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**Notice Concerning Acquisition (KN Jiyugaoka Plaza)
 and Disposition (TOKYU REIT Akasaka Hinokicho Building)
 of Trust Beneficiary Interest in Domestic Real Estate**

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that its investment management company, Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”), has decided to acquire trust beneficiary interest in domestic real estate and dispose of trust beneficiary interest in domestic real estate (respectively referred to as the “Acquisition” and the “Disposition”) (the Acquisition and the Disposition collectively referred to as the “Transaction”) by Transaction. Brief details are as follows.

1. Transaction Details

1.1 Acquisition Details

Property Name	KN Jiyugaoka Plaza
Acquisition Price	Total: ¥3,160 million (The acquisition of trust beneficiary interest is scheduled to take place in the form of acquisition of quasi-co-ownership interest in two phases (49% quasi-co-ownership interest “1st” and 51% quasi-co-ownership interest “2nd”) and the planned acquisition prices are as follows.) 1st: 1,548 million (49% quasi-co-ownership interest) 2nd: 1,611 million (51% quasi-co-ownership interest) (Excluding acquisition-related costs, property tax, city planning tax, etc.)
Seller	ORIX JREIT Inc. (Please refer to the “6. Seller and Purchaser Profile”)
Brokerage	None
Decision of acquisition	September 12, 2019 (Thursday)
Contract Date	September 12, 2019 (Thursday)
Acquisition Date	1st: October 1, 2019 (Tuesday) (49% quasi-co-ownership interest) 2nd: March 4, 2020 (Wednesday) (51% quasi-co-ownership interest)
Payment of acquisition costs	1st: October 1, 2019 (Tuesday) (49% quasi-co-ownership interest) 2nd: March 4, 2020 (Wednesday) (51% quasi-co-ownership interest)

1.2 Disposition Details

Property Name	TOKYU REIT Akasaka Hinokicho Building
Disposition Price	Total: ¥4,800 million (The disposition of trust beneficiary interest is scheduled to take place in the form of disposition of quasi-co-ownership in two phases (49% quasi-co-ownership interest and 51% quasi-co-ownership interest) and the planned disposition prices are as follows.) 1st: ¥2,352 million (49% quasi-co-ownership interest) 2nd: ¥2,448 million (51% quasi-co-ownership interest)
Book Value	1st: ¥1,677 million (Expected value as of disposition date, 49% quasi-co-ownership interest) 2nd: ¥1,753 million (Expected value as of disposition date, 51% quasi-co-ownership interest)
Amount of Difference from Disposition Price	1st: ¥ 674 million (Note) 2nd: ¥694 million (Note)
Purchaser	ORIX JREIT Inc. (Please refer to the “6. Seller and Purchaser Profile”)
Brokerage	None
Decision of Disposition	September 12, 2019 (Thursday)
Contract Date	September 12, 2019 (Thursday)
Disposition Date	1st: October 1, 2019 (Tuesday)(49% quasi-co-ownership interest) 2nd: March 4, 2020 (Wednesday) (51% quasi-co-ownership interest)
Receiving of disposition costs	1st: October 1, 2019 (Tuesday) (49% quasi-co-ownership interest) 2nd: March 4, 2020 (Wednesday) (51% quasi-co-ownership interest)

(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 KN Jiyugaoka Plaza

The Jiyugaoka area where KN Jiyugaoka Plaza (the "Asset to be Acquired") is located is one of the core areas of the Tokyu Areas, which fall under the focused investment areas of TOKYU REIT. Jiyugaoka has a high-quality residential district and a concentration of many sophisticated stores and customer-visiting-type offices, which lead to it boasting high prosperity over an extensive area not limited to the vicinity of stations.

The Asset to be Acquired is a retail building located approximately a two-minute walk from Jiyugaoka Station on the Tokyu Toyoko and Oimachi lines. The surrounding area is concentrated with stores, offices, cram schools, rental housing, etc., and Trainchi Jiyugaoka, a retail facility owned and operated by Tokyu Corporation, occupies the adjacent land. The first and second floors of the building have specifications targeting glass-wall stores, while the third to fifth floors have specifications targeting customer-visiting-type offices such as cram schools and English conversation classrooms. It enjoys demand from wide range of tenants.

