,119	-
c. Building Maintenance Cost	¥3,600	The characteristics of the subject property, its previous years' numbers, and the maintenance cost of similar properties
d. Utilities Expenses	¥1,200	The previous years' numbers of the subject property and its occupancy rate of rentable space
e. Repair Expenses	¥1,169	The past figures of the subject property in addition the cost levels of similar buildings and the annual average repair/replacement costs in the available engineering report of the subject property
f. Property Management Fee	¥1,201	The characteristics of the subject property and the management fees of similar properties
g. Tenant Solicitation Expenses, etc.	¥2,506	The annual average amount of the subject property based on the expected turnover rate of tenants
h. Property Taxes	¥2,163	Estimated taxes payable based on the subject property's taxable assessed value, which is listed in its property tax information, and its tax increment limit
i. Property Insurance	¥100	The subject property's current premiums and those of similar properties
j. Other Expenses	¥180	The actual figure of the subject property
(3) Net Operating Income (NOI) ((1)-(2))	¥37,704	-
(4) Investment Profits from Refundable Deposits	¥36	(The outstanding deposit amount based on the stabilized security deposit and occupancy rate) x (An invested yield of 1.0% per annum)
(5) Capital Expenditure	¥1,800	We assumed that a constant amount for capital expenditures would be set aside on a yearly basis considering the building age of the subject property, typical annual expenditures of similar properties, and the amount of repair/replacement expenditures estimated in the engineering report.
(6) Net Cash Flow (NCF) ((3)+(4)-(5))	¥35,940	-
(7) Overall Capitalization Rate	3.4%	-
Value Indicated by DCF Method	¥1,030,000	-
Discount Rate	3.2%	-
Terminal Capitalization Rate	3.5%	-
Value Indicated by Cost Approach	¥1,020,000	-
Ratio of Land Value	80.5%	-
Ratio of Building Value	19.5%	-
Reconciliation before Arriving at the Value Conclusion	We placed the most emphasis on the value indicated by the income capitalization approach, which we judged better reflects the actual price formation process in the commercial real estate market. We used the value indicated by the cost approach for reference only.	

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.

5. Seller Profile

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

6. 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. In addition, the Acquisition does not involve any transactions with interested persons, etc.

7. Settlement Method

Payment of acquisition costs for the Asset to Be Acquired will be conducted at time of delivery for the property.

8. Financing Details

TOKYU REIT intends to fund the Acquisition using cash on hand.

9. Outlook

As the acquisition of the Property will have little effect on operating conditions, no changes are foreseen to the forecasts for the Fiscal Period Ending July 2024 (42nd Fiscal Period) and the Fiscal Period Ending January 2025 (43rd Fiscal Period).

Attachments

1. Property Portfolio after the Acquisition (assumption figure as of July 5, 2024)
2. Location Map of ISM Tsunashima
3. Photograph of ISM Tsunashima

\*Website of TOKYU REIT: <https://www.tokyu-reit.co.jp/eng/>

## Attachment 1

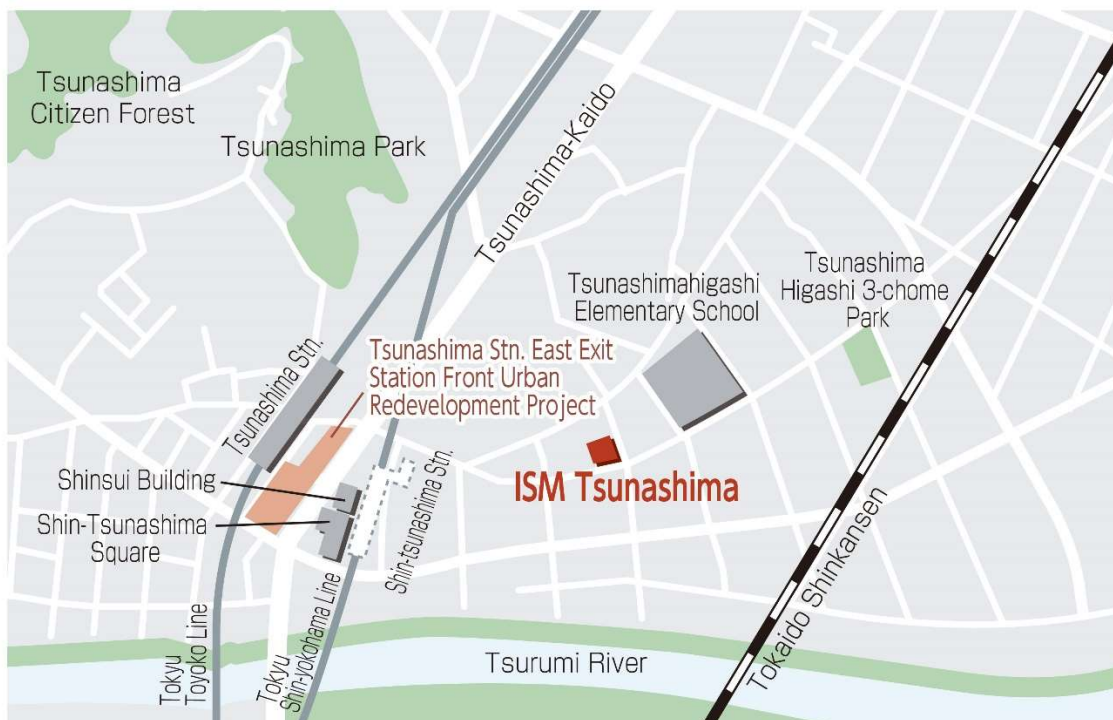
### Property Portfolio after the Acquisition (assumption figure as of July 5, 2024)

