

January 15, 2015

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### **Notice Concerning Acquisition of Domestic Real Estate (Additional Ownership in TOKYU REIT Toranomom Building)**

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that its investment management company, Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”), has decided to acquire additional compartmentalized ownership in TOKYU REIT Toranomom Building, which is already a TOKYU REIT portfolio property. Brief details are as follows.

#### 1. Acquisition Details

- |                                 |   |
|---------------------------------|---|
| (1) Type of Acquisition:        | Domestic real estate  |
| (2) Property Name:              | TOKYU REIT Toranomom Building (Additional Ownership)<br>Land: Site rights<br>Building: Compartmentalized ownership<br>(Compartment owned by 1 individual on 1F)<br>Floor area: 95.06 m <sup>2</sup> |
| (3) Acquisition Price:          | ¥107,000,000<br>(Excluding acquisition-related costs, property tax, city planning tax, etc.)  |
| (4) Contract Date:              | January 15, 2015 (Thursday)   |
| (5) Scheduled Acquisition Date: | January 21, 2015 (Wednesday)  |
| (6) Seller:                     | 1 individual  |
| (7) Financing:                  | Cash on hand  |

#### 2. Rationale

The transaction this time concerning TOKYU REIT Toranomom Building (the “Property”), which is already a TOKYU REIT portfolio property, is acquisition of additional compartmentalized ownership in a portion of the Property (the “to-be-acquired asset”). The decision to undertake the acquisition was made because this is expected to lead to enhanced asset value and greater operational efficiency of the Property, among other reasons. The Property is an office building, of which the to-be-acquired asset is a compartment assumed for retail use on the 1F.

TOKYU REIT acquired a portion of the Property on December 15, 2004 and has been running the building management association as the building management company. In addition, TOKYU REIT acquired additional compartmentalized ownership twice (September 21, 2007 and October 26, 2007). As of the date of this document, TOKYU REIT has compartmentalized ownership of 84,652/100,000 interest of the site rights of the

land and approximately 88.6% interest of the registered exclusive ownership area of the building (the compartmentalized ownership portions under co-ownership are calculated by multiplying each by the co-ownership interest; the same shall apply hereafter). The acquisition of additional compartmentalized ownership this time will raise TOKYU REIT's compartmentalized ownership and co-ownership of compartmentalized ownership to 86,116/100,000 interest of the site rights of the land and approximately 89.3% interest of the registered exclusive ownership area of the building. As a result, greater total return with increase in terminal value (Note) due to enhancement of liquidity, etc., and greater operational efficiency are expected.

Furthermore, in the Toranomom area, where the Property is situated, in addition to the development of Loop Road No. 2 (Shintora-dori), the Bureau of Urban Development of the Tokyo Metropolitan Government has announced that development of 'barrier-free' accessibility of Kamiyacho Station on the Tokyo Metro Hibiya Line and development of a pedestrian network in the station vicinity will be underway as a project for development of the Tokyo central and bay areas with a focus on the district surrounding Loop Road No. 2 from Shimbashi to Toranomom. In addition, large-scale mixed-use development projects by private business operators are planned for the Kamiyacho Station vicinity. With these leading to better flow and access, greater bustle, etc., further growth potential of the area is anticipated.

TOKYU REIT will continue to conduct property investment and investment management while adhering to its investment policy and taking into consideration trends in capital and real estate investment markets. Specifically, TOKYU REIT will continue to acquire new properties with a focus on total return that includes not only income gains during the investment period but also the terminal value. Furthermore, TOKYU REIT will carry out appropriate risk management and strive to form a portfolio that leads to an improvement in asset value and growth of net income per investment unit.

(Note) In the real estate appraisal method, income (capitalization) approach (DCF method), the real estate value consists of the rental income and other income cash flows and the terminal value that is the future property disposition value.

