

July 12, 2024

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**Notice Concerning Acquisition (Tokyu Bancho Building (Additional Acquisition))
of Trust Beneficiary Interest in Domestic Real Estate
and Disposition (REVE Nakameguro (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 estate (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) Acquisition Details

Property Name	Tokyu Bancho Building (Additional Acquisition)
Location	6-2 Yonbancho, Chiyoda-ku, Tokyo and other lots
Acquisition Ratio (Note)	Quasi co-ownership interest of trust beneficiary interest (proprietary ownership ratio of land: 93.5%, compartmentalized ownership ratio of building: 95.1%): 47.4%
Acquisition Price	¥14,700 million (Excluding acquisition-related costs, property tax, city planning tax, etc.)
Seller	TOKYU CORPORATION (sometimes referred to herein as “Tokyu”) (Please refer to “6. Seller and Purchaser Profile”)
Brokerage	None
Decision of Acquisition	July 12, 2024
Contract Date	July 12, 2024
Acquisition Date	July 19, 2024
Payment of Acquisition Costs	July 19, 2024

(Note) The above proprietary ownership ratio of land and compartmentalized ownership ratio of building are based on the areas recorded in the register, and the numbers are rounded to the nearest first decimal place.

(2) Disposition Details

Property Name	REVE Nakameguro (land with leasehold interest)
Location	1-13-14 Kamimeguro, Meguro-ku, Tokyo
Disposition Price	¥1,240 million
Book Value	¥1,162 million (Expected value as of disposition date)
Amount of Difference from Disposition Price	¥77 million (Note)
Purchaser	TOKYU CORPORATION (Please refer to “6. Seller and Purchaser Profile”)
Brokerage	None
Decision of Disposition	July 12, 2024
Contract Date	July 12, 2024
Disposition Date	July 19, 2024
Receiving of Disposition Costs	July 19, 2024

(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 Tokyu Bancho Building (Additional Acquisition)

The Bancho area of Chiyoda Ward where Tokyu Bancho Building (Additional Acquisition; the “Asset to Be Acquired”) is situated offers excellent access to central business districts such as Otemachi, Marunouchi, and Yurakucho. Moreover, rent levels in the five central wards of Tokyo are relatively stable, broad demand across industries is anticipated, and the vacancy rate in the Kanda and Iidabashi areas, which include the Bancho area, remains low at 2.4% (Note 1).

The Asset to Be Acquired is an office building located an approximately three-minute walk from Ichigaya Station on the JR Chuo Main Line and Sobu Line, the Tokyo Metro Yurakucho and Namboku lines, and the Toei Subway Shinjuku Line, standing on a corner lot with high visibility. In addition, with a standard floor area of approximately 1,200 square meters, column-free design, ceiling height of 2,800 mm (separate 100 mm for raised floor), and an individually controlled air conditioning system, the Asset to Be Acquired offers higher office specifications than competing buildings in the neighborhood. With this outstanding competitiveness, it has maintained an occupancy rate of 100% over the past year. It has obtained CASBEE Real Estate Certification (Rank A) for its excellent environmental performance.

TOKYU REIT holds 52.6% quasi co-ownership interest of the trust beneficiary interest (95.1% compartmentalized ownership) of the building, and with the Acquisition, it will hold 100% quasi co-ownership interest of the trust beneficiary interest (95.1% compartmentalized ownership).

Part of the proceeds from the property disposition described in the release “Notice Concerning Disposition (Tokyo Nissan Taito Building) of Trust Beneficiary Interest in Domestic Real Estate” dated July 14, 2023, will be allocated to part of funds for the Acquisition. For details on financing for the Acquisition, please refer to the later section, “10. Financing Details.”

The Acquisition is part of a collaboration with Tokyu, the sponsor of TOKYU REIT, in line with TOKYU REIT’s investment management strategy, the Capital Re-Investment Model (Note 2). A medium- to long-term increase in value in TOKYU REIT’s priority investment areas is anticipated from this. Tokyu also set forth capital re-investment through the delivery of properties to outside companies, including TOKYU REIT, in its Medium-Term Management Plan announced in March 2024, and the Acquisition marks the first sponsor collaboration project following the announcement of the plan.

