

September 14, 2022

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Notice Concerning Acquisition (Futako Tamagawa Rise) of Domestic Real Estate

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that its investment management company, Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”), had decided to acquire domestic real estate (referred to as the “Acquisition”). Brief details are as follows.

1. Acquisition Details

Property Name	Futako Tamagawa Rise
Location	2-21-1, Tamagawa, Setagaya-ku, Tokyo, etc.
Acquisition Price	¥20,200 million (Excluding acquisition-related costs, property tax, city planning tax, etc.)
Seller	TOKYU LAND CORPORATION (Please refer to “5. Seller Profile”)
Brokerage	No
Decision of Acquisition	September 14, 2022
Contract Date	September 14, 2022
Acquisition Date	January 31, 2023
Payment of Acquisition Costs	January 31, 2023

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 Acquisition 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.

Upon the termination of sponsorship by Tokyu Land Corporation, which had been TOKYU REIT's sponsor since its listing in 2003, TOKYU REIT and Tokyu REIM signed with the corporation the memorandum relating to the provision of opportunities to acquire owned real estate assets for up to 20 billion yen (the "Memorandum"). As a result of the discussions with the company based on the Memorandum, Tokyu REIM decided to acquire co-ownership interest in Futako Tamagawa Rise (the "Asset to Be Acquired") after the confirmation with the related right holders of the Asset to Be Acquired.

The Asset to Be Acquired is a mixed-use facility consisting of retail, office, hotel and residence developed through an urban redevelopment project promoted by the related right holders in the surrounding areas of Futako-tamagawa Station, Tokyu Corporation and Tokyu Land Corporation for many years (Note 1). Existing retail facilities such as Tamagawa Takashimaya are also located in the Futako Tamagawa area, and the area has high demand for store opening by tenants as an area with a concentration of retail facilities in the Tokyo Josai district. Furthermore, even in the office market, it is an area with strong relocation demand from not only apparel companies and foreign companies but also IT companies, as the Asset to Be Acquired is occupied by the headquarters of Rakuten Group, Inc. With the development of the Asset to Be Acquired, the number of people using Futako-tamagawa Station is increasing significantly, and further development is expected in the Futako Tamagawa area as a city with a mixture of work, residence and leisure.

In addition, the Asset to Be Acquired is a mixed-use facility directly connected to the major station of the area along Tokyu railway lines, which is TOKYU REIT's focused investment areas. It is a relatively new property completed 7-12 years ago and is also competitive and extremely rare. Furthermore, it gives consideration to sustainability, as evidenced by it receiving the first gold certificate in the world in "LEED ND (Neighborhood Development)." As of the date of this document, its offices are fully occupied and demand for retail tenants is high, and stable rental income can be expected.

The NOI yield for the most recent year calculated based on the expected rent level and occupancy rate of the property as of the date of acquisition without special factors is 4.0%, and stable profit contribution is expected also over the medium to long term.

Based on above, TOKYU REIT will acquire co-ownership interest in the compartments under compartmentalized ownership at Futako Tamagawa Rise Block I-b, Block II-a, Block II-b and Block III from Tokyu Land Corporation. After the Acquisition, TOKYU REIT will contribute to the development of the Futako Tamagawa area together with other unit owners of the Asset to Be Acquired.

Moreover, since the total acquisition price paid to Tokyu Land Corporation by TOKYU REIT is forecast to exceed 20 billion yen, which is the amount stipulated in the Memorandum, in the Acquisition, the duration of the Memorandum will end.

TOKYU REIT judged the Acquisition would further stabilize cashflow and increase total returns (Note 2).

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

(Note 1) The residential section is not included in the target of acquisition.

(Note 2) Total income comprising income returns (rental income, etc.) of each fiscal period and future capital returns (sale income).