The NOI yield of the property for the past year calculated based on estimated rent level and occupancy rate as of the acquisition date is 4.2% (Note), and stable profit contribution over the medium to long term is expected.

(Note) Calculation premised on projection of future annual occupancy rate as of October 1, 2019 (100%)

(2) Disposition of TOKYU REIT Akasaka Hinokicho Building

TOKYU REIT Akasaka Hinokicho Building (the "Asset to be Disposed") is an office building which TOKYU REIT acquired in September 2003. Despite it being 35 years old, it has maintained a high occupancy rate since it was acquired and boasts a certain level of competitiveness as a mid-size building in the Akasaka area.

On the other hand, since the office space is leased by a single tenant, revenue may decrease significantly when the tenant moves out, and it is anticipated that funds will be needed for future large-scale maintenance on the automated parking system, etc. These are what TOKYU REIT has recognized as future issues.

Under such circumstances, TOKYU REIT judged the disposition would be the best action to take in the current market environment.

Furthermore, in an aim to level off increase in cash distribution due to gain on sale of real estate from the Disposition and to accumulate reserve for reduction entry (Note), 49% quasi-co-ownership interest and 51% quasi-co-ownership interest are scheduled to be acquired/disposed in the Transaction on October 1, 2019, and on March 4, 2020. As a result, gain on sale of real estate of 668 million yen and accumulation of reserve for reduction entry of 353 million yen from the Disposition are expected to be posted during the Fiscal Period Ending January 2020(33rd Fiscal Period), while during the Fiscal Period Ending July 2020 (34th Fiscal Period), the same is expected to be posted in the amounts of 687 million yen and 358 million, respectively.

(Note) Based on the premise that the application of "Special Provisions for Taxation in the Case of Advance Acquisition of Land, etc. in 2009 and 2010" (Article 66-2 of Special Taxation Measures Law) up to the limit amount of reserve as stipulated in "Ordinance on Accountings of Investment Corporations" will be accumulated as reserve for reduction entry.

TOKYU REIT judged the Transaction would contribute to not only enhancing portfolio quality but also enhancing unitholder value by acquiring a favorably located property in the Tokyu Areas, which fall under the focused investment areas of TOKYU REIT.

TOKYU REIT will continue to conduct investment management while closely monitoring trends in capital and real estate investment markets, all while adhering to its investment policy. TOKYU REIT will strive to form a portfolio that leads to an improvement in asset value and growth of net income per investment unit.

3. Details of Asset to be Acquired

Property Name		KN Jiyugaoka Plaza
Type of Specified Asset		Trust beneficiary interest in domestic real estate(Planned)(Note 1)
Trustee Trust Period		Mitsubishi UFJ Trust and Banking Corporation (Planned)(Note 1) October 1, 2019 to October 31, 2029 (Planned)(Note 1)
Location	Registered	Land:2-20-10, 2-20-11, Jiyugaoka, Meguro-ku, Tokyo Building: 2-20-10, 2-20-11, Jiyugaoka, Meguro-ku, Tokyo
	Residential	2-13-6, Jiyugaoka, Meguro-ku, Tokyo
Access		Approximately a two-minute walk from Jiyugaoka Station, Tokyu Toyoko Line and Oimachi Line
Use		Office and retail
Area Classification		Commercial district
Site/Floor Area (Registered)		Land: 575.54 m ² (Note 2)
		Building: 1,272.60 m ²
Structure (Registered)		SRC, 5F
Completion Date (Registered)		December, 2001
Design Company		GLOBAL ENVIRONMENT THINK TANK INC.
Construction Company		Sumitomo Mitsui Construction Co., Ltd.
Inspection Authority		Meguro Ward
Earthquake Resistance		PML (Probable Maximum Loss) of 8.8% is based on the earthquake risk assessment (detailed) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation (as of April 12, 2019). 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: Proprietary ownership
		Building: Proprietary ownership
Acquisition Date		1st: October 1, 2019 (Tuesday) (49% quasi-co-ownership interest) 2nd: March 4, 2020 (Wednesday) (51% quasi-co-ownership interest)
Acquisition Price		Total: ¥3,160 million
		1st: ¥1,548 million (49% quasi-co-ownership interest) 2nd: ¥1,611 million (51% quasi-co-ownership interest)
Appraisal Value		¥3,370 million (effective date of value: September 1, 2019)
		Appraiser: Japan Valuers Co., Ltd.
Building Assessment Reporter		Takenaka Corporation
Date of Building Assessment Report		August 21, 2019
Property Management Company		After the 1st acquisition: ORIX Asset Management Corporation (Planned)(Note 3)
Security/Guarantee		None
Special Items		None
Lease Details	Total Number of Tenants	5
	Total Rental Income	¥149 million a year
	Lease Deposits and Guarantee Deposits	¥157 million
	Estimated NOI	¥131 million a year
	Estimated NOI after depreciation	¥125 million a year
	Total Leased Area	1,231.80 m ²
	Total Rentable Area	1,231.80 m ²
	Occupancy Rate	100.0%