(Note 1) As of the end of March 2024; Source: CBRE K.K.’s “Japan Office Market View” “Kanda/Iidabashi Area”

(Note 2) The Capital Re-Investment Model is a business model in which Tokyu and other sponsor companies re-invest funds collected from sales of properties to TOKYU REIT into real estate development along Tokyu line areas and other businesses, thereby revitalizing economic activities in investment target areas of TOKYU REIT as well as maintaining and enhancing the value of investment targeted areas and portfolio properties.

(2) Disposition of REVE Nakameguro (land with leasehold interest)

REVE Nakameguro (land with leasehold interest; the “Asset to Be Disposed”) is land with leasehold interest of a complex located in Meguro Ward, Tokyo, acquired in September 2018. The Asset to Be Disposed has provided long-term stable cash flow through a lease contract with a general fixed-term leasehold until 2068.

However, we have deemed that the rent income based on said lease contract has limited upside potential and that TOKYU REIT may face development and downtime risks due to the fact that the property will be returned as a vacant lot at the end of the lease period as issues.

Under such circumstances, with Tokyu, who is also the leaseholder of the Asset to Be Disposed, having expressed during discussions for the Acquisition its intent to purchase at a price exceeding the book value and appraisal value at the end of the most recent fiscal period, TOKYU REIT decided on the disposition, judging that the disposition of the Asset to Be Disposed in the current market environment is the best decision from the perspective of total return (Note 3).

TOKYU REIT judged the Transaction would further stabilize cashflow and increase total returns.

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 3) 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	Tokyu Bancho Building (Additional Acquisition)	
Type of Specified Asset	Quasi co-ownership of trust beneficiary interest in domestic real estate	
Trustee Trust Period	Sumitomo Mitsui Trust Bank, Limited March 24, 2016, to July 31, 2034	
Location	Registered	Land: 6-2, 6-12, 6-13, 6-14, 6-16, 6-17, 6-18, 6-19, 6-20, 6-21, 6-22, 6-23, 6-24, 6-25, 6-26, 6-27, 6-28, 6-29, 6-30, 6-31, 6-32, 6-33, 6-34, 6-35, 6-36, 6-39, 6-40 Yonbancho, Chiyoda-ku, Tokyo Building: 6-21, 6-2, 6-12, 6-13, 6-14, 6-16, 6-17, 6-18, 6-19, 6-20, 6-22, 6-23, 6-24, 6-25, 6-26, 6-31, 6-32, 6-33, 6-39, 6-40 Yonbancho, Chiyoda-ku, Tokyo
	Residential	None
Access	Approximately a three-minute walk from Ichigaya Station on the JR Chuo Main Line and Sobu Line, the Tokyo Metro Yurakucho Line and Namboku Line, and the Toei Subway Shinjuku Line	
Use	Office, Retail, etc.	
Area Classification	Commercial district, Category I residential district	
Site/Floor Area (Registered)	Land:	2,756.41 m ² (entire land), 2,576.03 m ² (area pertaining to the Acquisition (Note 1))
	Building:	15,834.55 m ² (entire land), 11,431.09 m ² (exclusive ownership area of compartments under compartmentalized ownership pertaining to the Acquisition (Note 2))
Structure (Registered)	S, 11F	
Completion Date (Registered)	September 2011	
Design Company	Tokyu Architects & Engineers Inc.	
Construction Company	Tokyu Construction Co., Ltd.	
Inspection Authority	The Building Center of Japan	
Earthquake Resistance	PML: 2.0% (Based on the engineering report as of May 24, 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 (Note 3)	Land:	Proprietary Ownership (quasi co-ownership ratio of trust beneficiary interest: 47.4%)
	Building:	Compartmentalized Ownership (quasi co-ownership ratio of trust beneficiary interest with compartmentalized ownership ratio of 95.1% as assets in trust: 47.4%)
Acquisition Date	July 19, 2024	
Acquisition Price	¥14,700 million	
Appraisal Value	¥14,700 million (effective date of value: May 1, 2024)	
	Appraiser: DAIWA REAL ESTATE APPRAISAL CO.,LTD.	
Building Assessment Reporter	Tokio Marine dR Co., Ltd.	
Date of Building Assessment Report	May 24, 2024	
Property Management Company	Tokyu Property Management Co., Ltd.	
Security/Guarantee	TOKYU REIT has no plan to pledge collateral after the acquisition.	
Master Lessee Company	TOKYU REIT, Inc.	
Type of Master Lease Agreement	Pass-through	