Breakdown of the Asset to Be Acquired

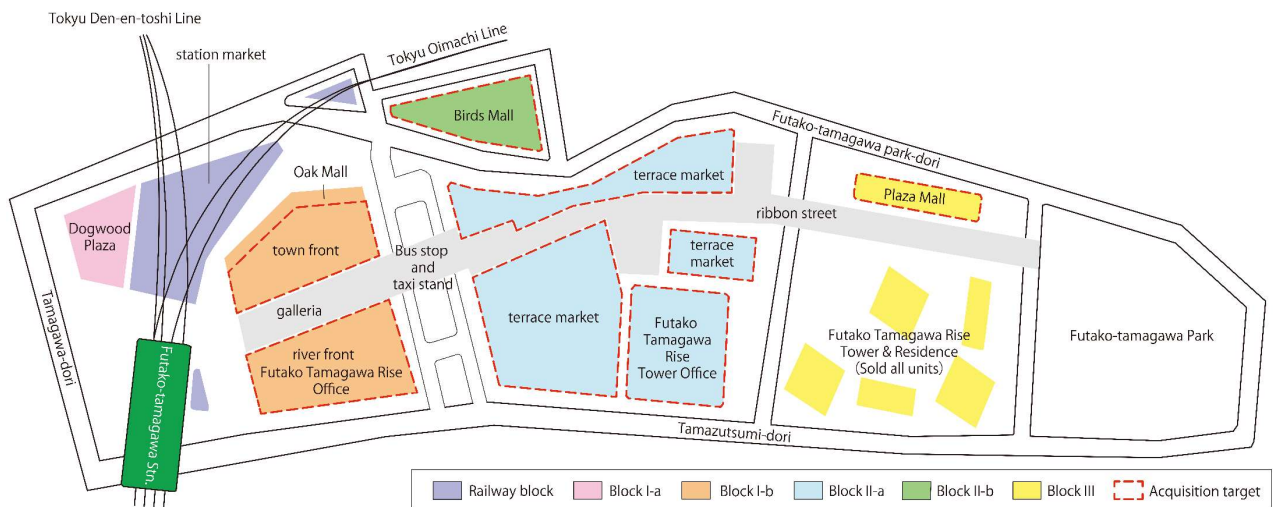
Block	Use	Facility Name (Note 1)	Acquisition Ratio	
			Land (Note 2)	Building (Note 3)
Block I-b	Retail	Futako Tamagawa Rise Shopping Center town front, river front	4.5%	4.5%
	Office	Futako Tamagawa Rise Office	25.6%	26.1%
Block II-a	Retail	Futako Tamagawa Rise Shopping Center terrace market	12.3%	12.6%
	Hotel	Futako Tamagawa Rise Tower Office	12.7%	12.7%
	Office	Futako Tamagawa Rise Tower Office	12.7%	12.7%
Block II-b	Retail	Futako Tamagawa Rise Birds Mall	2.1% (Note 4)	2.5% (Note 4)
Block III	Retail	Futako Tamagawa Rise Plaza Mall	4.8%	4.8%

(Note 1) The name used in facility operation is indicated, and such name differs from the name based on the register and management rules. Only the facility name for the portion to be acquired by TOKYU REIT is indicated.

(Note 2) The percentage calculated based on the area for the acquired ownership interest obtained by multiplying the land area in the register by the percentage of site rights at the section subject to acquisition and the percentage of ownership interest in said section acquired by TOKYU REIT (percentage of the area for each use obtained by multiplying the land area in the register by the percentage of site rights at sections used as retail, office or hotel) is indicated. The section at Oak Mall, which is excluded from the target of acquisition by TOKYU REIT, is not included in the calculation of the area for Block I-b (retail).

(Note 3) The percentage calculated based on the area for the acquired ownership interest obtained by multiplying the exclusive building area in the register by the percentage of ownership interest in said section acquired by TOKYU REIT (percentage of the exclusive building area at sections used as retail, office or hotel) is indicated. The section at Oak Mall, which is excluded from the target of acquisition by TOKYU REIT, is not included in the calculation of the area for Block I-b (retail).

(Note 4) The percentage of the entire area including the residential portion is indicated.



Facility Layout of the Asset to Be Acquired



Distant view including the Asset to Be Acquired (Source: Website of Tokyu Corporation)

3. Details of Asset to Be Acquired

Property Name		Futako Tamagawa Rise		
Type of Specified Asset		Domestic real estate		
Location	Registered	Land (Note 1)	Block I-b	2-5000-2, Tamagawa, Setagaya-ku, Tokyo
			Block II-a	1-5100-1, 1-5100-4, 1-5100-5, Tamagawa, Setagaya-ku, Tokyo
			Block II-b	2-5000-3, Tamagawa, Setagaya-ku, Tokyo
			Block III (Plaza Mall)	1-5000, Tamagawa, Setagaya-ku, Tokyo
		Building (Note 2)	Block I-b	2-5000-2, Tamagawa, Setagaya-ku, Tokyo Building name (whole building): Futako Tamagawa Rise Block I-b Building name (exclusive area): A, A0, B1, B071, B072, B073, B21, B22, B1001, P1 parking lot, No.2 bicycle parking area
			Block II-a	1-5100-1, 1-5100-4, 1-5100-5, Tamagawa, Setagaya-ku, Tokyo Building name (whole building): Futako Tamagawa Rise Block II-a Building name (exclusive area): Retail store A1, Retail store A2, Retail store A3, Retail store A4, Retail store A5, Retail store A6, Office B1, Office B2, Office B3, Cinema complex, Fitness club, Hotel, P3 and P4 parking lot, No.4 bicycle parking area, No.5 bicycle parking area
			Block II-b	2-5000-3, Tamagawa, Setagaya-ku, Tokyo Building name (whole building): Futako Tamagawa Rise Birds Mall & Residence Building name (exclusive area): 202, P2 parking lot, No.3 bicycle parking area
			Block III (Plaza Mall)	1-5000, Tamagawa, Setagaya-ku, Tokyo Building name (whole building): Futako Tamagawa Rise Plaza Mall Building name (exclusive area): 101, 102, 103, 203
	Residential	Block I-b	2-21-1, Tamagawa, Setagaya-ku, Tokyo	
		Block II-a	1-14-1, Tamagawa, Setagaya-ku, Tokyo	
		Block II-b	2-2-1, Tamagawa, Setagaya-ku, Tokyo	
		Block III (Plaza Mall)	1-15-6, Tamagawa, Setagaya-ku, Tokyo	
Access		Approximately a one-minute walk from Futako-tamagawa Station on the Tokyu Den-en-toshi Line and Oimachi Line (Note 3)		
Use		Retail, Office, Cinema, Hotel		
Area Classification		Block I-b	Commercial district	
		Block II-a	Neighborhood commercial district	
		Block II-b		
		Block III (Plaza Mall)	Residential Classification 2	
Site/Floor Area (Registered)		Land (Note 4)	Block I-b	Land area: 13,416.66 m ² Percentage of site rights to be acquired: 1,098,663/10,000,000
			Block II-a	Land area: 28,082.83 m ² Percentage of site rights to be acquired: 126,480/1,000,000
			Block II-b	Land area: 3,472.03 m ² Percentage of site rights to be acquired: 21,160/1,000,000
			Block III (Plaza Mall)	Land area: 296.51 m ² Percentage of site rights to be acquired: 4,516/94,273