Occupancy Rates over the Last Five Years	As of February 28, 2015	As of February 29, 2016	As of February 28, 2017	As of February 28, 2018	As of February 28, 2019
		100.0%	76.3%	100.0%	100.0%

(Note 1) As of today, trust beneficiary interest is not established for the property. However, the seller is scheduled to conclude a real estate trust agreement for management and disposal concerning the property with the trustee by the scheduled acquisition date, and the trust beneficiary interest in the property based on the concerned real estate trust agreement for management and disposal is scheduled to be acquired in the form of quasi-co-ownership interest in two phases (49% quasi-co-ownership interest and 51% quasi-co-ownership interest)

(Note 2) A part of the south side of the subject land (approximately 40.86 m²) is used for passage as a road based on Article 42, Paragraph 2 of the Building Standards Law (Paragraph 2 road).

(Note 3) After the second acquisition, the property management company is expected to be changed in accordance with the policy on the selection of property management company of TOKYU REIT. In principle, TOKYU REIT shall select property management companies from Tokyu Corporation and its subsidiaries. (Note 4) by comprehensively taking into account their strength in tenant marketing, which is based on their familiarity with local areas, and their information network with respect to tenants, as well as cost reductions due to economies of scale. In such a case, the terms and conditions of the property management agreements concluded with Tokyu Corporation and its subsidiaries, and other related parties shall comply with self-imposed rules of Tokyu REIM for preventing conflicts of interested are applied.

(Note 4) “Tokyu Corporation and its subsidiaries” refers to any entity that falls under the following (1) to (3):

- (1) Tokyu Corporation
- (2) A consolidated subsidiary of Tokyu Corporation
- (3) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

*Tenant Details indicate total figures for the entire property.

*The total number of tenants, total rental income, and occupancy rate are based on projections as of the scheduled acquisition date (October 1, 2019).

*Estimated NOI and Estimated NOI after depreciation are the estimated annual figure exclusive of special items of the acquisition fiscal year (not the forecast figure for the current fiscal period) and are based on the following assumptions.

- (1) Total rental income is the estimated annual figures based on an annual average occupancy rate (100 %) as of the scheduled acquisition date (October 1, 2019).
- (2) Property-related taxes are projected to be the same amount as the fiscal 2019 assessment amount.
- (3) Repairs and maintenance expenses are calculated based on expenses estimated for the next one-year period.