### 3. Property Details

Property Name		TOKYU REIT Toranomom Building (Additional Ownership)
Type of Specified Asset		Domestic real estate
Location	Registered	Land 3-45-6 Toranomom, Minato-ku, Tokyo
		Building Building number: 3-45-6-4 Toranomom, Minato-ku, Tokyo Building name: 103
	Residential	3-17-1 Toranomom, Minato-ku, Tokyo
Access		Approximately a one-minute walk from Kamiyacho Station, Tokyo Metro Hibiya Line Approximately a nine-minute walk from Toranomom Station, Tokyo Metro Ginza Line Approximately a nine-minute walk from Onarimon Station, Toei Subway Mita Line
Use		Retail
Area Classification		Commercial district
Site/Floor Area (Registered)		Land Site rights area: 1,728.38 m <sup>2</sup> Interest of site rights: 1,464/100,000
		Building Floor area: 95.06 m <sup>2</sup> Interest of registered exclusive ownership area: 0.8%
Structure (Registered)		SRC/RC B2/9F
Completion Date (Registered)		April 1988
Design Company		KANKO KIKAKU SEKKEISHA
Construction Company		Obayashi Corporation, JDC Corporation and Dowa Construction Co., Ltd.
Inspection Authority		Tokyo Metropolitan Government

Earthquake Resistance	PML (Probable Maximum Loss) of 7.2% is based on an earthquake risk assessment report prepared by Engineering & Risk Services Corporation. 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 areas and structural evaluation.					
Type of Ownership	Land Site rights					
	Building Compartmentalized ownership					
Current Owner	1 individual					
Planned Acquisition Price	¥107 million					
Appraisal Value	¥107 million (effective date of value: December 1, 2014; type of value: assemblage value)					
	Appraiser: Japan Real Estate Institute					
Property Management Company	Tokyu Corporation (planned)					
Security/Guarantee	None					
Special Items	There are no new special items as a result of additional ownership in the Property.					
Tenant Details	Tenant	There are no tenants occupying the concerned building.				
	Total Rentable Area	99.64 m <sup>2</sup>				
	Occupancy Rates over the Last Five Years	As of December 31, 2010	As of December 31, 2011	As of December 31, 2012	As of December 31, 2013	As of December 31, 2014
		100%	100%	100%	0%	0%
* The to-be-acquired asset is a compartment assumed for retail use on the 1F of the Property, which is an office building. Going forward, the plan is to conduct leasing activities centering on mainly retail use.						

#### 4. Seller Profile

One individual

The name and address are omitted because consent for the disclosure has not been received from the seller. As of the date of this document, the seller holds TOKYU REIT investment units. There is no other capital relationship, personnel relationship or business relationship to state between neither TOKYU REIT or its investment management company nor the affiliated persons or affiliated companies of TOKYU REIT or its investment management company and the seller (including its close relatives, as well as companies, etc. in which the concerned individual or close relatives have a majority stake and the subsidiaries of such companies, etc.). In addition, the seller and the affiliated persons of the seller do not fall under the category of related party of TOKYU REIT or its investment management company.

#### 5. Status of Property Acquirers, etc. and Transactions with Interested Persons, etc.

The to-be-acquired asset is not an acquisition from a party that has particular vested interest in TOKYU REIT or its investment management company.

In addition, Tokyu Corporation, the company to which TOKYU REIT outsources property management services (the “PM services”) of the Property, falls under the category of interested person, etc. of TOKYU REIT. In the acquisition of additional ownership this time, a memorandum, of which the essence is amendment of the compartments under property management of the PM services, is scheduled to be exchanged after execution of the real estate purchase agreement. The exchange of the memorandum is subject to the condition that multiple checks are implemented in accordance with TOKYU REIT’s self-imposed rules for preventing conflicts of interest and approval is obtained at a meeting of TOKYU REIT’s Board of Directors.

#### 6. Brokerage

No brokerage transaction will be undertaken for the acquisition of the to-be-acquired asset.

#### 7. Acquisition Schedule

January 15, 2015	Execution of real estate purchase agreement
January 21, 2015	Property delivery (planned)
	Lump-sum payment of acquisition costs (planned)

8. Settlement Method

Payment of acquisition costs for the to-be-acquired asset will be made by lump-sum settlement at the time of delivery.