Special Items	<p>1. The building is a building under compartmentalized ownership. The land registered in the location section of the registration of the building under compartmentalized ownership is owned by the trustee, but the land treated together with such land as the site at the time of development of the building in trust (the “integrated land”) is owned by individuals. On that basis, a land lease agreement on the integrated land has been concluded between those individuals and the other compartmentalized owners of the building.</p> <p>2. A compartmentalized land surface right has been established for part of the Land. Tokyo Metro Co., Ltd. holds the land surface right for the purpose of subway construction and for the duration of the subway structures’ existence. TOKYU REIT will not receive any land rent in connection with said right.</p> <p>3. An agreement on property maintenance and management has been executed by and between the owners of the Property, based on which they have agreed that, if any of them are to dispose of their compartmentalized ownership, the consent of the other owners shall be required, etc.</p>					
Lease Details	Total Number of Tenants	1 (Total Number of End Tenants: 8)				
	Assumed Total Rental Income	¥616 million a year				
	Lease Deposits and Guarantee Deposits	¥513 million				
	Estimated NOI	¥487 million a year				
	Estimated NOI after Depreciation	¥369 million a year				
	Total Leased Area	12,269.46 m ² (entire building)				
	Total Rentable Area	12,269.46 m ² (entire building)				
	Occupancy Rate	100.0%				
	Occupancy Rates over the Last Five Years	As of January 31, 2020	As of January 31, 2021	As of January 31, 2022	As of January 31, 2023	As of January 31, 2024
	90.1%	80.2%	100.0%	100.0%	100.0%	
<p>(Note 1) The site area corresponding to 47.4% quasi co-ownership interest of the trust beneficiary interest (95.1% compartmentalized ownership) that TOKYU REIT plans to acquire is approximately 1,221.03 m².</p> <p>(Note 2) The exclusive ownership area corresponding to 47.4% quasi co-ownership interest of the trust beneficiary interest (95.1% compartmentalized ownership) that TOKYU REIT plans to acquire is approximately 5,418.33 m².</p> <p>(Note 3) The above compartmentalized ownership ratio of building is based on the areas recorded in the register, and the numbers are rounded to the nearest first decimal place.</p> <p>*The total number of tenants, lease deposits and guarantee deposits, total leased area, and occupancy rate are as of the end of May 2024.</p> <p>*Assumed total rental income, lease deposits and guarantee deposits, estimated NOI and estimated NOI after depreciation are the amounts equivalent to 47.4% quasi co-ownership interest of the trust beneficiary interest (95.1% compartmentalized ownership).</p> <p>*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.</p> <p>(1) Total rental income is the estimated figures of total income from the property based on an expected annual average occupancy rate (98.7%) as of the acquisition date (July 19, 2024).</p> <p>(2) Taxes and public dues are projected to be the fiscal 2024 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		REVE Nakameguro (land with leasehold interest)				
Type of Specified Asset		Domestic real estate (Ownership of land with general fixed-term leasehold)				
Location	Registered	1-202-1 Kamimeguro, Meguro-ku, Tokyo				
	Residential	1-13-14 Kamimeguro, Meguro-ku, Tokyo				
Access		Approximately a 4-minute walk from Naka-Meguro Station on the Tokyu Toyoko Line and the Tokyo Metro Hibiya Line				
Area Classification		Quasi-industrial district				
Site Area (Registered)		497.02 m ²				
Type of Ownership		Proprietary ownership				
Acquisition Date		September 27, 2018				
Acquisition Price		¥1,150 million				
Disposition Date		July 19, 2024				
Disposition Price		¥1,240 million				
Appraisal Value		¥1,240 million (effective date of value: May 1, 2024)				
		Appraiser: DAIWA REAL ESTATE APPRAISAL CO.,LTD.				
Book Value		¥1,162 million (Expected value as of disposition date)				
Amount of Difference from Disposition Price (Note)		¥77 million				
Special Items		None				
Lease Details	Total Number of Tenants	1 (as of January 31, 2024)				
	Total Rental Income	¥42 million a year (actual results from February 1, 2023, to January 31, 2024)				
	Lease Deposits and Guarantee Deposits	¥31 million (as of January 31, 2024)				
	NOI	¥39 million a year (actual results from February 1, 2023, to January 31, 2024)				
	Total Leased Area	497.02 m ² (as of January 31, 2024)				
	Total Rentable Area	497.02 m ² (as of January 31, 2024)				
	Occupancy Rates over the Last Five Years	As of January 31, 2020	As of January 31, 2021	As of January 31, 2022	As of January 31, 2023	As of January 31, 2024
	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