	Building (Note 5)	Block I-b	Entire building: 99,137.30 m ² Exclusive area of compartments under compartmentalized ownership pertaining to the acquisition: 77,290.76 m ² Of such area, the ownership interest to be acquired is 10.7% (retail: 3.2%, office: 7.4%)
		Block II-a	Entire building: 154,232.18 m ² Exclusive area of compartments under compartmentalized ownership pertaining to the acquisition: 118,463.13 m ² Of such area, the ownership interest to be acquired is 12.7% (retail: 5.4%, hotel: 0.5%, office: 6.8%)
		Block II-b	Entire building: 7,502.36 m ² Exclusive area of compartments under compartmentalized ownership pertaining to the acquisition: 3,277.59 m ² Of such area, the ownership interest to be acquired is 4.5% (retail)
		Block III (Plaza Mall)	Entire building: 1,385.49 m ² Exclusive area of compartments under compartmentalized ownership pertaining to the acquisition: 566.94 m ² Of such area, the ownership interest to be acquired is 7.5% (retail)
Structure (Registered)	Block I-b	S/RC/SRC, B3/16F	
	Block II-a	RC, B3/30F	
	Block II-b	RC, B1/3F	
	Block III (Plaza Mall)	RC/S, 2F	
Completion Date (Registered)	Block I-b	November 2010	
	Block II-a	June 2015	
	Block II-b	April 2010	
	Block III (Plaza Mall)	April 2010	
Design Company	Block I-b	RESEARCH INSTITUTE OF ARCHITECTURE	
	Block II-a	Nikken Sekkei Ltd	
	Block II-b	RESEARCH INSTITUTE OF ARCHITECTURE	
	Block III (Plaza Mall)	RESEARCH INSTITUTE OF ARCHITECTURE, Tokyuu Architects & Engineers INC., NIHON SEKKEI, INC.	
Construction Company	Block I-b	TOKYU CONSTRUCTION CO., LTD.	
	Block II-a	KAJIMA CORPORATION	
	Block II-b	TOKYU CONSTRUCTION CO., LTD.	
	Block III (Plaza Mall)	TAISEI CORPORATION	
Inspection Authority	Block I-b	The Building Center of Japan	
	Block II-a		
	Block II-b		
	Block III (Plaza Mall)		
Earthquake Resistance	Block I-b	PML 3.9%	
	Block II-a	PML 2.5%	
	Block II-b	PML 3.6%	
	Block III (Plaza Mall)	PML 3.3%	
	(Based on the earthquake risk assessment report as of August 24, 2022 (Block I-b and Block II-a) and the earthquake risk assessment report as of August 25, 2022 (Block II-b and Block III (Plaza Mall)) prepared by Tokio Marine dR Co., Ltd.). PML refers to the expected maximum damages caused by earthquakes. Although there is no single authoritative definition of PML, the amount and percentage of damages in the event of the occurrence of the largest earthquake that is expected to happen once in 475 years are used. Calculations also include data relating to assessment of building conditions of individual properties, conformity to architectural design, assessment of ground conditions of the relevant site and assessment of seismic performance.		
Type of Ownership	Land:	Co-ownership of site rights (proprietary ownership)	
	Building:	Co-ownership of compartmentalized ownership (Note 6)	
Acquisition Date	January 31, 2023		
Acquisition Price	¥20,200 million		
Appraisal Value	¥20,400 million (effective date of value: August 1, 2022)		
	Appraiser: Daiwa Real Estate Appraisal Co., Ltd.		