9. Financing Details

TOKYU REIT intends to fund the acquisition of the to-be-acquired asset using cash on hand.

10. Outlook

As the acquisition of the Property will have little effect on operating conditions, no changes are foreseen to the forecasts for the twenty-third fiscal period (ending January 31, 2015) and the twenty-fourth fiscal period (ending July 31, 2015).

11. Property Appraisal Summary

(JPY in thousands)

Property Name: TOKYU REIT Toranomom Building (Additional Ownership)	Estimation	Notes
Appraisal Firm: Japan Real Estate Institute		
Effective Date of Value		December 1, 2014
I. Market Value of Subject Property	107,000	
Value Indicated by Cost Approach	85,100	Assessed the value indicated by the cost approach by multiplying the marketability adjustment factor to the sum total of land value and building value
Ratio of Land Value	88.1%	
Ratio of Building Value	11.9%	
Value Indicated by Income Approach	107,000	Assessed by correlation of the value indicated by the direct capitalization method with the value indicated by the DCF method
1. Value Indicated by Direct Capitalization Method ((6)÷(7))	108,000	
(1) Operating Revenue (a.-b.)	7,942	Recorded the income receivable in a stable manner over the medium to long term based on the level of rent and common area charges given that new leasing is assumed and the attributes of potential lessees.
a. Potential Gross Income	8,358	
b. Vacancy Loss, etc.	416	
(2) Operating Expenses (a.+b.+c.+d.+e.+f.+g.+h.)	1,995	
a. Building Maintenance Cost	721	Recorded by taking into consideration the past actual amount, past status of expenditure, level of expenses of similar property, etc.
b. Utilities Expenses	120	Recorded by taking into consideration the past actual amount, past status of expenditure, level of expenses of similar property, etc.
c. Repair Expenses	131	Recorded by referring to the past actual amount, and taking into consideration the level of expenses of similar property, annual average amount of repair expenses in the engineering report, etc.
d. Property Management Fee	170	Recorded by taking into consideration such factors as the fee rate of similar property.
e. Tenant Solicitation Expenses, etc.	56	Recorded the expenses, etc. required for brokerage, advertising, etc. upon soliciting new tenants in the annual average amount assessed based on the average turnover period of potential tenants.
f. Property Taxes	790	Assessed based on the fiscal 2014 standard taxable amount.
g. Property Insurance	7	Recorded by taking into consideration such factors as the insurance premium rate of the subject property and similar property.
h. Other Expenses	0	There are no expenses to be recorded as other expenses.

