

December 17, 2014

Real Estate Investment Trust Unit Issuer:  
TOKYU REIT, Inc.  
1-12-1, Dogenzaka,  
Shibuya-ku, Tokyo, 150-0043, Japan  
Masahiro Horie  
Executive Director  
(Securities Code: 8957)

Investment Management Company:  
Tokyu Real Estate Investment Management Inc.  
Representative:  
Masahiro Horie  
Representative Director & President, Chief Executive Officer  
Inquiries:  
Kiyoshi Yamakawa  
General Manager, Investor Relations  
TEL: +81-3-5428-5828

**Notice Concerning Acquisition of Domestic Real Estate  
(Contiguous Land of Tokyu Toranomom Building)  
and Extension of Tokyu 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 domestic real estate. Brief details are as follows.

The acquisition is of the contiguous land (the “Land”) of Tokyu Toranomom Building, which is already a TOKYU REIT portfolio property. TOKYU REIT will enter into a land loan-for-use agreement subject to a condition precedent for the Land with Nisso Building Co., Ltd. (the “Seller”) with acquisition of the Land by TOKYU REIT as a condition precedent and the period from the time of acquisition of the Land by TOKYU REIT to the last day of April 2015 as the loan-for-use period, and the Seller will demolish the building owned by the Seller that presently exists on the Land (“Ozawa Building”). TOKYU REIT is then scheduled to build an extension to Tokyu Toranomom Building on the Land. Another announcement will be made at a future date once the details of the concerned extension plan are finalized.

1. Acquisition Details

- |                                 |  |
|---------------------------------|--|
| (1) Type of Acquisition:        | Domestic real estate   |
| (2) Property Name:              | Contiguous Land of Tokyu Toranomom Building  |
| (3) Acquisition Price:          | ¥1,850,000,000<br>(Excluding acquisition-related costs, property tax, city planning tax, etc.) |
| (4) Contract Date:              | December 17, 2014 (Wednesday)  |
| (5) Scheduled Acquisition Date: | January 9, 2015 (Friday)   |
| (6) Seller:                     | Nisso Building Co., Ltd.   |
| (7) Financing:                  | Cash on hand   |

2. Rationale

The Land, which is contiguous to Tokyu Toranomom Building that was acquired on August 16, 2013, is land that meets the “Scope and Policy of Investment Management” as outlined in the Articles of Incorporation of TOKYU REIT, and the decision to undertake the acquisition was made because the acquisition of the Land and the extension are expected to enhance the asset value of Tokyu Toranomom Building, among other reasons. The following points were especially favorably rated in deciding on the acquisition.

(1) Strengthening of Competitiveness of Tokyu Toranomom Building

While built in 2010, making it a relatively-newly-built building, and featuring the latest specifications, Tokyu Toranomom Building being slightly inferior in building size with the standard floor in a long and narrow shape and the portion facing the frontal road (Sakurada-dori) being narrow were recognized as weaknesses in

investment management.

Under such circumstances, transfer of the Land has been under consideration since being approached with the offer by the Seller. Although demolition of Ozawa Building and the extension are estimated to take a period of approximately two years, during which period no rental income will be generated, the extension is expected to lead to Tokyu Toranomon Building's standard floor shape improving with floor area per standard floor increasing from 984.55 m<sup>2</sup> to 1,161.35 m<sup>2</sup>, as well as the building's total floor area also increasing from 12,557.47 m<sup>2</sup> to 14,459.37 m<sup>2</sup>. Furthermore, enhanced visibility is anticipated with the portion facing the frontal road (Sakurada-dori) increasing from about 14.0 m to about 27.8 m. TOKYU REIT believes that these will strengthen the competitiveness of Tokyu Toranomon Building in such ways as increasing the attractiveness for new tenants, ability to meet existing tenants' needs for increased floor area and increase in cash flows.

## (2) Growth Potential of Toranomon Area

In the Toranomon area, in addition to the opening of Loop Road No. 2 (Shintora-dori), the Toranomon Station South District, where Tokyu Toranomon Building is situated, is scheduled to undergo such developments as improvement, etc. of underground access and exits from Toranomon Station and increase in floor area ratio for neighborhood renewal based on the "Toranomon Station South District Neighborhood Renewal Policy" announced by Minato Ward. Furthermore, establishment of a new station on the Tokyo Metro Hibiya Line in Toranomon and establishment of a new bus terminal were announced as part of the Tokyo Metropolitan Government's "Tokyo Long-Term Vision" (tentative name). With better access from Toranomon Station on the Tokyo Metro Ginza Line and establishment of a new station on the Tokyo Metro Hibiya Line in Toranomon ahead through these measures and policies, etc., further growth potential of the area where Tokyu Toranomon Building is situated is anticipated.