Building Assessment Reporter	Tokio Marine dR Co., Ltd.
Date of Building Assessment Report	August 24, 2022 (Block II-b) August 31, 2022 (Block I-b, Block II-a, Block III (Plaza Mall))
Property Management Company	TOKYU CORPORATION
Security/Guarantee	TOKYU REIT has no plan to pledge collateral after the acquisition.
Special Items	<ol style="list-style-type: none"> 1. The Property is a sectionally owned building, and TOKYU REIT is scheduled to acquire co-ownership interest in part of the exclusively owned portion and co-ownership interest in site rights. 2. Due to the acquisition of co-ownership interest in the sectionally owned building, part of the position of Tokyu Land Corporation in the basic agreement on operation and management concluded with Tokyu Corporation and Tokyu Land Corporation, which are co-owners of the Property, is scheduled to be succeeded. The basic agreement on operation and management (including amendments scheduled to be made at the same time as the acquisition by TOKYU REIT) requires (1) not demanding division of shared property; (2) prioritizing other co-owners in holding negotiations when selling co-ownership interest to a third party; (3) having the buyer succeed to the position under the agreement when selling co-ownership interest; and (4) establishing a council for discussing management and operation, stipulating items for proposing matters that need to be discussed, and determining them based on the discussion and agreement by co-owners, but it has been stipulated that determination shall be made based on the business ratio only when prompt business promotion is necessary. 3. An agreement on the management and operation of Futako Tamagawa Rise has been concluded by some management associations and operators of each block of Futako Tamagawa Rise (including the blocks which will not be acquired by TOKYU REIT), and matters on integrated and unified management and mutual use of the sites, buildings, attached equipment and attached facilities, which will be jointly used at the entire building of Futako Tamagawa Rise, have been stipulated. 4. The co-owners of part of the exclusively owned portion of Block I-b have concluded a co-owner partnership agreement, and TOKYU REIT is scheduled to acquire the position of the member. The co-owner partnership agreement and articles of partnership (including amendments thereafter) require (1) not demanding division of shared property; (2) obtaining approval of the board of directors of the association and prioritizing other co-owners in holding negotiations when selling co-ownership interest to a third party; and (3) having the buyer succeed to the position under the agreement when selling co-ownership interest. 5. Due to the acquisition of co-ownership interest in the sectionally owned building, the position of Tokyu Land Corporation in the basic agreement among co-owners concluded with the co-owners of part of the exclusively owned portion of Block II-a, Tokyu Corporation and Tokyu Land Corporation is scheduled to be succeeded. Each basic agreement (including amendments thereafter) requires (1) not demanding division of shared property; (2) prioritizing other co-owners in holding negotiations when selling co-ownership interest to a third party; and (3) having the buyer succeed to the position under the agreement when selling co-ownership interest. 6. The seller is responsible for resolving all for the multiple problems related to legal compliance pointed out in the periodical inspection reports, periodical inspection reports (building facilities (excluding elevator)), periodical inspection reports (fire prevention facilities), periodical inspection reports (elevator), fire protection and fire-control facilities, etc. inspection result report, fire protection and fire-control facilities, etc. (special fire protection and fire-control facilities, etc.) inspection result report, test report of electric facilities for private use, periodical investigation report of specific buildings and building assessment reports at its expense no later than the day before the disposition date. However, if the current owner cannot complete the correction by the above deadline due to inevitable reasons, the seller may apply for the extension of the deadline after reporting the reason in writing in advance, and if an agreement on corrective measures is reached with TOKYU REIT (however, TOKYU REIT shall not unreasonably obstruct the agreement), an agreement to complete the correction within a reasonable period recognized by TOKYU REIT will be reached. 7. Regardless of 6 above, the seller and Tokyu Corporation, which is one of the co-owners, are taking corrective actions due to the malfunction of some fire protection facilities (sprinkler) installed at the building, but the procurement of the parts necessary for the correction is unforeseeable due to a lack of parts on a global scale, and it is uncertain whether said correction will be completed by the time of acquisition by TOKYU REIT, but the correction

Special Items	<p>is scheduled to be carried out at the responsibility and burden of them as soon as the parts are delivered.</p> <p>8. Of the wall between the compartments under compartmentalized ownership pertaining to acquisition and the adjacent compartment, approval for implementing restoration work for part of the removed wall has been obtained from the tenant and the owner of the adjacent compartment, and an agreement has been reached with the seller to complete the work by August 31, 2023. However, if the seller cannot complete the reconstruction work of the sectionally owned wall by said deadline due to natural disasters or other force majeure, lack of materials on a global scale or other inevitable reasons (however, reasons attributable or related to tenants leasing said compartment are excluded), the seller can apply for the extension of the deadline after reporting the reason in writing in advance, and if an agreement on corrective measures is reached with TOKYU REIT (however, TOKYU REIT shall not unreasonably obstruct the agreement), the reconstruction work of the sectionally owned wall shall be completed within a reasonable period recognized by TOKYU REIT. By assuming the above, TOKYU REIT judges that there will be no operational issues in relation to said work. In addition, if there are issues such as complaints, such issues shall be handled at the responsibility and cost of the seller. Furthermore, if the seller violates the obligations related to said wall based on a reason attributable to it, the seller shall compensate for the causally related damage to TOKYU REIT caused by such violation without delay.</p> <p>9. A compartmentalized land surface right has been established for part of the land in Block II-a. Tokyo Metropolitan Government holds the land surface right for the purpose of sewer pipe installation and for the duration of the sewer pipes' existence. Any land rent in connection with said right will not be charged.</p> <p>10. According to the flood hazard map, part of the Property is located in an anticipated inundation area where a maximum flood of 10-20 meters is assumed to occur.</p> <p>11. TOKYU REIT plans to lease the exclusively owned portion, which is shared with some co-owners of Block I-b and Block II-a, together with Tokyu Corporation (as a result, TOKYU REIT will pay lease deposits for Block II-a) and sublease said portion to tenants.</p> <p>12. In Block II-a and Block III, TOKYU REIT is using the space above the road as a pedestrian bridge after obtaining permission for occupancy of roads from Setagaya City.</p>					
Lease Details	Total Number of Tenants	141				
	Assumed Total Rental Income	¥1,510 million a year (Note 7)				
	Lease Deposits and Guarantee Deposits	¥7,144 million (Note 7)				
	Estimated NOI	¥815 million a year (Note 7)				
	Estimated NOI after Depreciation	¥537 million a year (Note 7)				
	Total Leased Area	139,925.03 m ²				
	Total Rentable Area	140,738.04 m ²				
	Occupancy Rate	99.4 %				
	Occupancy Rates over the Last Five Years	As of July 31, 2018	As of July 31, 2019	As of July 31, 2020	As of July 31, 2021	As of July 31, 2022
	100.0 % (Note 8)	100.0 %	99.4 %	99.0 %	99.4 %	