(1) Tokyu Bancho Building (Additional Acquisition)

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

Property Name: Tokyu Bancho Building (Additional Acquisition)	Estimation	Notes
Appraisal Firm: Daiwa Real Estate Appraisal co., LTD.		
Effective Date of Value	May 1, 2024	—
Type of Value	Market value	—
Appraisal Value	14,700,000	Applied the value indicated by the income approach
Value Indicated by Income Approach	14,700,000	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	15,100,000	—
(1) Operating Revenue (a.-b.)	610,962	—
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	629,668	Assessed the stabilized assumed rental income and common area charges income of the subject property based on the current contract rent, 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	18,706	Recorded that assessed based on the actual vacancy rate of the subject property and the standard vacancy rates of similar properties
(2) Operating Expenses (c.+d.+e.+f.+g.+h.+i.+j.)	137,636	—
c. Building Maintenance Cost	16,690	Recorded based on the actual amount
d. Utilities Expenses	44,168	Recorded that assessed based on the past actual data
e. Repair Expenses	3,904	Recorded the annual average repair expenses as stated in the engineering report obtained from the client
f. Property Management Fee	15,521	Recorded based on the scheduled contract
g. Tenant Solicitation Expenses, etc.	4,187	Recorded the tenant solicitation expenses, etc. assessed based on that of similar properties
h. Property Taxes	50,224	Recorded that assessed based on the fiscal 2024 actual amount
i. Property Insurance	931	Recorded based on the estimated amount
j. Other Expenses	2,007	Recorded that assessed based on the past actual data
(3) Net Operating Income (NOI) ((1)-(2))	473,325	—
(4) Investment Profits from Refundable Deposits	4,170	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	10,691	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))	466,804	—
(7) Overall Capitalization Rate	3.1%	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	14,500,000	—
Discount Rate	2.9%	—
Terminal Capitalization Rate	3.3%	—
Value Indicated by Cost Approach	10,400,000	—
Ratio of Land Value	85.2%	—
Ratio of Building Value	14.8%	—
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.	

(2) REVE Nakameguro (land with leasehold interest)

