

June 30, 2022

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**Notice Concerning Completion of Additional Acquisition with the Completion of Extension Work of Domestic Real Estate (Tokyu Toranomom Building)**

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that the extension work and the existing building renovation work at Tokyu Toranomom Building (the “Extension Work”) described in “Notice Concerning Commencement of Extension Work (Tokyu Toranomom Building)” dated September 14, 2020, as well as the additional acquisition of the extended portion (the “Additional Acquisition”) have been completed. Brief details are as follows.

1. Additional Acquisition Details

Property Name	Tokyu Toranomom Building (Extended Portion)
Location	1-21-19, Toranomom, Minato-ku, Tokyo
Acquisition Price	¥1,722 million (Note 1)
Floor Area	2,050.64 m <sup>2</sup> (Note 2)
Construction Company	Tokyu Construction Co., Ltd.
Acquisition Date	June 30, 2022
Funds for Acquisition	Cash on hand and borrowings

(Note 1) The total amount of construction costs, design costs, construction supervision costs and fee for construction management business (“CM Fee”) is indicated.

CM Fee is calculated using the amount scheduled to be paid (estimate) as of the date of this document.

(Note 2) Based on the details of the application for registration of change of the heading of buildings scheduled to be conducted after the date of this document.

## 2. Details of Asset to Be Acquired

		Before Extension Work	After Extension Work (Note 1)
Property Name		Tokyu Toranomom Building	
Type of Specified Asset		Domestic real estate	
Location	Registered	Land: 1-216-2, 1-217-1, 1-217-2, 1-217-3, 1-217-4, 1-220-1, 1-220-2, 1-220-3, 1-220-4, 1-220-5, 1-220-6, 1-220-7, 1-220-8, 1-220-9, 1-220-10, 1-220-11, 1-220-12, 1-220-13, 1-220-14, 1-220-15, Toranomom, Minato-ku, Tokyo	
		Building: 1-216-2, 1-217-1, 1-217-2, 1-217-3, 1-217-4, 1-220-1, 1-220-2, 1-220-3, 1-220-4, 1-220-5, 1-220-6, 1-220-7, 1-220-9, 1-220-10, 1-220-11, 1-220-12, 1-220-13, 1-220-14, 1-220-15, Toranomom, Minato-ku, Tokyo	(Note 2)
	Residential	1-21-19, Toranomom, Minato-ku, Tokyo	
Access		Approximately a one-minute walk from Toranomom Hills Station, Tokyo Metro Hibiya Line Approximately a three-minute walk from Toranomom Station, Tokyo Metro Ginza Line	
Use (Note 2)		Office and retail	
Area Classification		Commercial district	
Site/Floor Area (Note 3)		Land: 2,016.83 m <sup>2</sup>	2,016.83 m <sup>2</sup>
		Building: 11,983.09 m <sup>2</sup>	14,033.73 m <sup>2</sup>
Structure (Note 3)		S, 10F	
Completion Date (Note 3)		April 2010	April 2010 June 2022 (Extended Portion)
Design Company		Tokyu Architects & Engineers Inc.	
Construction Company		Tokyu Construction Co., Ltd.	
Inspection Authority		The Building Center of Japan	
Earthquake Resistance		PML (Probable Maximum Loss) of 4.7% is based on the earthquake risk assessment (detailed) report prepared by Engineering and Risk Services Corporation and OYO RMS Corporation (as of June 27, 2022). 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 factors and structural evaluation.	
Type of Ownership		Land: Proprietary ownership	
		Building: Proprietary ownership	
Acquisition Date		August 16, 2013 January 9, 2015 (Contiguous Land)	August 16, 2013 January 9, 2015 (Contiguous Land) (Site of Extended Portion) June 30, 2022 (Extended Portion)
Acquisition Price		¥16,850 million (breakdown) ¥15,000 million ¥1,850 million (Contiguous Land)	¥18,572 million (breakdown) ¥15,000 million ¥1,850 million (Contiguous Land) (Site of Extended Portion) ¥1,722 million (Extended Portion)
Appraisal Value		¥22,200 million (effective date of value: January 31, 2022)	¥24,400 million (effective date of value: June 29, 2022)
		Appraiser: Japan Real Estate Institute	
Security/Guarantee		None	