4. Details of Asset to be Disposed

Property Name		TOKYU REIT Akasaka Hinokicho Building				
Type of Specified Assets		Trust beneficiary interest in domestic real estate				
Trustee		Mitsubishi UFJ Trust and Banking Corporation (planned) (Note 1)				
Trust Period		January 31, 2003 to November 30, 2027 (Note 1)				
Location	Registered	Land: 6-1404, 6-1401, 6-1410, 6-1411, 6-1412, 6-1413, Akasaka, Minato-ku, Tokyo Building: 6-1404, 6-1401, 6-1410, 6-1411, 6-1412, 6-1413, Akasaka, Minato-ku, Tokyo				
	Residential	6-14-15, Akasaka, Minato-ku, Tokyo				
Access		Approximately a four-minute walk from Akasaka Station, Tokyo Metro Chiyoda Line				
Use		Office, retail				
Area Classification		Commercial district, Type 2 Residential Area				
Site/Floor Area (Registered)		Land: 866.61 m ²				
		Building: 4,058.92 m ²				
Structure (Registered)		RC 7F				
Completion Date (Registered)		August 1984				
Type of Ownership		Land: Proprietary ownership				
		Building: Proprietary ownership				
Acquisition Date		September 10, 2003				
Acquisition Price		¥ 3,570 million				
Disposition Date		1st: October 1, 2019 (Tuesday)(49% quasi-co-ownership interest)				
		2nd: March 4, 2020 (Wednesday) (51% quasi-co-ownership interest)				
Disposition Price		Total ¥4,800 million				
		1st: ¥2,352 million (49% quasi-co-ownership interest) 2nd: ¥2,448 million (51% quasi-co-ownership interest)				
Appraisal Value		¥4,650 million (effective date of value: September 1, 2019)				
		Appraiser: Daiwa Real Estate Appraisal Co., Ltd.				
Book Value		1st: ¥1,677 million (Expected value as of disposition date, 49% quasi-co-ownership interest)				
		2nd: ¥1,753 million (Expected value as of disposition date, 51% quasi-co-ownership interest)				
Amount of Difference from Disposition Price		1st: ¥674million (Note 2)				
		2nd: ¥694million (Note 2)				
Special Items		None				
Lease Details	Total Number of Tenants	3 (as of today)				
	Total Rental Income	¥ 274 million a year (actual results from August 1, 2018 to July 31, 2019)				
	Lease Deposits and Guarantee Deposits	¥182 million (as of July 31, 2019)				
	Estimated NOI	¥193 million a year (actual results from August 1, 2018 to July 31, 2019)				
	Estimated NOI after depreciation	¥160 million a year (actual results from August 1, 2018 to July 31, 2019)				
	Total Leased Area	3,202.57 m ² (as of July 31, 2019)				
	Total Rentable Area	3,202.57 m ² (as of July 31, 2019)				
	Occupancy Rates over the Last Five Years	As of July 31, 2015	As of July 31, 2016	As of July 31, 2017	As of July 31, 2018	As of July 31, 2019
	100.0%	100.0%	100.0%	100.0%	100.0%	
(Note 1) An agreement on amendment of real estate trust is scheduled to be concluded among TOKYU REIT, the trustee and the purchaser on October 1.						
(Note 2) Amount of difference between the disposition price and the expected book value as of the scheduled disposition date is indicated.						
* Tenant Details indicate total figures for the entire property.						

5. Property Appraisal Summary

5.1 Asset to be Acquired

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

Property Name: KN Jiyugaoka Plaza	Estimation	Notes
Appraisal Firm: Japan Valuers Co., Ltd.		
Effective Date of Value	September 1, 2019	—
Type of Value	Market Value	
Appraisal Value	3,370,000	Derived from the Income Approach
Value Indicated by Income Approach	3,370,000	Reconciled with the value by DCF Method and the value by Direct Capitalization Method
Value Indicated by Direct Capitalization Method	3,500,000	—
(1) Operating Revenue (a.–b.)	156,481	—
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	161,318	Assessed based on both existing rent level and market rent level.
b. Vacancy Loss	4,836	Assessed based on both terms of existing lease agreement as well as market standard in the subject vicinity
(2) Operating Expenses (c.+d.+e.+f.+g.+h.+i. +j.)	24,495	—
c. Building Maintenance Cost	4,327	On actual basis
d. Utilities Expenses	6,761	On actual basis
e. Repair Expenses	1,740	Based on the annual repairs and restoration cost estimate sourced from the engineering report
f. Property Management Fee	3,363	Based on the fee ratio from scheduled agreement
g. Tenant Solicitation Expenses, etc.	605	Assessed based on assumed turnover rate
h. Property Taxes	6,895	On actual basis in 2019
i. Property Insurance	159	On actual basis
j. Other Expenses	642	On actual basis
(3) Net Operating Income (NOI) ((1)–(2))	131,986	—
(4) Investment Profits from Refundable Deposits	1,502	1.0% interest rate on the deposit outstanding
(5) Capital Expenditure	4,060	Based on the annual repairs and restoration cost estimate sourced from the engineering report
(6) Net Cash Flow (NCF) ((3)+(4)–(5))	129,429	—
(7) Overall Capitalization Rate	3.7%	—
Value Indicated by DCF Method	3,320,000	—
Discount Rate	3.5%	—
Terminal Capitalization Rate	3.9%	—
Value Indicated by Cost Approach	2,150,000	—
Ratio of Land Value	95.4%	—
Ratio of Building Value	4.6%	—
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.	