- (Note 1) As for the land indicated in the column of Block III (Plaza Mall), site rights have also been registered for buildings other than the building to be acquired by TOKYU REIT.
- (Note 2) The four buildings whose co-ownership interests in compartmentalized ownership are scheduled to be acquired by TOKYU REIT are recognized as four buildings also in the register and the Building Standards Act. The building name (exclusive area) is indicated only for the sections that are scheduled to be acquired.
- (Note 3) The description on Block I-b is shown.
- (Note 4) The land portion of Oak Mall is included in the land area of Block I-b.
The land area of Block III (Plaza Mall) is the figure calculated by multiplying the entire land area in Block III (25,180.97 m²) by 94,273/8,006,098, which is the percentage of site rights for Plaza Mall.
- (Note 5) The ownership interest to be acquired is the estimated figure calculated based on the percentage of exclusive area.
The building portion of Oak Mall is included in the entire building area of Block I-b.
For Block III (Plaza Mall), the common element of the housing complex in the entire area of Block III is also shared separately.
- (Note 6) The ownership is indicated based on the display in the register. For the wall between part of the compartments under compartmentalized ownership pertaining to acquisition and the adjacent compartment, please refer to “Special Items 8.”
- (Note 7) Some sections on the first basement floor at Block I-b are leased, straddling the railway block and Block I-a, and rent including common service charges, etc. are prorated based on area.
- (Note 8) As of the end of July 2018, the occupancy rate for the office section is shown.
- * The above lease deposits and guarantee deposits, total leased area, and total rentable area are total values for the entire compartment under compartmentalized ownership of the Acquisition.
- * The total number of tenants, lease deposits and guarantee deposits, total leased area, and occupancy rate are as of the end of July 2022.
- * Assumed total rental income, Estimated NOI and Estimated NOI after depreciation are the estimated annual figure excluding special factors from the revenue and expenditure of the acquisition fiscal year (not the forecast figure for the current fiscal period) and are based on the following assumptions.
- (1) Total rental income is the estimated figures of total income from the property based on an expected annual average occupancy rate (retail section of Block I-b, retail and hotel section of Block II-a, Block II-b and Block III (Plaza Mall): 97.0%, office section of Block I-b: 98.6%, office section of Block II-a: 100.0%) as of the acquisition date (January 31, 2023).
 - (2) Taxes and public dues are projected to be the same amount as the fiscal 2022 assessment amount.
 - (3) Repairs and maintenance expenses are calculated based on expected figures assumed for the next one-year period.

4. Property Appraisal Summary

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

Property Name: Futako Tamagawa Rise	Estimation	Notes
Appraisal Firm: Daiwa Real Estate Appraisal Co., Ltd.		
Effective Date of Value	August 1, 2022	—
Type of Value	Market value	—
Appraisal Value	20,400,000	Applied the value indicated by the income approach
Value Indicated by Income Approach	20,400,000	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	20,900,000	—
(1) Operating Revenue (a.–b.)	1,509,518	—
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	1,545,900	Assessed the stabilized assumed rental income and common area charges income of the subject property based on the current contract rent, leasing case examples and the level of new rent of similar properties in the prime market area and the trends thereof, and by taking into consideration such factors as the medium- to long-term competitiveness of the subject property
b. Vacancy Loss	36,381	Recorded that assessed based on the actual vacancy rate of the subject property and the standard vacancy rates of similar properties
(2) Operating Expenses (c.+d.+e.+f.+g.+h.+i. +j.)	686,968	—
c. Building Maintenance Cost	274,264	Recorded that assessed based on the past actual data
d. Utilities Expenses	97,942	Recorded that assessed based on the past actual data
e. Repair Expenses	13,324	Recorded based on the annual average repair expenses and the reproduction cost as stated in the engineering report
f. Property Management Fee	43,907	Recorded based on the scheduled contract
g. Tenant Solicitation Expenses, etc.	4,791	Recorded the tenant solicitation expenses, etc. assessed based on that of similar properties
h. Property Taxes	108,378	Recorded that assessed based on the fiscal 2022 actual amount
i. Property Insurance	3,086	Recorded that assessed based on the reproduction cost of the subject building
j. Other Expenses	141,272	Recorded that assessed based on the past actual data
(3) Net Operating Income (NOI) ((1)–(2))	822,550	—
(4) Investment Profits from Refundable Deposits	8,834	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	38,010	Recorded based on the annual average renewal costs and the reproduction cost as stated in the engineering report, considering the construction management fee
(6) Net Cash Flow (NCF) ((3)+(4)–(5))	793,374	—
(7) Overall Capitalization Rate	3.8%	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	20,200,000	—
Discount Rate	3.6%	—
Terminal Capitalization Rate	4.0%	—
Value Indicated by Cost Approach	26,700,000	—
Ratio of Land Value	67.5%	—
Ratio of Building Value	32.5%	—
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.