The Land's *sarachi* (land without buildings or liens) appraisal value in the appraisal report (effective date of value: December 1, 2014; appraisal firm: Japan Real Estate Institute) is ¥1,340 million, which falls below the Land's acquisition price of ¥1,850 million, but the *sarachi* investigative value in the investigation report (effective date of value: December 1, 2014; appraisal firm: Japan Real Estate Institute) (maximum amount of purchase in the case of acquisition of the Land for the purpose of building an extension to Tokyu Toranomon Building) is ¥1,900 million, which is above the Land's acquisition price.

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 that is the future property disposition value (Note). 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		Contiguous Land of Tokyu Toranomon Building
Type of Specified Asset		Domestic real estate
Location	Registered	Land 1-220-1, 1-220-3, 1-220-4, 1-220-10 and 1-220-12 Toranomon, Minato-ku, Tokyo Building —
	Residential	1-21-18 Toranomon, Minato-ku, Tokyo
Access		Approximately a three-minute walk from Toranomon Station, Tokyo Metro Ginza Line Approximately a seven-minute walk from Kasumigaseki Station, Tokyo Metro Chiyoda and Hibiya Lines Approximately an eight-minute walk from Kamiyacho Station, Tokyo Metro Hibiya Line Approximately a nine-minute walk from Kasumigaseki Station, Tokyo Metro Marunouchi Line
Use		Office (planned)
Area Classification		Commercial district
Site/Floor Area (Registered)	Land	251.91 m <sup>2</sup>
	Building	—
Type of Ownership		Land Proprietary ownership

	Building —
Current Owner	Nisso Building Co., Ltd.
Planned Acquisition Price	¥1,850 million
Appraisal Value	¥1,340 million (effective date of value: December 1, 2014; type of value: assemblage value)
	Appraiser: Japan Real Estate Institute
Investigative Value (Note)	¥1,900 million
Property Management Company	Tokyu Corporation (planned)
Security/Guarantee	None
Special Items	<ul style="list-style-type: none"> <li>• In 1946, a city planning decision was made to the effect that the road facing the west side of the Land will be widened from the boundary as of the date of this document toward the Land side. Therefore, building restrictions pursuant to the City Planning Act (Act No. 100 of 1968, including amendments thereto) apply to the concerned portion (about 25 m<sup>2</sup>). (The specific timing, etc. of project decision have not been made as of the date of this document.)</li> <li>• Upon acquisition of the Land, TOKYU REIT entrusted the third-party expert Engineering &amp; Risk Services Corporation to provide a soil contamination risk evaluation. TOKYU REIT has received a report from the company to the effect that the possibility of soil contamination existing on the Land cannot be denied. In the event that contaminated soil is detected in the course of implementation of the extension work, disposal expenses of a ¥4 million level will be separately incurred for proper disposal of the contaminated soil, which will be borne by TOKYU REIT.</li> <li>• At the same time as execution of the purchase agreement for the Land, TOKYU REIT will enter into a land loan-for-use agreement subject to a condition precedent for the Land with the Seller, Nisso Building Co., Ltd., with acquisition of the Land by TOKYU REIT as a condition precedent and the period from the time of acquisition of the Land by TOKYU REIT to the last day of April 2015 as the loan-for-use period. The land rent during the temporary use period of the concerned loan-for-use agreement will be free of charge and the guarantee deposit will be ¥100 million. The Seller has the obligation to turn the Land into a <i>sarachi</i> with demolition of Ozawa Building at the responsibility and burden of the Seller by the end of April 2015.</li> </ul>
Tenant Details	Ozawa Building exists on the Land, but there are no tenants occupying the concerned building.

(Note) The investigative value is the investigative value in the investigation report prepared by Japan Real Estate Institute (maximum amount of purchase with December 1, 2014 as the effective date of value in the case of acquisition of the Land for the purpose of building an extension to Tokyu Toranomom Building).