Use	Property Name	Area *1	Acquisition Date	Acquisition Price (million yen)	Ratio(%) *2	Appraisal Value at the end of January 2024 (FP41) (million yen)
Retail	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	6.2%	38,000
	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.0%	6,460
	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	2.4%	8,420
	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	2.7%	12,500
	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *3	14,700	10.0%	23,400
			August 2, 2005 *4	9,800		
	CONZE Ebisu	Central Tokyo and Tokyu Areas (Shibuya)	October 31, 2006	5,116	2.1%	5,200
	TOKYU REIT Shimokitazawa Square	Tokyu Areas	April 26, 2019	2,257	0.9%	2,260
	TOKYU REIT Jiyugaoka Square	Tokyu Areas	October 1, 2019 *5	1,548	1.3%	3,540
March 4, 2020 *6			1,611			
Retail Total				67,303	27.6%	99,780
Office	Tokyu Nanpeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	1.9%	7,870
	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	2.7%	12,400
	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	1.9%	5,970
	TOKYU REIT Toranomom Building	Central Tokyo	December 15, 2004 *7	8,630	4.2%	14,300
			September 21, 2007 *8	1,100		
			September 21, 2007 *9	200		
			October 26, 2007 *10	140		
			January 21, 2015 *11	107		
	Tokyu Ikejiri-ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.2%	6,460
	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	3.7%	10,100
	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	3.7%	13,500
	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	1.9%	6,760
	TOKYU REIT Shibuya R Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.2%	10,100
	Tokyu Toranomom Building	Central Tokyo	August 16, 2013	15,000	7.6%	25,000
			January 9, 2015 *12	1,850		
			June 30, 2022 *13	1,700		
	TOKYU REIT Shinjuku 2 Building	Central Tokyo	October 30, 2015	2,750	1.1%	3,280
	Tokyu Bancho Building	Central Tokyo	March 24, 2016 *14	12,740	5.6%	16,200
			March 28, 2019 *15	1,040		
	TOKYU REIT Ebisu Building	Central Tokyo and Tokyu Areas (Shibuya)	August 1, 2018	4,500	1.8%	4,740
Shibuya Dogenzaka Sky Building	Central Tokyo and Tokyu Areas (Shibuya)	March 28, 2019	8,100	3.3%	8,640	
OKI Shibaura Office	Central Tokyo	September 28, 2020	11,900	4.9%	13,700	
TOKYU REIT Shibuya Miyashita Koen Building	Central Tokyo and Tokyu Areas (Shibuya)	March 29, 2021	6,000	2.5%	6,250	
Aoyama Oval Building	Central Tokyo and Tokyu Areas (Shibuya)	December 10, 2021	18,600	7.6%	18,300	
Meguro Higashiyama Building	Tokyu Areas	March 24, 2022	8,100	3.3%	8,240	
Office Total				151,837	62.2%	191,810
Residence	Maison Peony Tontsudaigaku	Tokyu Areas	November 15, 2017	1,200	0.5%	1,400
	STYLIO FIT Musashikosugi	Tokyu Areas	January 20, 2021	1,500	0.6%	1,620
	ISM Tsunashima	Tokyu Areas	July 5, 2024	1,000	0.4%	1,050 *16
Residence Total				3,700	1.5%	4,070
Complex	Futako Tamagawa Rise	Tokyu Areas	January 31, 2023	20,200	8.3%	20,400
Complex Total				20,200	8.3%	20,400
Land with Leasehold Interest	REVE Nakameguro (land with leasehold interest)	Tokyu Areas	September 27, 2018	1,150	0.5%	1,220
Land with Leasehold Interest Total				1,150	0.5%	1,220
Total				244,191	100.0%	317,280

- \*1 Properties located in Shibuya Ward are indicated by (Shibuya).
- \*2 Ratio is rounded to one decimal place. Accordingly, the subtotal and total may not exactly match the sum of relevant items.
- \*3 Details of the 60% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*4 Details of the 40% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*5 Details of the 49% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*6 Details of the 51% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*7 Floor area: 9,688.59 m<sup>2</sup>; Interest of site rights: 73,585/100,000
- \*8 Floor area: 865.14 m<sup>2</sup>; Interest of site rights: 8,579/100,000
- \*9 Floor area: 139.93 m<sup>2</sup>; Interest of site rights: 1,322/100,000
- \*10 Floor area: 93.93 m<sup>2</sup>; Interest of site rights: 1,166/100,000
- \*11 Floor area: 95.06 m<sup>2</sup>; Interest of site rights: 1,464/100,000
- \*12 Details of the contiguous land (251.91 m<sup>2</sup>) additionally acquired on January 9, 2015.
- \*13 Details of the Extended Portion additionally acquired on June 30, 2022.
- \*14 Details of the 49% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*15 Details of the 3.6% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*16 Appraisal value with June 1, 2024 as the effective date of value.

## Attachment 2

### Location Map of ISM Tsunashima





## Attachment 3

### Photograph of ISM Tsunashima



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.