5. Seller Profile

Company Name	TOKYU LAND CORPORATION
Head Office Address	1-21-1, Dogenzaka, Shibuya-ku, Tokyo
Representative	Masashi Okada, Representative Director and President, Chief Executive Officer
Capital	¥57,551 million (as of March 31, 2022)
Business Activities	Real estate leasing and sales business, other business
Foundation Date	December 17, 1953
Net Assets of the Previous Business Year	¥391,282 million (as of March 31, 2022)
Total Assets of the Previous Business Year	¥1,806,863 million (as of March 31, 2022)
Major Shareholder and Shareholding Ratio	Tokyu Fudosan Holdings Corporation 100% (as of March 31, 2022)
Relationship between the Investment Corporation or its Investment Management Company and the Company	
Capital Relationship	The Company is an equity-method affiliate of Tokyu Corporation, the parent company of Tokyu REIM. Tokyu Corporation holds 5.01% of the total number of investment units of TOKYU REIT issued and outstanding as of July 31, 2022.
Personnel Relationship	There is no personnel relationship to state between TOKYU REIT or Tokyu REIM and the Company. In addition, there is no personnel relationship to note between the affiliated persons or affiliated companies of TOKYU REIT or Tokyu REIM and the affiliated persons or affiliated companies of the Company.
Business Relationship	The memorandum relating to the provision of opportunities to acquire owned real estate assets has been concluded between TOKYU REIT, Tokyu REIM and the Company.
Status of Classification as Related Party	Tokyu Corporation, the affiliated company of the Company, is the parent company of Tokyu REIM, and the Company falls under the category of related party of TOKYU REIT and Tokyu REIM.

6. Status of Property Acquirers, Etc.

	Current Owner	Previous Owner
Company Name	TOKYU LAND CORPORATION	Part of Block I-b, Block II-a and Block II-b: Party other than party that has particular vested interest Other than the above: -
Relationship with Party that has Particular Vested Interest	Please refer to “5. Seller Profile; Relationship between the Investment Corporation or its Investment Management Company and the Company” above.	-
Acquisition Process, Rationale, etc.	Part of Block I-b, Block II-a and Block II-b: Acquisition through sale and purchase from a party that acquired the Property through the execution of redevelopment project Other than the above: Acquisition through the execution of Futako-Tamagawa East District Urban Redevelopment Project	Part of Block I-b, Block II-a and Block II-b: Omitted because the Property has been acquired from the party other than party that has particular vested interest Other than the above: -
Acquisition Price	(Land) Omitted because the Property has been owned by the current owner for more than 1 year (Building) Omitted because the Property has been owned by the current owner for more than 1 year	-
Acquisition Date	Part of Block I-b, Block II-a and Block II-b: (Land) Block I-b: August 2016 Block II-a: March 2017 Block II-b: December 2010 (Building) Block I-b: August 2016 Block II-a: March 2017 Block II-b: December 2010 Other than the above: (Land) Block I-b: March 2007 Block II-a: October 2011 Block II-b: March 2007 Block III (Plaza Mall): March 2007 (Building) Block I-b: November 2010 Block II-a: June 2015 Block II-b: April 2010 Block III (Plaza Mall): April 2010	Part of Block I-b, Block II-a and Block II-b: Omitted because the Property has been acquired from the party other than party that has particular vested interest Other than the above: -

7. Transactions with Interested Persons, Etc.

(1) Execution of Real Estate Purchase and Sale Agreement

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

(2) Execution of Property Management Agreement

Since Tokyu Corporation, to which TOKYU REIT will outsource property management services, is categorized as a Related Party (Note) under Tokyu REIM's self-imposed Rules on Related-Party Transactions, multiple checks have been conducted based on the rules and the execution of the property management agreement has been approved by TOKYU REIT's board of directors based on the results. Having completed the above procedures, TOKYU REIT shall enter into a property management agreement with acquisition of the property by TOKYU REIT as a condition precedent. As for the property management fees, a written opinion has been acquired from Urban Research Institute Corporation that confirms that the compensation is in line with the general level of fees paid by other investment corporations, etc., listed on the Tokyo Stock Exchange.

(3) Conclusion of Other Contracts

Various contracts on the management and operation of the Property are scheduled to be concluded with Tokyu Corporation and Tokyu Land Corporation, which are co-owners of the Property, and a Related Party (Note) which outsources businesses in the management of the Property other than property management business. Upon the conclusion of these contracts, multiple checks have been conducted based on Tokyu REIM's self-imposed Rules on Related-Party Transactions, and based on the above results, they have been approved or are scheduled to be sequentially approved by TOKYU REIT's board of directors.

