

# Overview of Disposed Asset (TOKYU REIT Hatchobori Building)

Enhancing portfolio quality by disposing the property, which is over 50 years of age, at the current market price.



TOKYU REIT Hatchobori Building

## ■ Background to Disposition

- TOKYU REIT has judged that it is the time to aim for improvement in portfolio quality including property replacement under the current investment environment.
- TOKYU REIT Hatchobori Building is over 50 years of age, and the floor area ratio of the current building exceeds the designated ratio. For these reasons, considering future reconstruction, etc, TOKYU REIT has judged that the disposition amid the current market environment would be the appropriate action to take.
- Although loss on sale of properties (¥1.7 bn) is expected to arise in the 26th period (fiscal period ending July 2016), TOKYU REIT offsets profit and loss considering the fact that gain on sale(¥2.3 bn) surpassing the loss on sale of properties will be posted in the same fiscal period due to the disposition of Tokyu Saginuma Building.

## ■ Uses of the proceeds from the Disposition

- TOKYU REIT will allocate the proceeds from the Disposition to repayment of borrowings for the time being, and will consider reinvestment in new properties after securing property acquisition capacity.

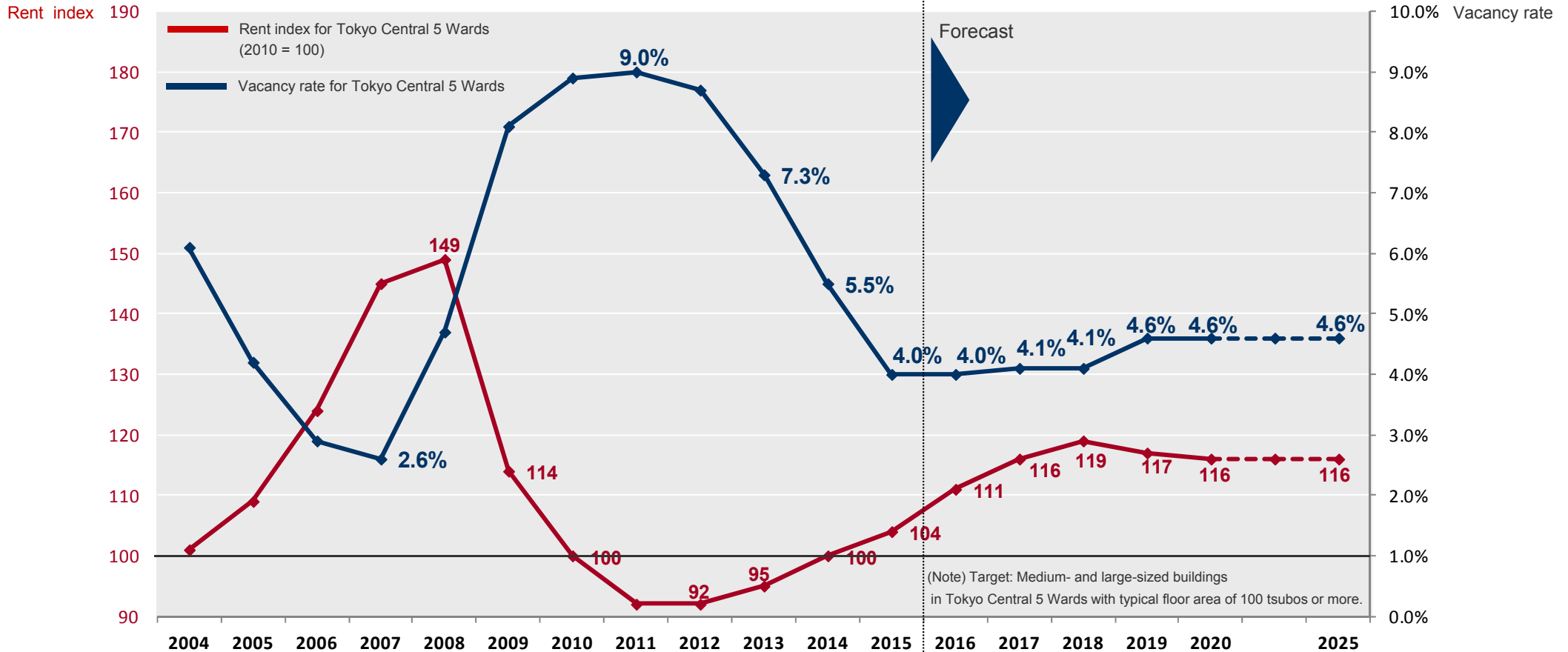


<b>Address</b>	2-7-1, Hatchobori, Chuo-ku, Tokyo
<b>Total Land Space</b>	974.32㎡
<b>Total Leasable Area</b>	6,010.95㎡
<b>Completed</b>	September 1965
<b>Acquisition Price</b>	¥7,000 million (acquired in September 2006)
<b>Book Value (expected value as of the scheduled disposition date)</b>	¥6,795 million
<b>Disposition Price</b>	¥5,010 million
<b>Disposition Contract Date</b>	March 30, 2016
<b>Scheduled Disposition Date</b>	May 31, 2016
<b>Purchaser</b>	Domestic company (The name and such are not disclosed as consent from the purchaser has not been received.)
<b>Gain (Loss) on Disposition (amount of difference between disposition price and book value (expected value as of the scheduled disposition date))</b>	¥1,785 million(26th Period)
<b>Appraisal Value as of Property Disposition (as of January 31, 2016)</b>	¥5,090 million (The Tanizawa Sōgō Appraisal Co., Ltd.)
<b>NOI Yield (based on appraisal value as of the end of 25th period)</b>	4.5%
<b>Occupancy Rate (as of January 31, 2016)</b>	95.6%
<b>Tenant</b>	universalhome Inc., NTTDATA EMAS Corporation, Yakult Health Foods Co., Ltd.

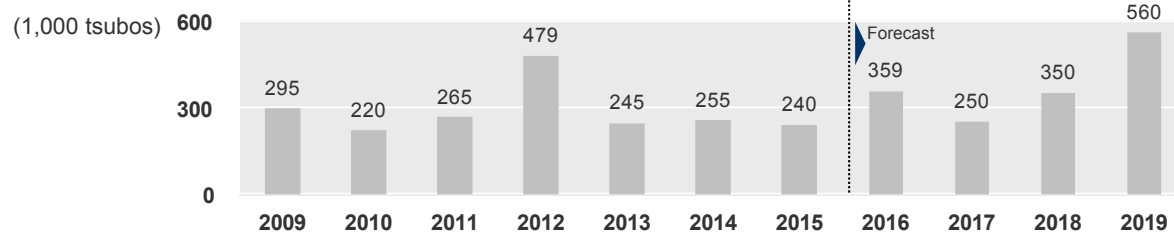
# Forecast of New Market Rents and Vacancy Rates for Office Properties (as announced on April 20, 2016)

Vacancy rates and rents will temporarily deteriorate slightly from 2018 to 2020 due to an increase in supply of office buildings but are expected to be flat thereafter.

Forecast of New Market Rents and Vacancy Rates for Office Properties in Tokyo's Business Districts (Tokyo Central 5 Wards)



Forecast of New Supply Volume in Tokyo's Business Districts (Tokyo Central 5 Wards)



Source: Materials announced by Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.) on April 20, 2016