#### 4. Seller Profile

Company Name	Nisso Building Co., Ltd.
Head Office Address	1-11-10 Azabudai, Minato-ku, Tokyo
Representative	Norio Onishi, Representative Director
Capital	¥480 million
Business Activities	Building leasing and management, building design, supervision and construction work contracting, real estate brokerage, and warehousing
Foundation Date	May 1963
Net Assets of the Previous Business Year	Omitted because consent for the disclosure has not been received from the Company.
Total Assets of the Previous Business Year	Omitted because consent for the disclosure has not been received from the Company.
Major Shareholder and Ratio of Shareholding of the Previous Business Year	<i>Sun Holding K.K.</i> Ratio of Shareholding: Omitted because consent for the disclosure has not been received from the Company.
Relationship between the Investment Corporation or its Investment Management Company and the Company	
Capital Relationship	There is no capital relationship to state between TOKYU REIT or its investment management company and the Company. In addition, there is no capital relationship to note between the affiliated persons or affiliated companies of TOKYU REIT or its investment management company and the affiliated persons or affiliated companies of the Company.
Personnel Relationship	There is no personnel relationship to state between TOKYU REIT or its investment management company and the Company. In addition, there is no personnel relationship to note between the affiliated persons or affiliated

	companies of TOKYU REIT or its investment management company and the affiliated persons or affiliated companies of the Company.
Business Relationship	There is no business relationship to state between TOKYU REIT or its investment management company and the Company. In addition, there is no business relationship to note between the affiliated persons or affiliated companies of TOKYU REIT or its investment management company and the affiliated persons or affiliated companies of the Company.
Status of Classification as Related Party	The Company does not fall under the category of related party of TOKYU REIT or its investment management company. In addition, the affiliated persons or affiliated companies of the Company do not fall under the category of related party of TOKYU REIT or its investment management company.

5. Transactions with Interested Persons, etc.

Tokyu Corporation, the candidate for the company to which TOKYU REIT is to outsource property management services of the Land, falls under the category of interested person, etc. of TOKYU REIT. For the outsourcing of the services, a memorandum on amendment to include the Land to the subject compartments of the property management agreement for Tokyu Toranomom Building, which was concluded on July 26, 2013, is scheduled to be exchanged after the property delivery. 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 this acquisition.

7. Outline of Extension Plan

The following outlines the extension plan as of the date of this document.

Another announcement will be made at a future date once the schedule, total project costs and other details are finalized.

(1) Schedule

December 17, 2014	Execution of real estate purchase agreement Execution of land loan-for-use agreement subject to condition precedent
January 9, 2015	Payment of acquisition costs and delivery of the Land (planned)
By end of April 2015	Completion of demolition work by the Seller (planned) Expiration of land loan-for-use agreement subject to condition precedent (planned)
October 2015	Commencement of construction of building extension (planned)
November 2016	Completion of construction and delivery of building extension (planned)
December 2016	Start of occupancy of building extension (planned)

(2) Development Scheme

TOKYU REIT's acquisition of the Land will be followed by the Land being turned into a *sarachi* with demolition of Ozawa Building by the Seller, after which TOKYU REIT is scheduled to become the contractee for design and construction work as extension work.

(3) Total Project Costs

Total amount of ¥3,400 million (estimated)  
(sum total amount of the acquisition price and the design supervision costs, construction costs, investigation costs and other costs of the Land)

(4) Design Company and Construction Company

The design company and construction company are yet to be determined. These will be announced together with details of the extension plan.

The proposal for consideration of extension (volume plan) was prepared by Tokyu Architects & Engineers Inc.

(5) Effects of Extension

	Before Extension (A)	After Extension (including existing portion) (B)	Increase Due to Extension (B - A)
Total Land Area (Note 1)	1,764.92 m <sup>2</sup>	2,016.83 m <sup>2</sup>	251.91 m <sup>2</sup>
Total Floor Area (Note 2)	12,557.47 m <sup>2</sup>	14,459.37 m <sup>2</sup>	1,901.90 m <sup>2</sup>
Exclusive Ownership Floor Area (Note 2)	9,026.59 m <sup>2</sup>	10,762.59 m <sup>2</sup>	1,736.00 m <sup>2</sup>
Floor Area per Standard Floor (Note 2)	984.55 m <sup>2</sup>	1,161.35 m <sup>2</sup>	176.80 m <sup>2</sup>
NOI (Note 3)	¥606 million	¥747 million	¥140 million
NOI Yield (Note 4)	4.04%	4.06%	0.02%
Occupancy Rate (Note 5)	100.0%	99.4%	96.0%

(Note 1) Total land area is the registered area.