Special Items	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 the acquisition 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 51.76 m <sup>2</sup> ). The Building has been constructed in a form that can respond in the event that a project does become decided (The specific timing, etc. of project decision have not been made as of today).
Lease Details	Total Number of Tenants: 4, Occupancy Rate: 44.3 % (Assumed figures as of July 1, 2022)
<p>(Note 1) “After Extension Work” indicates the information for the entire property after the Extension Work.</p> <p>(Note 2) Based on the details of the application for registration of change of the heading of buildings scheduled to be conducted after the date of this document.</p> <p>(Note 3) The description before the Extension Work is as shown in the register, and the description after the Extension Work is based on the details of the application for registration of change of the heading of buildings scheduled to be conducted after the date of this document.</p>	

### 3. Effect of Extension Work

	Before Extension Work	After Extension Work	Change
Total Floor Area (Note 1)	12,557.47 m <sup>2</sup>	14,640.55 m <sup>2</sup>	+2,083.08 m <sup>2</sup>
Total Leasable Floor Area	9,016.59 m <sup>2</sup>	11,029.27 m <sup>2</sup>	+2,012.68 m <sup>2</sup>
Floor Area per Standard Floor	984.55 m <sup>2</sup>	1,187.18 m <sup>2</sup>	+202.63 m <sup>2</sup>
NOI (Note 2)	¥795 million	¥808 million	¥+12 million
NOI Yield (Note 3)	4.72%	4.35%	-0.37pts
NOI after Depreciation (Note 2)	¥655 million	¥601 million	¥-54 million
NOI Yield after Depreciation (Note 3)	3.89%	3.24%	-0.65pts

(Note 1) Total floor area is the figure based on the description in the certificate of inspection and differ from the figures in the register.

(Note 2) NOI and NOI after depreciation before Extension Work are the annualized figures for the actual NOI and NOI after depreciation eliminating special factors from income and expenses in the fiscal period ended July 2020 (34th Fiscal Period) before the commencement of the Extension Work, while those after Extension Work are the annualized figures for the estimated NOI and NOI after depreciation eliminating special factors from the estimated income and expenses in the fiscal period ending July 2023 (40th Fiscal Period) as of the date of this document.

(Note 3) NOI yield and NOI yield after depreciation is calculated by dividing the NOI or the NOI after depreciation indicated in (Note 2) by the acquisition price of Tokyu Toranomon Building indicated in 2. Details of Asset to Be Acquired.

## 4. Property Appraisal Summary

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

Property Name: Tokyu Toranomom Building	Estimation	Notes
Appraisal Firm: Japan Real Estate Institute		
Effective Date of Value	June 29, 2022	-
Type of Value	Market Value	-
Appraisal Value	¥24,400,000	The value indicated by the income capitalization approach
Value Indicated by Income Capitalization Approach	¥24,400,000	The same weight on both the value indicated by the direct capitalization method and that by the DCF method.
Value Indicated by Direct Capitalization Method	¥24,500,000	-
(1) Operating Revenue (a.-b.)	¥1,025,522	-
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	¥1,068,096	The stabilized rent and common area maintenance charges, which were based on the current rents and the market rent/CAM charges.
b. Vacancy Loss	¥42,574	The stabilized occupancy rate, which was based on the past occupancy rate of the subject property and its future prediction as well as the occupancy rate of similar properties in the local market.
(2) Operating Expenses (c.+d.+e.+f.+g.+h.+i.+j.)	¥257,606	-
c. Building Maintenance Cost	¥40,000	The characteristics of the subject property, its previous years' numbers, and the maintenance cost of similar properties.
d. Utilities Expenses	¥57,240	The previous years' numbers of the subject property and its occupancy rate of rentable space.
e. Repair Expenses	¥6,866	The past figures of the subject property in addition to its future management plan, the cost levels of similar buildings, and the annual average repair/replacement costs in the available engineering report of the subject property.
f. Property Management Fee	¥22,417	The characteristics of the subject property and the management fees of similar properties as well as the previous years' numbers of the subject property.
g. Tenant Solicitation Expenses, etc.	¥7,087	The annual average amount of the subject property based on the expected turnover rate of tenants.
h. Property Taxes	¥122,765	Estimated taxes payable based on the subject property's taxable assessed value, which is listed in its property tax information, and its tax increment limit.
i. Property Insurance	¥1,231	The subject property's current premiums and those of similar properties.
j. Other Expenses	¥0	There are no other expenses.
(3) Net Operating Income (NOI) ((1)-(2))	¥767,916	-
(4) Investment Profits from Refundable Deposits	¥8,513	(The outstanding deposit amount based on the stabilized security deposit and occupancy rate) x (An invested yield of 1.0% per annum)
(5) Capital Expenditure	¥16,830	We assumed that a constant amount for capital expenditures would be set aside on a yearly basis considering the building age of the subject property, typical annual expenditures of similar properties, and the average amount of repair/replacement expenditures estimated in the engineering report.
(6) Net Cash Flow (NCF) ((3)+(4)-(5))	¥759,599	-
(7) Overall Capitalization Rate	3.1%	-
Value Indicated by DCF Method	¥24,200,000	-
Discount Rate	2.8%	-
Terminal Capitalization Rate	3.1%	-
Value Indicated by Cost Approach	¥23,700,000	-
Ratio of Land Value	88.5%	-
Ratio of Building Value	11.5%	-
Reconciliation before Arriving at the Value Conclusion	We placed the most emphasis on the value indicated by the income capitalization approach, which we judged better reflects the actual price formation process in the commercial real estate market. We used the value indicated by the cost approach for reference only.	