(3) Net Operating Income ((1)-(2))	5,947	
(4) Investment Profits from Refundable Deposits	112	Assessed investment profits at investment yield of 2.0%
(5) Capital Expenditure	784	Assessed by assuming an average amount being set aside every fiscal period, and taking into consideration the level of capital expenditure of similar property, building age and the annual average amount of repair and renewal costs in the engineering report
(6) Net Cash Flow ((3)+(4)-(5))	5,275	
(7) Overall Capitalization Rate	4.9%	Assessed by comprehensively taking into consideration the location conditions, building conditions and other conditions of the subject property.
2. Value Indicated by DCF Method	105,000	
Discount Rate	4.3%	
Terminal Capitalization Rate	5.1%	
II. Market Value of TOKYU REIT's Owned Portions	9,610,000	
Value Indicated by Cost Approach	9,340,000	Assessed the value indicated by the cost approach by multiplying the marketability adjustment factor to the sum total of land value and building value
Ratio of Land Value	88.1%	
Ratio of Building Value	11.9%	
Value Indicated by Income Approach	9,610,000	Assessed by correlation of the value indicated by the direct capitalization method with the value indicated by the DCF method
1. Value Indicated by Direct Capitalization Method ((6)÷(7))	9,690,000	
(1) Operating Revenue (a.-b.)	693,963	Recorded the income receivable in a stable manner over the medium to long term based on current lease agreements, the rent and common area charges given that new leasing is assumed, the attributes of occupying lessees, etc.
a. Potential Gross Income	723,728	
b. Vacancy Loss, etc.	29,765	
(2) Operating Expenses (a.+b.+c.+d.+e.+f.+g.+h.)	257,829	
a. Building Maintenance Cost	52,714	Recorded by taking into consideration the past actual amount, past status of expenditure, level of expenses of similar property, etc.
b. Utilities Expenses	50,000	Recorded by taking into consideration the past actual amount, past status of expenditure, level of expenses of similar property, etc.
c. Repair Expenses	7,558	Recorded by referring to the past actual amount, and taking into consideration the level of expenses of similar property, annual average amount of repair expenses in the engineering report, etc.
d. Property Management Fee	16,109	Recorded by referring to the current contract terms and conditions, and taking into consideration such factors as the fee rate of similar property.
e. Tenant Solicitation Expenses, etc.	4,170	Recorded the expenses, etc. required for brokerage, advertising, etc. upon soliciting new tenants in the annual average amount assessed based on the average turnover period of potential tenants.
f. Property Taxes	59,305	Assessed based on the fiscal 2014 standard taxable amount.
g. Property Insurance	786	Recorded by taking into consideration the insurance premium based on the current insurance agreement, insurance premium rate of the subject property and similar property, etc.
h. Other Expenses	67,187	Recorded rent payable as other expenses.
(3) Net Operating Income ((1)-(2))	436,134	
(4) Investment Profits from Refundable Deposits	6,475	Assessed investment profits at investment yield of 2.0%
(5) Capital Expenditure	45,305	Assessed by assuming an average amount being set aside every fiscal period, and taking into consideration the level of capital

		expenditure of similar property, building age and the annual average amount of repair and renewal costs in the engineering report
(6) Net Cash Flow ((3)+(4)-(5))	397,304	
(7) Overall Capitalization Rate	4.1%	Assessed by comprehensively taking into consideration the location conditions, building conditions and other conditions of TOKYU REIT's owned portions
2. Value Indicated by DCF Method	9,530,000	
Discount Rate	3.6%	
Terminal Capitalization Rate	4.3%	
III. Market Value of Assemblage Portion	9,740,000	
Value Indicated by Cost Approach	9,440,000	Assessed the value indicated by the cost approach by multiplying the marketability adjustment factor to the sum total of land value and building value
Ratio of Land Value	88.1%	
Ratio of Building Value	11.9%	
Value Indicated by Income Approach	9,740,000	Assessed by correlation of the value indicated by the direct capitalization method with the value indicated by the DCF method
1. Value Indicated by Direct Capitalization Method ((6)÷(7))	9,820,000	
(1) Operating Revenue (a.-b.)	701,913	Recorded the income receivable in a stable manner over the medium to long term based on current lease agreements, the rent and common area charges given that new leasing is assumed, the attributes of occupying lessees, etc.
a. Potential Gross Income	732,099	
b. Vacancy Loss, etc.	30,186	
(2) Operating Expenses (a.+b.+c.+d.+e.+f.+g.+h.)	259,711	
a. Building Maintenance Cost	53,435	Recorded by taking into consideration the past actual amount, past status of expenditure, level of expenses of similar property, etc.
b. Utilities Expenses	50,000	Recorded by taking into consideration the past actual amount, past status of expenditure, level of expenses of similar property, etc.
c. Repair Expenses	7,688	Recorded by referring to the past actual amount, and taking into consideration the level of expenses of similar property, annual average amount of repair expenses in the engineering report, etc.
d. Property Management Fee	16,281	Recorded by referring to the current contract terms and conditions, and taking into consideration such factors as the fee rate of similar property.
e. Tenant Solicitation Expenses, etc.	4,232	Recorded the expenses, etc. required for brokerage, advertising, etc. upon soliciting new tenants in the annual average amount assessed based on the average turnover period of potential tenants.
f. Property Taxes	60,095	Assessed based on the fiscal 2014 standard taxable amount.
g. Property Insurance	793	Recorded by taking into consideration the insurance premium based on the current insurance agreement, insurance premium rate of the subject property and similar property, etc.
h. Other Expenses	67,187	Recorded rent payable as other expenses.
(3) Net Operating Income ((1)-(2))	442,202	
(4) Investment Profits from Refundable Deposits	6,581	Assessed investment profits at investment yield of 2.0%
(5) Capital Expenditure	46,089	Assessed by assuming an average amount being set aside every fiscal period, and taking into consideration the level of capital expenditure of similar property, building age and the annual average amount of repair and renewal costs in the engineering report
(6) Net Cash Flow ((3)+(4)-(5))	402,694	