(Note 2) Total floor area, exclusive ownership floor area and floor area per standard floor are the figures stated in the proposal for consideration of extension (volume plan) and subject to change in the future. In addition, the figures may differ from the registered area.

(Note 3) NOI before the extension is the annualized figure of actual NOI for the twenty-second fiscal period (ended July 31, 2014). NOI after the extension is the figure obtained when the amount estimated at this point in time by TOKYU REIT's investment management company as the estimated annual increase in NOI due to the extension is added to the NOI before the extension.

(Note 4) NOI yield before the extension is calculated by dividing the NOI before the extension stated in Note 3 by the acquisition price of Tokyu Toranomom Building. NOI yield after the extension is calculated by dividing the NOI after the extension stated in Note 3 by the figure obtained when the total project costs stated in 7.(3) is added to the acquisition price of Tokyu Toranomom Building.

(Note 5) Occupancy Rate before the extension is the figure of actual Occupancy Rate for the end of twenty-second fiscal period (ended July 31, 2014). Occupancy Rate of increase due to extension is the estimated figure of the extended portion. Occupancy Rate of after the extension is the estimated figure of varying depending on the exclusive ownership floor area.

(6) Reduction of Risks of Extension

Upon the extension of Tokyu Toranomom Building with the acquisition of the Land, confirmation will continue to be made with the parties concerned regarding various laws and regulations in order to limit the risks associated with design, permission and authorization, the construction company to implement the extension will be carefully selected in order to minimize the risk of failure to complete the work and other efforts will be made to reduce the various risks of extension.

Furthermore, for the extension work, conclusion of a property management agreement with and outsourcing of construction management services concerning extension work to TOKYU REIT's sponsor Tokyu Corporation are scheduled. With Tokyu Corporation being the developer of Tokyu Toranomom Building and by outsourcing construction management services to the company, the risks associated with extension will be further reduced and sponsor collaboration demonstrated.

8. Settlement Method

- (1) Payment of acquisition costs for the Land will be made by lump-sum settlement at the time of delivery.
- (2) The method of settlement and timing of payment of the design supervision costs, construction costs, investigation costs and other costs associated with the extension are yet to be determined.

9. Financing Details

TOKYU REIT intends to fund the total project costs using cash on hand.

10. Outlook

As the acquisition of the Land 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:	Estimation	Notes
Contiguous Land of Tokyu Toranomom Building		
Appraisal Firm: Japan Real Estate Institute		
Effective Date of Value	December 1, 2014	
I. Market Value of Subject Property	1,300,000	
Value Indicated by Sales Comparison Approach	1,300,000	Assessed by seeking the unit value per 1m <sup>2</sup> by multiplying the standard price by the individual disparity adjustment factor, and then multiplying this by the quantity
Value Indicated by Income Approach: (1)-(2)	1,300,000	Assessed the value indicated by the DCF method (leasing under development) by taking the present value of the value indicated by the income approach of the assumed building and its site and deducting the present value of the various expenses associated with the development required until completion of construction of the building
(1) Present Value of Development Income	2,026,129	
Development Income (Value Indicated by Income Approach)	2,170,000	Assessed by applying the direct capitalization method and DCF method associated with the assumed building and its site
(i) Value Indicated by Direct Capitalization Method (f.+g.)	2,210,000	
a. Operating Revenue	117,566	Estimated operating revenue of the assumed building and its site
b. Operating Expenses	31,728	Estimated operating expenses of the assumed building and its site
c. Net Operating Income (a.-b.)	85,838	Estimated net operating income of the assumed building and its site
d. Investment Profits from Refundable Deposits	2,189	Assessed investment profits at investment yield of 2.0%
e. Capital Expenditure	1,830	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, etc.