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. Transactions with Interested Persons, Etc.

① Order of Extension Work

The Extension Work of the Property was outsourced to Tokyu Construction Co., Ltd., which falls under the category of a Related Party (Note), to which self-imposed rules of Tokyu REIM for preventing conflicts of interest are applied. Accordingly, TOKYU REIT had implemented procedures in accordance with the rules and concluded a contract agreement. Moreover, concerning the fees for the Extension Work, TOKYU REIT had received an opinion report from Index Consulting Inc. and Index Engineering Inc. stating that the fees were within the standard range with regard to the details of the Extension Work.

② Outsourcing of Design and Supervision of Extension Work

Design and supervision of the Extension Work were outsourced to Tokyu Architects & Engineers Inc. which falls under the category of a Related Party (Note), to which self-imposed rules of Tokyu REIM for preventing conflicts of interest are applied. Accordingly, TOKYU REIT had implemented procedures in accordance with the rules and concluded a design service consignment agreement and construction supervision consignment agreement. Moreover, concerning the fees for the design and supervision of the Extension Work, TOKYU REIT had received an opinion report from Index Consulting Inc. stating that the fees were within the standard range with regard to the details of the Extension Work.

③ Outsourcing of Construction Management Services

Construction management services for the Property were outsourced to Tokyu Corporation which falls under the category of a Related Party (Note), to which self-imposed rules of Tokyu REIM for preventing conflicts of interest are applied. Accordingly, TOKYU REIT had implemented procedures in accordance with the rules and concluded a property management agreement. Moreover, concerning the fees for the construction management services, TOKYU REIT had received an opinion report from Index Consulting Inc. stating that the fees were within the standard range with regard to the details of the Extension Work.

Regarding the above transactions with interested persons, etc., multilayered checks based on the self-imposed rules of Tokyu REIM for preventing conflicts of interest had been implemented and, based on the above results, approval was granted at a meeting of TOKYU REIT's board of directors before the Extension Work.

(Note) Related Party includes interested persons, etc. specified in Article 123 of the "Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations" and refers to either of 1. through 3. below.

1. Tokyu Corporation and its subsidiaries (refers to any entity that falls under the following (i) to (iii))
  - (i) Tokyu Corporation
  - (ii) A consolidated subsidiary of Tokyu Corporation
  - (iii) 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%.
2. Affiliates within the scope of consolidation of Tokyu Corporation.
3. Tokyu Fudosan Holdings Corporation and its subsidiaries (refers to any entity that falls under the following (i) to (iii))
  - (i) Tokyu Fudosan Holdings Corporation ("Tokyu Fudosan Holdings")
  - (ii) A consolidated subsidiary of Tokyu Fudosan Holdings
  - (iii) 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 undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

## 6. Timing and Amount of Payment

(rounded down to the nearest specified unit)

Already paid	¥530 million
Amount scheduled to be paid during the fiscal period ending July 2022 (38th Fiscal Period)	¥1,018 million
Amount scheduled to be paid during the fiscal period ending January 2023 (39th Fiscal Period) (Note)	¥174 million
Total	¥1,722 million

(Note) CM Fee is calculated using the amount scheduled to be paid (estimate) as of the date of this document.