5.2 Asset to be Disposed

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

Property Name: TOKYU REIT Akasaka Hinokicho Building	Estimation	Notes
Appraisal Firm: Daiwa Real Estate Appraisal Co., Ltd.		
Effective Date of Value	September 1, 2019	—
Type of Value	Market value	—
Appraisal Value	4,650,000	Applied the value indicated by the income approach
Value Indicated by Income Approach	4,650,000	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	4,730,000	—
(1) Operating Revenue (a.–b.)	261,960	—
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	275,087	Assessed the stabilized assumed rental income and common area charges income of the subject property based on 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	13,126	Assessed based on the current vacancy rate and the market vacancy rate
(2) Operating Expenses (c.+d.+e.+f.+g.+h.+i. +j.)	79,823	—
c. Building Maintenance Cost	14,052	Recorded based on the current contract
d. Utilities Expenses	37,198	Recorded that assessed based on the level of utilities expenses of similar properties and the past actual amount
e. Repair Expenses	3,518	Recorded the annual average repair expenses in the engineering report obtained from the client
f. Property Management Fee	4,286	Recorded based on the current contract
g. Tenant Solicitation Expenses, etc.	1,393	Recorded based on the level of tenant solicitation expenses, etc. of similar properties
h. Property Taxes	17,017	Recorded that assessed based on the fiscal 2019 actual amount
i. Property Insurance	356	Recorded based on the actual amount
j. Other Expenses	2,000	Recorded based on the actual amount
(3) Net Operating Income (NOI) ((1)–(2))	182,137	—
(4) Investment Profits from Refundable Deposits	1,607	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	13,422	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))	170,323	—
(7) Overall Capitalization Rate	3.6%	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	4,610,000	—
Discount Rate	3.4%	—
Terminal Capitalization Rate	3.8%	—
Value Indicated by Cost Approach	4,030,000	—
Ratio of Land Value	96.2%	—
Ratio of Building Value	3.8%	—
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.	

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	ORIX JREIT Inc.
Head Office Address	Nippon Life Hamamatsucho Crea Tower, 2-3-1 Hamamatsucho, Minato-ku, Tokyo, Japan
Representative	Teruo Ozaki, Executive Director
Business Activities	Management of assets primarily as investments in real estate, etc.
Capital	¥335,757 million (as of February 28, 2019)
Foundation Date	September 10, 2001
Net Assets of the Previous Business Year	¥347,942 million (as of February 28, 2019)
Total Assets of the Previous Business Year	¥673,908 million (as of February 28, 2019)
Major Shareholder and Shareholding Ratio	Japan Trustee Services Bank, Ltd. (Trust accounts) 23.1%, etc. (as of February 28, 2019)
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.

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

The Property is not an acquisition from a party that has particular vested interest in TOKYU REIT or its investment management company.

ORIX Asset Management Corporation, the company to which TOKYU REIT is to outsource property management services of KN Jiyugaoka Plaza after the first acquisition, does not fall under the category of related parties, etc.,.

After the second acquisition, the property management company is expected to be changed in accordance with the policy on the selection of property management company of TOKYU REIT. In principle, TOKYU REIT shall select property management companies from among Tokyu Corporation and its subsidiaries. by comprehensively taking into account their strengths in tenant marketing, which are based on familiarity with local areas, and information networks with respect to tenants, as well as cost reduction due to economies of scale. In such a case, the terms and conditions of the property management agreements concluded with Tokyu Corporation and its subsidiaries. and other related parties shall comply with self-imposed rules of Tokyu REIM for preventing conflicts of interested are applied.

8. Matters Concerning Forward Commitment, Etc.

The transaction concerning the Second Transaction scheduled to take place on March 4, 2020 in the purchase and sale agreement concerning the Transaction falls within forward commitments, etc. by investment corporations as defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set forth by the Financial Services Agency. The overview of the provisions regarding the penalty stipulated in each purchase and sale agreement for the Second Transaction is as follows.