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

Property Name: REVE Nakameguro (land with leasehold interest)	Estimation	Notes
Appraisal Firm: Daiwa Real Estate Appraisal co., LTD.		
Effective Date of Value	May 1, 2024	—
Type of Value	Limited market value	—
Appraisal Value	1,240,000	—
A. Market value of the subject property	1,220,000	Applied the value indicated by the income approach
Value Indicated by Income Approach	1,220,000	Assessed by correlation of the value indicated by the fixed term capitalization method with the value indicated by the DCF method
Value Indicated by Fixed Term Capitalization Method	1,220,000	—
(1) Operating Revenue	43,441	—
Potential Gross Income (rental income)	43,441	Recorded based on the current contract
(2) Operating Expenses (a.+b.)	4,957	—
a. Property Management Fee	1,200	Recorded the property management fee assessed based on that of similar properties
b. Property Taxes	3,757	Recorded based on the fiscal 2024 actual amount
(3) Net Operating Income (NOI) ((1)-(2))	38,484	—
(4) Investment Profits from Refundable Deposits	318	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) Net Cash Flow (NCF) ((3)+(4))	38,802	—
(6) Discount Rate	3.2%	Assessed by using the discount rate of similar properties as references, and considering the conditions of the subject property
Value Indicated by DCF Method	1,220,000	—
Discount Rate	3.2%	—
Value Indicated by Right Ratio Method	1,020,000	—
Vacant land value	1,270,000	—
Ratio of land with leasehold interest	80%	—
B. Market value of the tenant-occupied building on leased land	653,000	Applied the value indicated by the income approach
C. Market value of the tenant-occupied building and its site (After consolidation of land leasehold interest and land with leasehold interest)	1,920,000	Applied the value indicated by the income approach
D. Incremental value(C-(A+B))	47,000	—
E. Allocation ratio	50%	Assessed the allocation ratio taking into consideration the degree of contribution of the owner of the leased land and land leaseholder to the subject neighborhood, etc.
Limited market value of the subject property (A+D×E)	1,240,000	—
Reconciliation before Arriving at the Value Conclusion	The type of value estimated in this valuation is limited market value because it assumes a consolidation of land leasehold interest and land with leasehold interest. The appraisal value was determined by assessing the incremental value by deducting the market value of the subject property and the market value of the tenant-occupied building on leased land from the market value of the tenant-occupied building and its site, and allocating it appropriately according to the degree of contribution.	

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

Company Name	TOKYU CORPORATION
Head Office Address	5-6 Nampeidai-cho, Shibuya-ku, Tokyo
Representative	Masahiro Horie, President & Representative Director
Business Activities	Real estate leasing and sales business, other business
Capital	¥121,724 million (as of March 31, 2024)
Foundation Date	September 2, 1922
Net Assets of the Previous Business Year	¥829,581 million (as of March 31, 2024)
Total Assets of the Previous Business Year	¥2,652,073 million (as of March 31, 2024)
Major Shareholder and Shareholding Ratio	The Master Trust Bank of Japan, Ltd. (Trust account) 14.00% (as of March 31, 2024)
Relationship between the Investment Corporation or its Investment Management Company and the Company	
Capital Relationship	As of the last day of January 2024, the Company holds TOKYU REIT investment units (5.01% of the total number of investment units issued and outstanding). In addition, the Company is the parent company (100% stake) of the investment management company, and falls under the category of interested person, etc. as defined in the Act on Investment Trusts and Investment Corporations (“Investment Trust Act”) and the Order for Enforcement of the Investment Trust Act.
Personnel Relationship	The Company falls under the category of company from which officers/employees of the investment management company are seconded.
Business Relationship	The Company falls under the category of property management company of TOKYU REIT, and lessee, etc. of real estate held by TOKYU REIT.
Status of Classification as Related Party	The Company falls under the category of related party of TOKYU REIT and Tokyu REIM.

7. Status of Property Acquirers, Etc. (Tokyu Bancho Building (Additional Acquisition))

	Current Owner	Previous Owner	Before Previous Owner
Company Name	Tokyu Corporation	(Building) No previous owner because the Property was a property developed by the current owner. (Land) (1) Tokyu Construction Co., Ltd. (2) Party other than party that has particular vested interest	(Building) No before previous owner because the Property was a property developed by the current owner. (Land) Party other than party that has particular vested interest
Relationship with Party that has Particular Vested Interest	Please refer to “6. Seller and Purchaser Profile; Relationship between the Investment Corporation or its Investment Management Company and the Company” above.	Tokyu Construction Co., Ltd. is an equity method affiliate of the investment management company’s parent company Tokyu Corporation.	—
Acquisition Process, Rationale, etc.	Investment management purpose	Investment management purpose	—
Acquisition Price	Details omitted because the Building was a development project and there was no previous owner. Details omitted because the Land was owned by the current owner for more than 1 year.	Details omitted because acquisition from party other than party that has vested interest.	—
Acquisition Date	April 2008: Acquisition of a part of land October 2009: Acquisition of a part of land September 2011: Construction completion of the Building	Details omitted because acquisition from party other than party that has vested interest.	—

8. Transactions with Interested Persons, Etc.

(1) Tokyu Bancho Building (Additional Acquisition)