## 7. Outlook

There are no amendments to the expected operation condition for the Fiscal Period Ending July 2022 (38th Fiscal Period) and the Fiscal Period Ending January 2023 (39th Fiscal Period) announced in “FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED JANUARY 2022” dated March 17, 2022, as the Extension Work had already been incorporated as the assumption of the expected operation condition in the forecast figures.

## Attachments

1. Property Portfolio after the Additional Acquisition (assumption figure as of June 30, 2022)
2. Photograph of Tokyu Toranomom Building
3. Location Map of Tokyu Toranomom Building

## Attachment 1

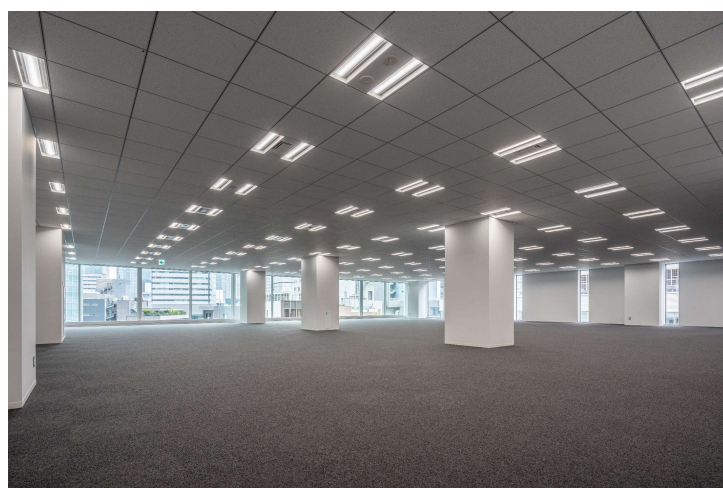
### Property Portfolio after the Additional Acquisition (assumption figure as of June 30, 2022)

Use	Property Name	Area	Acquisition Date	Acquisition Price (million yen)	Ratio(%) *1	Appraisal Value at the end of January 2022 (FP37) (million yen)
Retail	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	6.5%	37,000
	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.1%	6,300
	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	2.5%	8,460
	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	2.8%	12,800
	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *2	14,700	10.5%	24,200
			August 2, 2005 *3	9,800		
	CONZE Ebisu	Central Tokyo and Tokyu Areas (Shibuya)	October 31, 2006	5,116	2.2%	5,320
	TOKYU REIT Shimokitazawa Square	Tokyu Areas	April 26, 2019	2,257	1.0%	2,280
	TOKYU REIT Jiyugaoka Square	Tokyu Areas	October 1, 2019 *4	1,548	1.4%	3,610
March 4, 2020 *5			1,611			
Retail Total				67,303	29.0%	99,970
Office	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.0%	7,570
	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	2.8%	11,800
	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	1.9%	6,270
	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.0%	5,760
	TOKYU REIT Toranomon Building	Central Tokyo	December 15, 2004 *6	8,630	4.4%	14,000
			September 21, 2007 *7	1,100		
			September 21, 2007 *8	200		
			October 26, 2007 *9	140		
			January 21, 2015 *10	107		
	Tokyu Ikejiri-obashi Building	Tokyu Areas	March 28, 2008	5,480	2.4%	6,350
	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	3.9%	10,200
	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	3.9%	13,400
	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	2.0%	6,400
	Tokyu Ginza 2-chome Building	Central Tokyo	February 15, 2011	5,010	2.2%	6,510
	TOKYU REIT Shibuya R Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.3%	10,000
	Tokyu Toranomon Building	Central Tokyo	August 16, 2013	15,000	8.0%	24,400
			January 9, 2015 *11	1,850		
			June 30, 2022 *12	1,722		
	TOKYU REIT Shinjuku 2 Building	Central Tokyo	October 30, 2015	2,750	1.2%	3,240
	Tokyu Bancho Building	Central Tokyo	March 24, 2016 *14	12,740	5.9%	15,700
March 28, 2019 *15			1,040			
TOKYU REIT Ebisu Building	Central Tokyo and Tokyu Areas (Shibuya)	August 1, 2018	4,500	1.9%	4,910	
Shibuya Dogenzaka Sky Building	Central Tokyo and Tokyu Areas (Shibuya)	March 28, 2019	8,100	3.5%	8,670	
OKI Shibaura Office	Central Tokyo	September 28, 2020	11,900	5.1%	12,700	
TOKYU REIT Shibuya Miyashita Koen Building	Central Tokyo and Tokyu Areas (Shibuya)	March 29, 2021	6,000	2.6%	6,070	
Aoyama Oval Building	Central Tokyo and Tokyu Areas (Shibuya)	December 10, 2021	18,600	8.0%	18,800	
Meguro Higashiyama Building	Tokyu Areas	March 24, 2022	8,100	3.5%	8,330	
Office Total				161,319	69.4%	201,080
Residence	Maison Peony Toritsudaigaku	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	1.2%	2,960
Land with Leasehold Interest	REVE Nakameguro (land with leasehold interest)	Tokyu Areas	September 27, 2018	1,150	0.5%	1,150
Land with Leasehold Interest Total				1,150	0.5%	1,150
Total				232,473	100.0%	305,160