	f. Net Cash Flow (c.+d.-e.)	86,197	Estimated net cash flow of the assumed building and its site
	g. Overall Capitalization Rate	3.9%	Assessed by comprehensively taking into consideration the location conditions, building conditions and other conditions of the assumed building and its site
	(ii) Value Indicated by DCF Method	2,130,000	
	Discount Rate	3.7%	
	Terminal Capitalization Rate	4.1%	
	(2) Sum Total of Present Value of Development Expenses, Etc.: ((i)+(ii)+(iii) +(iv))	721,146	Formulated the development schedule and assessed the various expenses associated with the development as of the effective date of value
	(i) Present Value of Soil Contamination Countermeasures Costs	3,986	Estimated soil contamination countermeasures costs associated with the subject property from the expenses, etc. required in soil contamination countermeasures for the contiguous land
	(ii) Sum Total of Present Value of Construction Costs	624,681	Assessed by referring to the construction costs of similar property. In addition, recorded the amount equivalent to underground structure (pile foundation) removal costs at the time of commencement of construction.
	(iii) Sum Total of Present Value of Selling, General and Administrative Expenses, Etc.	31,695	Recorded property taxes, tenant solicitation expenses and other expenses during the development period
	(iv) Present Value of Sale Expenses	60,784	Assessed as sale expenses the disposition expenses recognized to be necessary to sell the assumed building and its site and realize cash flows
	(3) Discount Rate in Developing Phase	4.2%	Assessed the rate of distribution and rate of profit against loan interest rates and equity, taking note of business risk and development risk factors
II. Market Value of Adjacent Property		17,100,000	
	Value Indicated by Cost Approach	15,200,000	Assessed the value indicated by the cost approach by multiplying the marketability adjustment factor to the sum total of land value and building value
	Value Indicated by Income Approach	17,100,000	Assessed by correlation of the value indicated by the direct capitalization method with the value indicated by the DCF method
	(i) Value Indicated by Direct Capitalization Method	17,200,000	
	a. Operating Revenue	822,113	Operating revenue of the adjacent property
	b. Operating Expenses	196,007	Operating expenses of the adjacent property
	c. Net Operating Income (a.-b.)	626,106	Net operating income of the adjacent property
	d. Investment Profits from Refundable Deposits	13,398	Assessed investment profits at investment yield of 2.0%
	e. Capital Expenditure	3,290	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

	f. Net Cash Flow (c.+d.-e.)	636,214	Net cash flow of the adjacent property
	g. Overall Capitalization Rate	3.7%	Assessed by comprehensively taking into consideration the location conditions, building conditions and other conditions of the building and its site after the extension
	(ii) Value Indicated by DCF Method	17,000,000	
	Discount Rate	3.4%	
	Terminal Capitalization Rate	3.8%	
III. Market Value of Assemblage Property		19,000,000	
	Value Indicated by Cost Approach	17,200,000	Assessed the value indicated by the cost approach by multiplying the marketability adjustment factor to the sum total of land value and building value
	Value Indicated by Income Approach (1)-(2)	19,000,000	Assessed the value indicated by the income approach (leasing under development) by taking the present value of the value indicated by the income approach of the building and its site after the extension and deducting the present value of the various expenses associated with the development required until completion of the extension
	(1) Sum Total of Present Value of Development Income, Etc.: ((1)-1)+((1)-2)	21,007,847	
	(1)-1 Present Value of Development Income	19,951,220	
	Development Income (Value Indicated by Income Approach)	21,400,000	Assessed by applying the direct capitalization method and DCF method associated with the building and its site after the extension
	(i) Value Indicated by Direct Capitalization Method	21,800,000	
	a. Operating Revenue	1,006,459	Estimated operating revenue of the building and its site after the extension
	b. Operating Expenses	234,946	Estimated operating expenses of the building and its site after the extension
	c. Net Operating Income (a.-b.)	771,513	Estimated net operating income of the building and its site after the extension
	d. Investment Profits from Refundable Deposits	16,578	Assessed investment profits at investment yield of 2.0%
	e. Capital Expenditure	4,550	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, etc.
	f. Net Cash Flow (c.+d.-e.)	783,541	Estimated net cash flow of the building and its site after the extension
	g. Overall Capitalization Rate	3.6%	Assessed by comprehensively taking into consideration the location conditions, building conditions and other conditions of the building and its site after the extension
	(ii) Value Indicated by DCF Method	20,900,000	
	Discount Rate	3.4%	
	Terminal Capitalization Rate	3.8%	
	(1)-2 Sum Total of Present Value of Net	1,056,627	Recorded because net cash flows from the existing building