① Execution of Quasi Co-Ownership Interest in Trust Beneficiary Interest Sale and Purchase Agreement

Since Tokyu Corporation, which is scheduled to be the seller of the Asset to Be Acquired, is categorized as a Related Party (Note) under Tokyu REIM’s self-imposed Rules on Related-Party Transactions, multiple checks have been conducted based on the rules and the execution of the sale agreement has been approved by TOKYU REIT’s board of directors based on the results. Having completed the above procedures, TOKYU REIT shall acquire the Asset to Be Acquired at no more than the property appraisal value. Furthermore, TOKYU REIT has received a second opinion report from CBRE K.K. stating that the value and valuation process for the subject property was adequate.

② Execution of Property Management Agreement

Since Tokyu Property Management Co., Ltd., to which TOKYU REIT will outsource property management services, is categorized as a Related Party under Tokyu REIM’s self-imposed Rules on Related-Party Transactions, multiple checks have been conducted based on the rules and the execution of the property management agreement has been approved by TOKYU REIT’s board of directors based on the results. Having completed the above procedures, TOKYU REIT shall enter into a property management agreement with acquisition of the property by TOKYU REIT as a 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.

(2) REVE Nakameguro (land with leasehold interest)

Since Tokyu Corporation, which is scheduled to be the Purchaser of the Asset to Be Disposed, is categorized as a Related Party under Tokyu REIM's self-imposed Rules on Related-Party Transactions, multiple checks have been conducted based on the rules and the execution of the sale agreement has been approved by TOKYU REIT's board of directors based on the results. Having completed the above procedures, TOKYU REIT shall dispose the Asset to Be Disposed at no less than the property appraisal value. Furthermore, TOKYU REIT has received a second opinion report from CBRE K.K. stating that the value and valuation process for the subject property was adequate.

(Note) Related Party includes "Interested persons, etc." prescribed in Article 201, paragraph (1) 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 (2):

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

- Tokyu Corporation;
- A 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 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 of Tokyu Corporation

9. Settlement Method

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 part of the proceeds from the disposition of property described in "Notice Concerning Disposition (Tokyo Nissan Taito Building) of Trust Beneficiary Interest in Domestic Real Estate," announced on July 14, 2023, borrowings (Note), and cash on hand.

(Note) For details of the borrowing, please refer to "Notice Concerning Short-Term Debt Financing" separately announced today.

11. Outlook

The Transaction is expected to result in a difference in the expected operating condition and distribution forecast for the Fiscal Period Ending July 2024 (42nd Fiscal Period) and the Fiscal Period Ending January 2025 (43rd Fiscal Period) announced on March 15, 2024.

For details, please refer to "Notice Concerning Revision to Expected Operating Condition and Distribution Forecast for the Fiscal Period Ending July 2024 (42nd Fiscal Period) and the Fiscal Period Ending January 2025 (43rd Fiscal Period)" separately announced today.

Attachments

1. Property Portfolio after the Transaction (assumption figure as of July 19, 2024)
2. Second Opinion Summary
3. Location Map of Tokyu Bancho Building (Additional Acquisition)
4. Photograph of Tokyu Bancho Building (Additional Acquisition)