	(7) Overall Capitalization Rate	4.1%	Assessed by comprehensively taking into consideration the location conditions, building conditions and other conditions of the assemblage portion
	2. Value Indicated by DCF Method	9,660,000	
	Discount Rate	3.6%	
	Terminal Capitalization Rate	4.3%	
	IV. Allocation of Increased Value		
	(1) Market Value of Subject Property	107,000	Refer to I. above
	(2) Market Value of TOKYU REIT's Owned Portions	9,610,000	Refer to II. above
	(3) Market Value of Assemblage Portion	9,740,000	Refer to III. above
	(4) Increased Value Due to Assemblage	23,000	(3)-(1)-(2)
	(5) Amount of Allocation: $((4) \times ((1) / ((1) + (2))))$	253	The increased value was allocated in proportion to the total amount
Appraisal Value		107,000	Determined the appraisal value by adding the amount of allocation above to the market value of the subject property
Reconciliation before Arriving at the Value Conclusion	<p>The entire building is an office building situated in an area of central Tokyo that has steady demand, and the subject property is a retail portion of such building. In this appraisal, the market value of the subject property was assessed by taking into consideration the income assumed to be receivable in a stable manner over the medium to long term.</p> <p>Furthermore, the market value of the existing owned portions and the assemblage portion (assemblage of the subject property and the existing owned portions) were assessed and the increased value due to assemblage was allocated in proportion to the total amount to determine the appraisal value.</p>		

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.

#### Attachments

1. Property Portfolio after Acquisition (as of January 21, 2015)
2. Photograph and Location Map of TOKYU REIT Toranomom Building
3. Facility Overview of TOKYU REIT Toranomom Building

Attachment 1

Property Portfolio after Acquisition (as of January 21, 2015)

Use	Property Name	Area	Acquisition Date	Acquisition Price (million yen)	Ratio (%)	NCF Cap Rate (appraisal value at end of 22nd fiscal period) (%) *10
R	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	6.8	3.40
R	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.2	4.00
R	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas	September 10, 2003	5,770	2.6	4.00
R	Tokyu Saginuma Building	Tokyu Areas	September 10, 2003	6,920	3.1	5.40
R	Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	0.6	6.40
R	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	3.0	4.00
R	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *1 August 2, 2005 *2	14,700 9,800	11.0	4.00
R	Shonan Mall Fill ( <i>sokochi</i> )	Other	April 28, 2006	6,810	3.1	5.40 *11
R	CONZE Ebisu	Central Tokyo and Tokyu Areas	October 31, 2006	5,116	2.3	4.20
R	Daikanyama Forum	Central Tokyo and Tokyu Areas	April 22, 2008	4,136	1.9	4.30
R	KALEIDO Shibuya Miyamasuzaka	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,150	2.3	4.40
	Retail Properties Total			86,192	38.8	4.17
O	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	10.1	4.80
O	Tokyu Nampocho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.1	4.40
O	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	3.0	4.10
O	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	2.0	4.80
O	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	1.6	4.30
O	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.1	5.10
O	TOKYU REIT Toranomom Building	Central Tokyo	December 15, 2004 *3 September 21, 2007 *4 September 21, 2007 *5 October 26, 2007 *6 January 21, 2015 *7	8,630 1,100 200 140 107	4.6	4.10 *13
O	TOKYU REIT Hatchobori Building	Central Tokyo	September 29, 2006	7,000	3.2	4.50
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Central Tokyo	January 31, 2008	8,500	3.8	4.20
O	Tokyu Ikejiri-ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.5	5.00
O	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	4.1	4.20
O	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	4.1	4.20
O	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	2.1	4.70
O	TOKYU REIT Kiba Building	Other	October 29, 2010	4,000	1.8	5.40
O	Tokyu Ginza 2-chome Building	Central Tokyo	February 15, 2011	5,010	2.3	4.30
O	OKI System Center ( <i>sokochi</i> )	Other	March 27, 2013	4,530	2.0	5.50 *11
O	Shibuya R Sankei Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.4	4.50
O	Tokyu Toranomom Building *15	Central Tokyo	August 16, 2013 January 9, 2015	15,000 1,850	6.8 0.8	3.70 *12 -
	Office Properties Total			135,867	61.2	4.48 *14
	Total			222,059	100	4.35 *14