(Note) Related Party includes Interested Persons, etc., as defined in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, as well as any entity that falls under the following (1) to (3):

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

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

(2) Affiliates within the scope of consolidation of Tokyu Corporation;

(3) Tokyu Fudosan Holdings Corporation and its subsidiaries (any entity that falls under the following);

- Tokyu Fudosan Holdings Corporation (“Tokyu Fudosan Holdings”);
- A consolidated subsidiary of Tokyu Fudosan Holdings;
- A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings and where the share of investment by silent partnership or other investment shares in that entity by the respective company exceeds 50%.

8. Matters Concerning Forward Commitment, Etc.

The purchase and sale agreement concerning the Acquisition 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 the purchase and sale agreement for the Transaction is as follows.

When 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 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 Transaction. If such violation is due to reasons attributable to the violating party, the counterparty with a right to cancel the agreement may demand that the violating party pay a penalty in the amount equivalent to 5% of the purchase/sales price in the said purchase and sale agreement within 30 days of the cancellation of said purchase and sale agreement.

TOKYU REIT plans to allocate borrowings and cash on hand to the acquisition funds of the Property. However, as

of the date of this document, it is believed that there are no concerns over the acquisition of the Property and that there will be no material impact on the financial status, etc. even if a penalty will be paid, in light of the cash and deposits held by TOKYU REIT, cash flow of TOKYU REIT and the credit limit for the commitment line agreement which has already been arranged. Therefore, TOKYU REIT believes that the acquisition of the Property is unlikely to have a material impact on its financial status and payment of distribution, etc.

9. Settlement Method, Etc.

Payment of acquisition costs for the Asset to Be Acquired will be conducted at time of delivery for the property.

10. Financing Details

TOKYU REIT intends to fund the Acquisition using borrowings and cash on hand.

(Note) The details of the borrowings will be announced when finalized.

11. Outlook

Please refer to “FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JULY 2022” announced today for details of forecasts for the fiscal period ending January 2023 (FP 39) and the fiscal period ending July 2023 (FP 40).

Attachments

1. Property Portfolio after the Acquisition (assumption figure as of January 31, 2023)
2. Second Opinion Summary
3. Location Map of Futako Tamagawa Rise
4. Photograph of Futako Tamagawa Rise

References

Status of Timely Disclosure of the Memorandum Relating to the Provision of Opportunities to Acquire Owned Real Estate Assets
January 13, 2011 Notice Concerning Conclusion of Letter of Intent regarding Sponsor's Structure
March 4, 2011 Notice Concerning Conclusion of Memorandums Regarding Sponsor's Structure

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

Attachment 1

Property Portfolio after the Acquisition (assumption figure as of January 31, 2023)

Use	Property Name	Area	Acquisition Date	Acquisition Price (million yen)	Ratio(%) *1	Appraisal Value at the end of July 2022 (FP38) (million yen)
Retail	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	6.0%	37,500
	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	1.9%	6,260
	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	2.3%	8,290
	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	2.6%	12,800
	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *2	14,700	9.7%	23,800
			August 2, 2005 *3	9,800		
	CONZE Ebisu	Central Tokyo and Tokyu Areas (Shibuya)	October 31, 2006	5,116	2.0%	5,290
	TOKYU REIT Shimokitazawa Square	Tokyu Areas	April 26, 2019	2,257	0.9%	2,260
	TOKYU REIT Jiyugaoka Square	Tokyu Areas	October 1, 2019 *4	1,548	1.3%	3,510
March 4, 2020 *5			1,611			
Retail Total				67,303	26.6%	99,710
Office	Tokyu Nampo-dai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	1.8%	7,760
	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	2.6%	12,100
	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	1.8%	6,270
	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	1.9%	5,950
	TOKYU REIT Toranomom Building	Central Tokyo	December 15, 2004 *6	8,630	4.0%	14,100
			September 21, 2007 *7	1,100		
			September 21, 2007 *8	200		
			October 26, 2007 *9	140		
			January 21, 2015 *10	107		
	Tokyu Ikejiri-ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.2%	6,350
	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	3.6%	10,200
	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	3.6%	13,500
	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	1.8%	6,520
	Tokyu Ginza 2-chome Building	Central Tokyo	February 15, 2011	5,010	2.0%	6,490
	TOKYU REIT Shibuya R Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.1%	10,100
	Tokyu Toranomom Building	Central Tokyo	August 16, 2013	15,000	7.3%	24,400
			January 9, 2015 *11	1,850		
			June 30, 2022 *12	1,700		
	TOKYU REIT Shinjuku 2 Building	Central Tokyo	October 30, 2015	2,750	1.1%	3,270
	Tokyu Bancho Building	Central Tokyo	March 24, 2016 *13	12,740	5.5%	16,000
March 28, 2019 *14			1,040			
TOKYU REIT Ebisu Building	Central Tokyo and Tokyu Areas (Shibuya)	August 1, 2018	4,500	1.8%	4,860	
Shibuya Dogenzaka Sky Building	Central Tokyo and Tokyu Areas (Shibuya)	March 28, 2019	8,100	3.2%	8,490	
OKI Shibaura Office	Central Tokyo	September 28, 2020	11,900	4.7%	13,000	
TOKYU REIT Shibuya Miyashita Koen Building	Central Tokyo and Tokyu Areas (Shibuya)	March 29, 2021	6,000	2.4%	6,100	
Aoyama Oval Building	Central Tokyo and Tokyu Areas (Shibuya)	December 10, 2021	18,600	7.4%	19,500	
Meguro Higashiyama Building	Tokyu Areas	March 24, 2022	8,100	3.2%	8,330	
Office Total				161,297	63.8%	203,290
Residence	Maison Peony Tonitsudaigaku	Tokyu Areas	November 15, 2017	1,200	0.5%	1,350
	STYLIO FIT Musashikosugi	Tokyu Areas	January 20, 2021	1,500	0.6%	1,610
Residence Total				2,700	1.1%	2,960
Complex	Futako Tamagawa Rise	Tokyu Areas	January 31, 2023	20,200	8.0%	20,400
Complex Total				20,200	8.0%	20,400
Land with Leasehold Interest	REVE Nakameguro (land with leasehold interest)	Tokyu Areas	September 27, 2018	1,150	0.5%	1,190
Land with Leasehold Interest Total				1,150	0.5%	1,190
Total				252,651	100.0%	327,550