	Cash Flows from Existing Building During Extension Work		continue to be generated every fiscal period
	(2) Sum Total of Present Value of Development Expenses, Etc.: ((i)+(ii)+(iii) +(iv))	2,007,484	
	(i) Present Value of Soil Contamination Countermeasures Costs	3,987	Estimated soil contamination countermeasures costs associated with the assemblage property from the expenses, etc. required in soil contamination countermeasures for the contiguous land
	(ii) Sum Total of Present Value of Extension Work Costs	1,288,319	Assessed by referring to the construction costs of similar property. In addition, recorded the amount equivalent to underground structure (pile foundation) removal costs at the time of commencement of construction of the extension.
	(iii) Sum Total of Present Value of Selling, General and Administrative Expenses, Etc.	116,641	Recorded property taxes, tenant solicitation expenses and other expenses during the development period
	(iv) Present Value of Sale Expenses	598,537	Assessed as sale expenses the disposition expenses recognized to be necessary to sell the assumed building and its site after the extension and realize cash flows
	(3) Discount Rate in Developing Phase (corresponding to (1)-1 and (2))	3.9%	Assessed the rate of distribution and rate of profit against loan interest rates and equity, taking note of business risk and development risk factors
	(4) Discount Rate (corresponding to (1)-2)	3.4%	Assessed by referring to the return on investment, etc. of similar property for the discount rate associated with the net cash flows of the existing building and taking into consideration the factors specific to the adjacent property
IV. Allocation of Increased Value			
	(1) Market Value of Assemblage Property	19,000,000	Refer to III. above
	(2) Market Value of Adjacent Property	17,100,000	Refer to II. above
	(3) Market Value of Subject Property	1,300,000	Refer to I. above
	(4) Increased Value Due to Assemblage	600,000	(1)-(2)-(3)
	(5) Amount of Allocation: ((4)×((3)/(2)+(3)))	40,000	The increased value was allocated in proportion to the total amount
	Appraisal Value (Type of Value: Assemblage Value)	1,340,000	Assessed the appraisal value by adding the amount of allocation above to the market value of the subject property
	<Reference> Investigative Value (IV(1)-IV(2))	1,900,000	The amount obtained by subtracting the market value of the adjacent property from the market value of the assemblage property was set as the maximum amount of purchase of the subject property
Reconciliation before Arriving at the Value Conclusion		<p>This is appraisal of a <i>sarachi</i> categorized as investment property and appraisal of the case of acquisition of the subject property for the purpose of assemblage by the owner of the adjacent property. Therefore, firstly, the market value of the subject property and the market value of the adjacent property and assemblage property were each sought. Next, the increased value arising from assemblage was sought by subtracting the market value of the subject property and the market value of the adjacent property from the value of the assemblage property. Of this increased value, the amount of allocation belonging to the subject property was assessed. The concerned amount of allocation was then added to the market value of the subject property to determine the appraisal value (assemblage 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.

(Note) The appraisal report for the Land is premised on development and thus the value indicated by the income approach is calculated by using the income approach (for leasing after development). Therefore, the content of the property appraisal summary differs from occupied property.

#### Attachments

1. Property Portfolio after Acquisition (as of January 9, 2015)
2. Map of Contiguous Land of Tokyu Toranomom Building
3. Image of Exterior of Tokyu Toranomom Building after Extension
4. Floor Plan of Standard Floor of Tokyu Toranomom Building (before extension and after extension)

Attachment 1

Property Portfolio after Acquisition (as of January 9, 2015)

Use	Property Name	Area	Acquisition Date	Acquisition Price (million yen)	Ratio (acquisition price basis) (%)	NCF Cap Rate (appraisal value at end of 22nd fiscal period basis) (%) *9
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
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	8,630 1,100 200 140	4.5	4.30
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
O	Shibuya R Sankei Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.4	4.50
O	Tokyu Toranomom Building *10	Central Tokyo	August 16, 2013 January 9, 2015	15,000 1,850	7.6	3.70 -
	Office Properties Total			135,760	61.2	4.49
	Total			221,952	100.0	4.36