When either party violates the agreed matters (including but not limited to provisions of representations and warranties) stipulated in each purchase and sale agreement for the Second Transaction and such violation results in failure of achieving the purpose of the said purchase and sale agreement, the counterparty may cancel the said purchase and sale agreement before the completion of the Second Transaction. In such a case, the violating party shall pay a penalty in the amount equivalent to 10% of the purchase/sales price in the said purchase and sale agreement (excluding consumption tax and local consumption tax. The same applies hereafter) to the counterparty. In addition, upon the termination of the purchase and sale agreement for any property in the Second Transaction, the violating party shall either cancel the purchase and sale agreement for other properties in the Second Transaction by paying the amount equivalent to 10% of the purchase/sales price in the said purchase and sale agreement to the counterparty or continue to implement the Second Transaction for other properties (however, the former will be limited to cancellations after the First Transaction, and as for the latter, the counterparty may cancel the said purchase and sale agreement without paying a penalty, etc. on condition that there are no reasons attributable to the counterparty).

Moreover, in case either party violates the agreed matters (including but not limited to provisions of representations and warranties) stipulated in the purchase and sale agreement for the First Transaction and such violation results in failure of achieving the purpose of the First Transaction, the counterparty may cancel all purchase and sale agreements for the First Transaction before the completion of the First Transaction. When there are reasons attributable to the violating party, the violating party shall pay a penalty in the amount equivalent to 10% of the total purchase/sales price of properties of both parties in the First Transaction to the counterparty but the cancellation of each purchase and sale agreement for the Second Transaction will be regarded as natural with the termination of each purchase and sale agreement for the First Transaction, and neither party shall claim compensation for damage, etc. or make other requests with regard to the Second Transaction.

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 the amount obtained through the Disposition.

11. Outlook

Through the Transaction, gain on sale of real estate of 668 million yen is expected to occur during the Fiscal Period Ending January 2020 (33rd Fiscal Period) and 687 million yen is expected to occur during the Fiscal Period Ending July 2020 (34th Fiscal Period), resulting in a difference from the already announced forecast of operating condition and distribution for the Fiscal Period Ending January 2020 (33rd Fiscal Period).

For details, please refer to the “Notice Concerning Revision to Expected Operating Condition and Distribution Forecast for the Fiscal Period Ending January 2020 (33rd Fiscal Period) and the Expected Operating Condition and Distribution Forecast for the Fiscal Period Ending July 2020 (34th Fiscal Period)” separately announced today.

Attachments

1. Property Portfolio after the Transaction (as of October 1, 2019)
2. Photograph of KN Jiyugaoka Plaza
3. Location Map of KN Jiyugaoka Plaza

Attachment 1

Property Portfolio after the Transaction (assumption figure as of October 1, 2019)