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

Attachment 1

Property Portfolio after the Transaction (assumption figure as of July 19, 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	5.9%	38,000
	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	1.9%	6,460
	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	2.2%	8,420
	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	2.6%	12,500
	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *3	14,700	9.5%	23,400
			August 2, 2005 *4	9,800		
	CONZE Ebisu	Central Tokyo and Tokyu Areas (Shibuya)	October 31, 2006	5,116	2.0%	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	1.2%	3,540
March 4, 2020 *6			1,611			
Retail Total				67,303	26.1%	99,780
Office	Tokyu Nampedai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	1.8%	7,870
	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	2.6%	12,400
	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	1.8%	5,970
	TOKYU REIT Toranomon Building	Central Tokyo	December 15, 2004 *7	8,630	3.9%	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	2.1%	6,460
	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	3.5%	10,100
	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	3.5%	13,500
	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	1.8%	6,760
	TOKYU REIT Shibuya R Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.0%	10,100
	Tokyu Toranomon Building	Central Tokyo	August 16, 2013	15,000	7.2%	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	11.0%	14,700 *17
			March 28, 2019 *15	1,040		
			July 19, 2024 *16	14,700		
TOKYU REIT Ebisu Building	Central Tokyo and Tokyu Areas (Shibuya)	August 1, 2018	4,500	1.7%	4,740	
Shibuya Dogenzaka Sky Building	Central Tokyo and Tokyu Areas (Shibuya)	March 28, 2019	8,100	3.1%	8,640	
OKI Shibaura Office	Central Tokyo	September 28, 2020	11,900	4.6%	13,700	
TOKYU REIT Shibuya Miyashita Koen Building	Central Tokyo and Tokyu Areas (Shibuya)	March 29, 2021	6,000	2.3%	6,250	
Aoyama Oval Building	Central Tokyo and Tokyu Areas (Shibuya)	December 10, 2021	18,600	7.2%	18,300	
Meguro Higashiyama Building	Tokyu Areas	March 24, 2022	8,100	3.1%	8,240	
Office Total				166,537	64.6%	206,510
Residence	Maison Peony Toritsudaigaku	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 *18
Residence Total				3,700	1.4%	4,070
Complex	Futako Tamagawa Rise	Tokyu Areas	January 31, 2023	20,200	7.8%	20,400
Complex Total				20,200	7.8%	20,400
Total				257,741	100.0%	330,760

- *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 m²; Interest of site rights: 73,585/100,000
- *8 Floor area: 865.14 m²; Interest of site rights: 8,579/100,000
- *9 Floor area: 139.93 m²; Interest of site rights: 1,322/100,000
- *10 Floor area: 93.93 m²; Interest of site rights: 1,166/100,000
- *11 Floor area: 95.06 m²; Interest of site rights: 1,464/100,000
- *12 Details of the contiguous land (251.91 m²) 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 Details of the 47.4% portion of trust beneficiary interests acquired under quasi-co-ownership.
- *17 Appraisal value with May 1, 2024 as the effective date of value.
- *18 Appraisal value with June 1, 2024 as the effective date of value.

Attachment 2

Second Opinion Summary

Tokyu Bancho Building (Additional Acquisition)

Subject Property	Tokyu Bancho Building
Judgment of Subject Value	Reasonable and proper
Basis of Value and Scope of Valuation	Reasonable and proper
Highest and Best Use of the Subject Property as Improved	Reasonable and proper
The Income Capitalization Approach and Its Indicated Value	Reasonable and proper
The Cost Approach and Its Indicated Value	Generally reasonable and proper
Reconciliation of the Indicated Values	Reasonable and proper

Above summary is the abstract of the Real Estate Letter of Opinion prepared by CBRE K.K. where the contents of the Appraisal Report (No. 502402220) by Daiwa real estate appraisal Co., Ltd. have been examined. It is noted that this Letter of Opinion itself is not regarded to be a valuation report fully in accordance with Japan's Real Estate Appraisal Act.

REVE Nakameguro (land with leasehold interest)

Subject Property	REVE Nakameguro (land with leasehold interest)
Judgment of Subject Value	Generally reasonable and proper
Basis of Value and Scope of Valuation	Reasonable and proper
Highest and Best Use of the Subject Property as Improved	Reasonable and proper
Value of Vacant land	Reasonable and proper
Market value of land with leasehold interest (Subject property)	Reasonable and proper
Market value of Building and Its Leasehold land	Reasonable and proper
Market value of Tenant-occupied building and its site after consolidating above two properties	Reasonable and proper
Limited market value of Subject property	Generally reasonable and proper

Above summary is the abstract of the Real Estate Letter of Opinion prepared by CBRE K.K. where the contents of the Appraisal Report (No. 502401405) by Daiwa Real Estate Appraisal Co., Ltd. have been examined. It is noted that this Letter of Opinion itself is not regarded to be a valuation report fully in accordance with Japan's Real Estate Appraisal Act.

Attachment 3

Location Map of Tokyu Bancho Building (Additional Acquisition)



Attachment 4

Photograph of Tokyu Bancho Building (Additional Acquisition)



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.