- *1 Ratio is rounded to one decimal place. Accordingly, the subtotal and total may not exactly match the sum of relevant items.
- *2 Details of the 60% portion of trust beneficiary interests acquired under quasi-co-ownership.
- *3 Details of the 40% portion of trust beneficiary interests acquired under quasi-co-ownership.
- *4 Details of the 49% portion of trust beneficiary interests acquired under quasi-co-ownership.
- *5 Details of the 51% portion of trust beneficiary interests acquired under quasi-co-ownership.
- *6 Floor area: 9,688.59 m²; Interest of site rights: 73,585/100,000
- *7 Floor area: 865.14 m²; Interest of site rights: 8,579/100,000
- *8 Floor area: 139.93 m²; Interest of site rights: 1,322/100,000
- *9 Floor area: 93.93 m²; Interest of site rights: 1,166/100,000
- *10 Floor area: 95.06 m²; Interest of site rights: 1,464/100,000
- *11 Details of the contiguous land (251.91 m²) additionally acquired on January 9, 2015.
- *12 Details of the Extended Portion additionally acquired on June 30, 2022.
- *13 Details of the 49% portion of trust beneficiary interests acquired under quasi-co-ownership.
- *14 Details of the 3.6% portion of trust beneficiary interests acquired under quasi-co-ownership.
- *15 Appraisal value with August 1, 2022 as the effective date of value.

Attachment 2

Second Opinion Summary

Subject Property	Futako Tamagawa Rise
Judgment of Subject Value	Reasonable and proper
Basis of Value and Scope of Valuation	Reasonable and proper
Highest and Best Use of the Subject Property as Improved	High-rise office building with retail, etc., same as current use Reasonable and proper.
The Income Capitalization Approach and Its Indicated Value	Reasonable and proper
The Cost Approach and Its Indicated Value	Reasonable and proper
Reconciliation of the Indicated Values	Reasonable and proper

Above summary is the abstract of the Real Estate Letter of Opinion prepared by CBRE K.K. where the contents of the Appraisal Report (No. Daikan-#502110234) by Daiwa Real Estate Appraisal Co., Ltd. have been examined. It is noted that this Letter of Opinion itself is not regarded to be a valuation report fully in accordance with Japan's Act on Real Estate Appraisal.

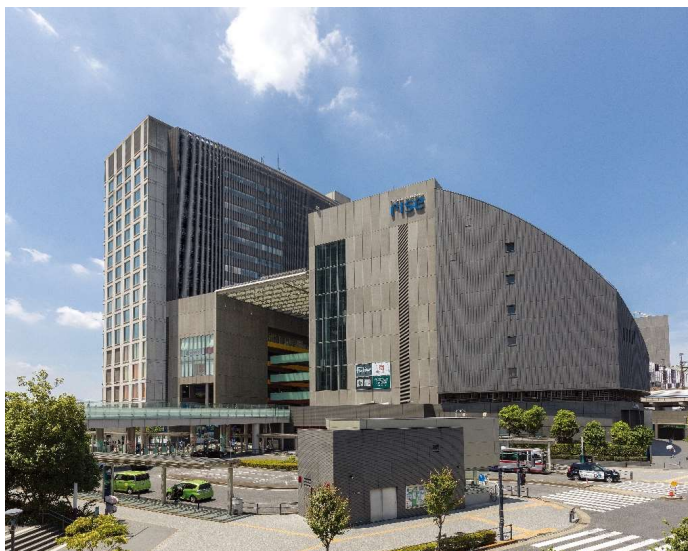
Attachment 3

Location Map of Futako Tamagawa Rise



Attachment 4

Photograph of Futako Tamagawa Rise



Futako Tamagawa Rise Block I-b



Futako Tamagawa Rise Block II-a



Futako Tamagawa Rise Block II-b



Futako Tamagawa Rise Block III

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