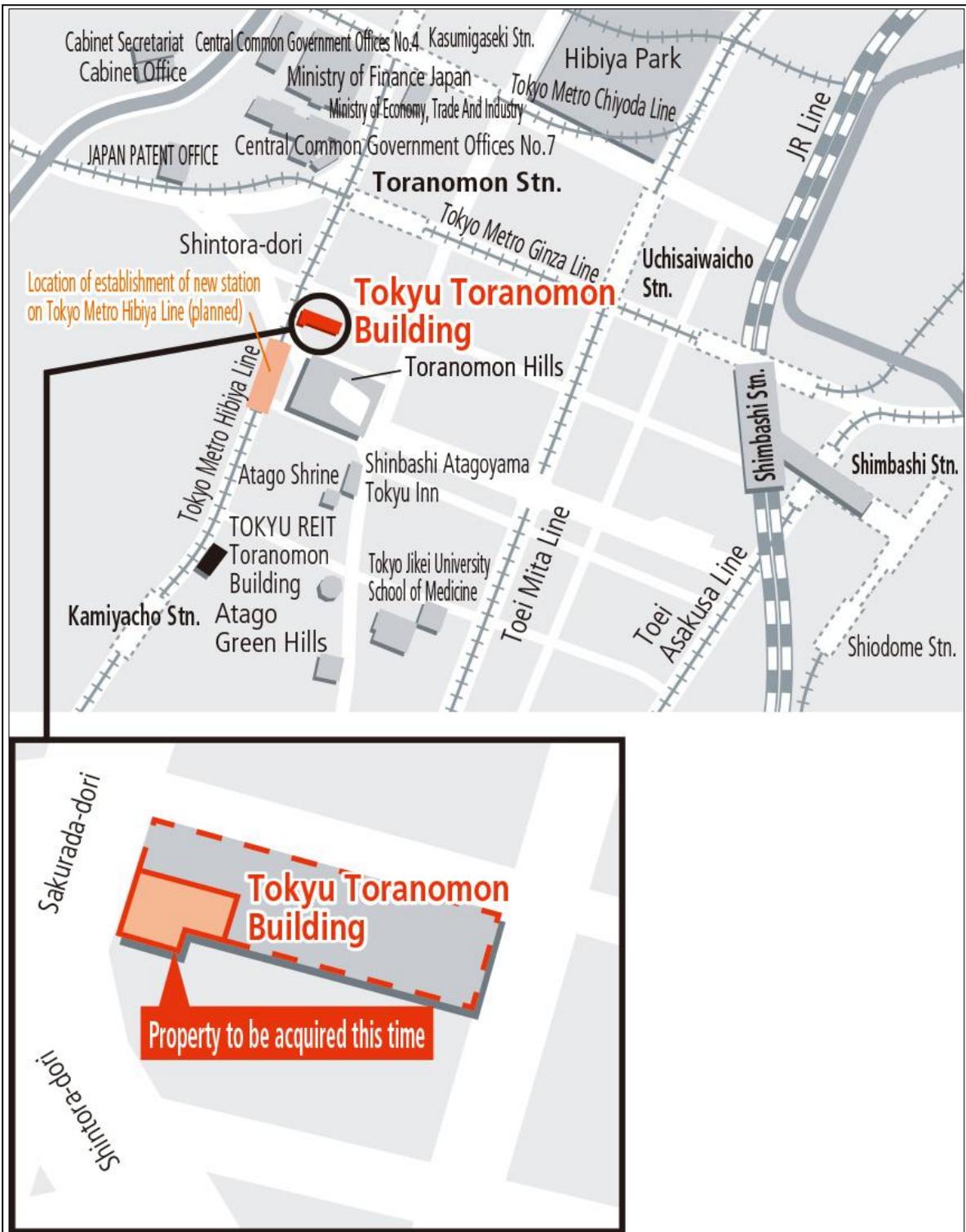
\*1 Details of the 60% portion of trust beneficiary interests acquired under co-ownership.

\*2 Details of the 40% portion of trust beneficiary interests acquired under 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 Ratio is rounded to one decimal place. Accordingly, the subtotal and total may not exactly match the sum of relevant items.
- \*8 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 happens 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, surveys of local areas and structural evaluation.
- \*9 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 Toranomom Building as of December 1, 2014 for Tokyu Toranomom Building)") are indicated in the "Retail Properties Total," "Office Properties Total" and "Total" columns. 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. NCF cap rate (direct cap rate) on the appraisal report the appraisal value as of December 1, 2014 of the existing portion not including Contiguous Land of Tokyu Toranomom Building is indicated for Tokyu Toranomom Building. In addition, NCF and appraisal value for Contiguous Land of Tokyu Toranomom Building are not included in the calculation of NCF cap rate (direct cap rate) in the "Office Properties Total" and "Total."
- \*10 Contiguous Land of Tokyu Toranomom Building will be acquired for ¥1,850 million on January 9, 2015. The acquisition of the Land will be followed by the Seller of the Land conducting demolition work on the building on the Land, after which TOKYU REIT is scheduled to build an extension to Tokyu Toranomom Building.