- \*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 m<sup>2</sup>; Interest of site rights: 73,585/100,000
- \*7 Floor area: 865.14 m<sup>2</sup>; Interest of site rights: 8,579/100,000
- \*8 Floor area: 139.93 m<sup>2</sup>; Interest of site rights: 1,322/100,000
- \*9 Floor area: 93.93 m<sup>2</sup>; Interest of site rights: 1,166/100,000
- \*10 Floor area: 95.06 m<sup>2</sup>; Interest of site rights: 1,464/100,000
- \*11 Details of the contiguous land (251.91 m<sup>2</sup>) additionally acquired on January 9, 2015.
- \*12 Details of the Extended Portion additionally acquired on June 30, 2022.
- \*13 Appraisal value with June 29, 2022 as the effective date of value.
- \*14 Details of the 49% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*15 Details of the 3.6% portion of trust beneficiary interests acquired under quasi-co-ownership.
- \*16 Appraisal value with February 1, 2022 as the effective date of value.

## Attachment 2

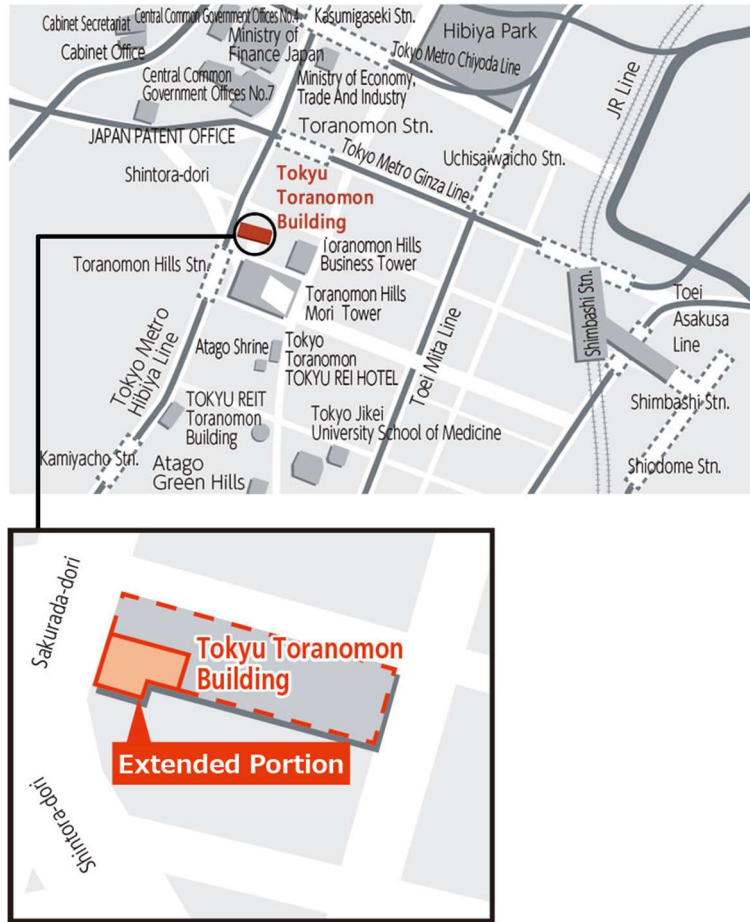
### Photograph of Tokyu Toranomon Building





## Attachment 3

### Location Map of Tokyu Toranomon Building



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.