- \*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 m<sup>2</sup>; Interest of site rights: 73,585/100,000
- \*4 Floor area: 865.14 m<sup>2</sup>; Interest of site rights: 8,579/100,000
- \*5 Floor area: 139.93 m<sup>2</sup>; Interest of site rights: 1,322/100,000
- \*6 Floor area: 93.93 m<sup>2</sup>; Interest of site rights: 1,166/100,000
- \*7 Floor area: 95.06 m<sup>2</sup>; Interest of site rights: 1,464/100,000
- \*8 Ratio is rounded to one decimal place. Accordingly, the subtotal and total may not exactly match the sum of relevant items.
- \*9 The PML for the entire portfolio above based on earthquake risk assessment reports prepared by Engineering & Risk Services Corporation is 4.0%. PML (Probable Maximum Loss) 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 areas and structural evaluation.
- \*10 For NCF (Net Cash Flow) cap rate (appraisal value at end of 22nd fiscal period basis), NCF cap rate (direct cap rate) on the appraisal report is indicated in the individual property column, and figures calculated by TOKYU REIT's asset management company ("the sum of the relevant properties' NCF (direct capitalization method) ÷ the sum of the relevant properties' appraisal value at the end of the 22nd fiscal period (the appraisal value of the existing portion not including Contiguous Land of Tokyu Toranomon Building as of December 1, 2014 for Tokyu Toranomon Building, and the appraisal value after assemblage of the to-be-acquired asset on the appraisal report as of December 1, 2014 for TOKYU REIT Toranomon Building)") are indicated in the "Retail Properties Total," "Office Properties Total" and "Total" columns.
- \*11 Since the direct capitalization method is not applied in the calculation of appraisal value at the end of the 22nd fiscal period for Shonan Mall Fill (*sokochi*) and Oki System Center (*sokochi*), the discount rate by the DCF method is indicated.
- \*12 NCF cap rate (direct cap rate) on the appraisal report as of December 1, 2014 of the existing portion not including Contiguous Land of Tokyu Toranomon Building is indicated for Tokyu Toranomon Building.
- \*13 NCF cap rate (direct cap rate) after assemblage of the to-be-acquired asset on the appraisal report as of December 1, 2014 for TOKYU REIT Toranomon Building.
- \*14 NCF and appraisal value for Contiguous Land of Tokyu Toranomon Building are not included in the calculation of NCF cap rate (direct cap rate) in the "Office Properties Total" and "Total."
- \*15 Contiguous Land of Tokyu Toranomon Building was acquired for ¥1,850 million on January 9, 2015. The acquisition of the concerned land will be followed by the seller of the concerned land conducting demolition work on the building on the concerned land, after which TOKYU REIT is scheduled to build an extension to Tokyu Toranomon Building.