**Map of Contiguous Land of Tokyu Toranomon Building**



**Image of Exterior of Tokyu Toranomon Building after Extension**

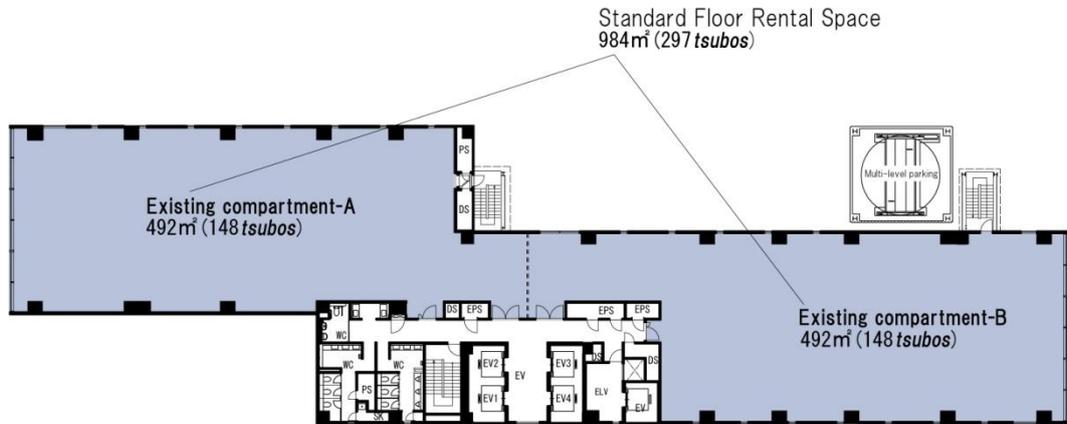


This is an image prepared based on design drawings and may differ from the actual.

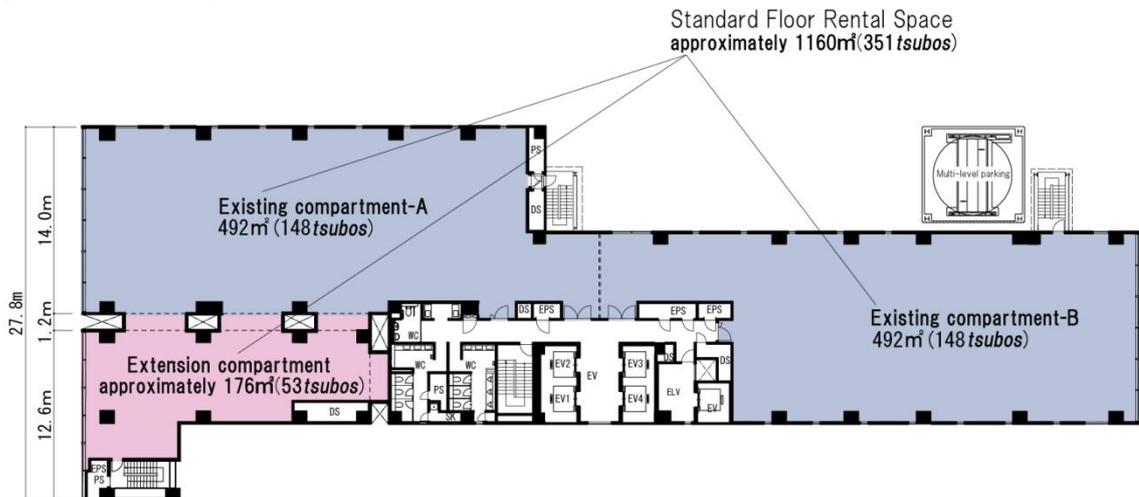
Attachment 4

**Floor Plan of Standard Floor of Tokyu Toranomon Building (before extension and after extension)**

〈Before extension〉



〈After extension〉



The floor plan after extension is prepared based on current architectural designs and may differ in reality.

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.