Use	Property Name	Area	Acquisition Date	Acquisition Price(million yen)	Ratio(%) ^{*10}	Appraisal Value at end of July 2019 (FP32) (million yen)
Retail	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	6.5%	30,000
	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.1%	6,140
	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	2.5%	8,330
	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	2.9%	12,600
	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 ^{*1}	14,700	10.6%	23,900
			August 2, 2005 ^{*2}	9,800		
	CONZE Ebisu	Central Tokyo and Tokyu Areas (Shibuya)	October 31, 2006	5,116	2.2%	5,290
	Daikanyama Forum	Central Tokyo and Tokyu Areas (Shibuya)	April 22, 2008	4,136	1.8%	3,510
	UNIZO Shimokitazawa Building	Tokyu Areas	April 26, 2019	2,257	1.0%	2,300
	KN Jiyugaoka Plaza	Tokyu Areas	October 1, 2019	1,548	1.4%	3,370
March 4, 2020			1,611			
Retail Total				71,439	30.9%	95,440
Office	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	9.7%	18,700
	Tokyu Nampo-dai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.0%	6,790
	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	2.9%	10,700
	Tokyo Nissan Taïto Building	Central Tokyo	September 11, 2003	4,450	1.9%	5,750
	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.0%	5,390
	TOKYU REIT Toranomon Building	Central Tokyo	December 15, 2004 ^{*3}	8,630	4.4%	12,400
			September 21, 2007 ^{*4}	1,100		
			September 21, 2007 ^{*5}	200		
			October 26, 2007 ^{*6}	140		
			January 21, 2015 ^{*7}	107		
	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Central Tokyo	January 31, 2008	8,500	3.7%	7,260
	Tokyu Ikejiri-ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.4%	6,180
	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	3.9%	9,450
	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	3.9%	13,100
	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	2.0%	6,320
	Tokyu Ginza 2-chome Building	Central Tokyo	February 15, 2011	5,010	2.2%	5,870
	TOKYU REIT Shibuya R Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.3%	9,520
	Tokyu Toranomon Building	Central Tokyo	August 16, 2013	15,000	7.3%	19,900
			January 9, 2015	1,850		
	TOKYU REIT Shinjuku 2 Building	Central Tokyo	October 30, 2015	2,750	1.2%	3,300
Tokyu Bancho Building	Central Tokyo	March 24, 2016 ^{*8}	12,740	6.0%	15,300	
		March 28, 2019 ^{*9}	1,040			
TOKYU REIT Ebisu Building	Central Tokyo and Tokyu Areas (Shibuya)	August 1, 2018	4,500	1.9%	4,790	
Shibuya Dogenzaka Sky Building	Central Tokyo and Tokyu Areas (Shibuya)	March 28, 2019	8,100	3.5%	8,350	
Office Total				145,897	63.2%	169,070
Residence	Maison Peony Toritsudaigaku	Tokyu Areas	November 15, 2017	1,200	0.5%	1,240
Residence Total				1,200	0.5%	1,240
Land with Leasehold Interest	Shonan Mall Fill (land with leasehold interest)	Other	April 28, 2006	6,810	2.9%	6,670
	OKI System Center (land with leasehold interest)	Other	March 27, 2013	4,530	2.0%	5,510
	REVE Nakameguro (land with leasehold interest)	Tokyu Areas	September 27, 2018	1,150	0.5%	1,150
Land with Leasehold Interest Total				12,490	5.4%	13,330
Total				231,026	100.0%	279,080

*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 m²; Interest of site rights: 73,585/100,000

*4 Floor area: 865.14 m²; Interest of site rights: 8,579/100,000

*5 Floor area: 139.93 m²; Interest of site rights: 1,322/100,000

*6 Floor area: 93.93 m²; Interest of site rights: 1,166/100,000

*7 Floor area: 95.06 m²; Interest of site rights: 1,464/100,000

*8 Details of the 49.0% portion of trust beneficiary interests acquired under quasi-co-ownership.

*9 Details of the 3.6% portion of trust beneficiary interests acquired under quasi-co-ownership.

*10 Ratio is rounded to one decimal place. Accordingly, the subtotal and total may not exactly match the sum of relevant items.

*11 Appraisal value with September 1, 2019 as the effective date of value.

*12 The PML for the entire portfolio above based on earthquake risk assessment reports prepared by Engineering and Risk Services Corporation is 3.8%. 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.

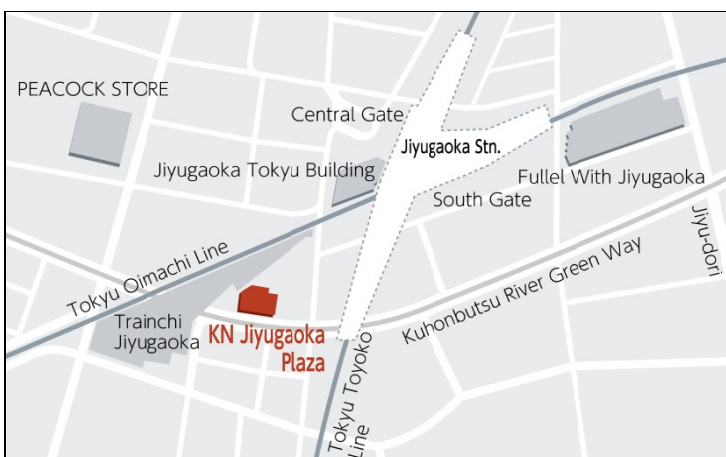
Attachment 2

Photograph of KN Jiyugaoka Plaza



Attachment 3

Location Map of KN Jiyugaoka Plaza



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.