**Photograph and Location Map of TOKYU REIT Toranomon Building**



- Location (Residential) : 3-17-1 Toranomon, Minato-ku, Tokyo
- Nearest Station : Approximately a one-minute walk from Kamiyacho Station, Tokyo Metro Hibiya Line  
 Approximately a nine-minute walk from Toranomon Station, Tokyo Metro Ginza Line  
 Approximately a nine-minute walk from Onarimon Station, Toei Subway Mita Line
- Total Land Area : 1,728.38 m<sup>2</sup> (site rights area)
- Total Floor Area : 15,343.73 m<sup>2</sup> (area of entire building (including other compartmentalized owners' ownership portions))
- Structure : SRC/RC B2/9F (registered)
- Completion Date : April 1988 (registered)
- Type of Ownership : Land: Co-ownership of site rights [Interest of co-ownership: 86,116/100,000]  
 Building: Compartmentalized ownership, and co-ownership of compartmentalized ownership
- Tenants : Konoike Transport Co., Ltd.  
 JAPAN POST INSURANCE Co., Ltd.  
 REMOTE SENSING TECHNOLOGY CENTER OF JAPAN ; etc.

Attachment 3

**Facility Overview of TOKYU REIT Toranomom Building**

9F	Office	TOKYU REIT's compartmentalized ownership 1,140.99 m <sup>2</sup>					1 individual's compartmentalized ownership 1,019.86 m <sup>2</sup>		
8F	Office	TOKYU REIT's compartmentalized ownership 1,140.99 m <sup>2</sup>							
7F	Office	TOKYU REIT's compartmentalized ownership 1,140.99 m <sup>2</sup>							
6F	Office	TOKYU REIT's compartmentalized ownership 1,140.99 m <sup>2</sup>							
5F	Office	TOKYU REIT's compartmentalized ownership 1,140.99 m <sup>2</sup>							
4F	Office	TOKYU REIT's and 1 individual's co-ownership of compartmentalized ownership Of 1,140.99 m <sup>2</sup> , TOKYU REIT's interest is 90%							
3F	Office	TOKYU REIT's and 2 individuals' co-ownership of compartmentalized ownership Of 1,140.99 m <sup>2</sup> , TOKYU REIT's interest is 24%							
2F	Office	TOKYU REIT's compartmentalized ownership 1,005.07 m <sup>2</sup>							
1F	Retail	TOKYU REIT's and 1 individual's co-ownership of compartmentalized ownership Of 278.21 m <sup>2</sup> , TOKYU REIT's interest is 62%	TOKYU REIT's and 1 individual's co-ownership of compartmentalized ownership Of 355.37 m <sup>2</sup> , TOKYU REIT's interest is 52%	TOKYU REIT's compartmentalized ownership 18.36 m <sup>2</sup>	TOKYU REIT's compartmentalized ownership 55.57 m <sup>2</sup>	<b>1 individual's compartmentalized ownership 95.06 m<sup>2</sup></b>		1 individual's compartmentalized ownership 50.88 m <sup>2</sup>	TOKYU REIT's compartmentalized ownership 93.93 m <sup>2</sup>
B1F	Parking	TOKYU REIT's compartmentalized ownership 1,150.68 m <sup>2</sup>							
B2F	Parking	TOKYU REIT's compartmentalized ownership 1,091.66 m <sup>2</sup>							

In the acquisition this time, TOKYU REIT will acquire the bold framed portion of the 1F.

As shown in the figure above, the Property is a building that is jointly owned by TOKYU REIT and eight other compartmentalized owners, but the acquisition this time will result in the Property being a building that is jointly owned by TOKYU REIT and seven other compartmentalized owners.

Furthermore, of the figure above, the compartmentalized ownership portions that TOKYU REIT co-owns with third parties are leased from the concerned co-owners and subleased to the current tenants by TOKYU REIT.

This notice may contain forward-looking statements, such as current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations. This notice is a translation of the original document in Japanese and is prepared solely for the convenience of non-Japanese speakers. There is no assurance as to the accuracy of the English translation. The original Japanese notice shall prevail in the event of any discrepancies between the translation and the Japanese original.