

October 28, 2022

Real Estate Investment Trust Unit Issuer:  
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## Notice Concerning Disposition (Tokyu Ginza 2-chome 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”), had decided to dispose of trust beneficiary interest in domestic real estate (the “Disposition”). Brief details are as follows.

### 1. Disposition Details

Property Name	Tokyu Ginza 2-chome Building
Location	2-15-2, Ginza, Chuo-ku, Tokyo
Disposition Price	¥8,970 million
Book Value	¥4,285 million (Expected value as of disposition date)
Amount of Difference from Disposition Price	¥4,684 million (Note)
Purchaser	KR Ginza TMK (Please refer to “5. Purchaser Profile”)
Brokerage	Yes
Decision of Disposition	October 28, 2022
Contract Date	October 28, 2022
Disposition Date	November 30, 2022
Receiving of Disposition Costs	November 30, 2022

(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 Disposition 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.

Tokyu Ginza 2-chome Building (the "Property") is an office building in Chuo-ku, Tokyo, acquired in February 2011. TOKYU REIT considered the succeeding tenants after receiving a notice from Netyear Group Corporation, which is a major tenant of the Property, stating its intention to move out of some sections on September 30, 2022. However, there was a possibility that the change in the office leasing market amid the COVID-19 pandemic could have an impact on early lease-ups at the same rent level as the previous level. In addition, as the Property is 14 years old and will require large-scale repairs such as external wall renovation in the future, TOKYU REIT recognized the handling of such matters as an issue.

As a result of the bidding regarding the sale of the Property based on the above circumstances, with the buyer's intent to purchase the Property at a price exceeding the book value and the most recent appraisal value, TOKYU REIT decided on the disposition, judging that the disposition of the Property in the current market environment was the best decision from the perspective of total return (Note).

The disposition price will be allocated to part of the acquisition funds of Futako Tamagawa Rise announced in "Notice Concerning Acquisition (Futako Tamagawa Rise) of Domestic Real Estate" on September 14, 2022.

As a result of the Disposition, TOKYU REIT expects to post a gain on sale of real estate of ¥4,586 million for the fiscal period ending January 2023 (FP 39). TOKYU REIT plans to reserve ¥2,958 million of the gain on sale of real estate as a reserve for reduction entry of replaced property specified in the "Ordinance on Accountings of Investment Corporations" by applying the "Special Provisions for Taxation in Cases of Repurchase of Specified Assets" (Article 65-7 of the Act on Special Measures Concerning Taxation).

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

## 3. Details of Asset to Be Disposed

Property Name		Tokyu Ginza 2-chome Building				
Type of Specified Asset		Trust beneficiary interest in domestic real estate (Note 1)				
Trustee		Sumitomo Mitsui Trust Bank, Limited				
Trust Period		November 30, 2022 to November 30, 2032 (Note 1)				
Location	Registered	Land: 2-215-1, Ginza, Chuo-ku, Tokyo				
		Building: 2-215-1, Ginza, Chuo-ku, Tokyo				
	Residential	2-15-2, Ginza, Chuo-ku, Tokyo				
Access		Approximately a two-minute walk from Shintomicho Station on the Tokyo Metro Yurakucho Line Approximately an eight-minute walk from Ginza Station on the Tokyo Metro Ginza Line, etc.				
Use		Office, Retail				
Area Classification		Commercial district				
Site/Floor Area (Registered)		Land: 805.42 m <sup>2</sup>				
		Building: 5,098.61 m <sup>2</sup>				
Structure (Registered)		S/RC, B1/8F				
Completion Date (Registered)		August 2008				
Type of Ownership		Land: Proprietary ownership				
		Building: Proprietary ownership				
Acquisition Date		February 15, 2011				
Acquisition Price		¥5,010 million				
Disposition Date		November 30, 2022				
Disposition Price		¥8,970 million				
Appraisal Value		¥6,490 million (effective date of value: July 31, 2022)				
		Appraiser: Japan Real Estate Institute				
Book Value		¥4,285 million (Expected value as of disposition date)				
Amount of Difference from Disposition Price		¥4,684 million (Note 2)				
Special Items		None				
Lease Details	Total Number of Tenants		2 (as of July 31, 2022)			
	Total Rental Income		¥313 million a year (actual results from August 1, 2021, to July 31, 2022)			
	Lease Deposits and Guarantee Deposits		¥252 million (as of July 31, 2022)			
	NOI		¥250 million a year (actual results from August 1, 2021, to July 31, 2022)			
	NOI after Depreciation		¥184 million a year (actual results from August 1, 2021, to July 31, 2022)			
	Total Leased Area		3,473.16 m <sup>2</sup> (as of July 31, 2022)			
	Total Rentable Area		3,473.16 m <sup>2</sup> (as of July 31, 2022)			
	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
100.0%			100.0%	100.0%	100.0%	100.0%
(Note 1) As of today, trust beneficiary interest is not established for the Property. However, TOKYU REIT has concluded a real estate trust agreement for management and disposal with condition precedent concerning the Property as the main asset in trust with the trustee as of today, and is scheduled to sell the trust beneficiary interest based on the concerned real estate trust agreement for management and disposal with condition precedent to the buyer. The trustee and trust period are indicated based on the real estate trust agreement for management and disposal with condition precedent.						
(Note 2) Amount of difference between the disposition price and the expected book value as of the scheduled disposition date is indicated.						

## 4. Property Appraisal Summary

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

Property Name: Tokyu Ginza 2-chome Building	Estimation	Notes
Appraisal Firm: Japan Real Estate Institute		
Effective Date of Value	July 31, 2022	-
Type of Value	Market Value	-
Appraisal Value	6,490,000	The value indicated by the income approach
Value Indicated by Income Approach	6,490,000	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	6,520,000	-
(1) Operating Revenue (a.-b.)	310,848	-
a. Potential Gross Income (rental income, common area charges income, utilities reimbursement, etc.)	322,210	The stabilized rent and common area maintenance charges, which were based on the current rents and the market rent/CAM charges.
b. Vacancy Loss	11,362	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.)	76,564	-
c. Building Maintenance Cost	16,696	The characteristics of the subject property, its previous years' numbers, and the maintenance cost of similar properties.
d. Utilities Expenses	19,980	The previous years' numbers of the subject property and its occupancy rate of rentable space.
e. Repair Expenses	3,472	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	6,469	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.	2,322	The annual average amount of the subject property based on the expected turnover rate of tenants.
h. Property Taxes	27,254	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	252	The subject property's current premiums and those of similar properties.
j. Other Expenses	119	The actual figure of the subject property
(3) Net Operating Income (NOI) ((1)-(2))	234,284	-
(4) Investment Profits from Refundable Deposits	2,416	(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	8,510	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))	228,190	-
(7) Overall Capitalization Rate	3.5%	-
Value Indicated by DCF Method	6,460,000	-
Discount Rate	3.2%	-
Terminal Capitalization Rate	3.5%	-
Value Indicated by Cost Approach	5,180,000	-
Ratio of Land Value	76.8%	-
Ratio of Building Value	23.2%	-
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. Purchaser Profile

Company Name	KR Ginza TMK
Head Office Address	1-22-5, Nishi-shimbashi, Minato-ku, Tokyo
Representative	Takehiko Kamagata, Director
Business Activities	Businesses regarding acceptance, management and disposal of specific assets in accordance with the asset securitization plan based on the Act on Securitization of Assets.
Capital	¥100,000 (as of October 28, 2022)
Foundation Date	October 13, 2022
Net Assets	¥100,000 (as of October 28, 2022)
Total Assets	¥100,000 (as of October 28, 2022)
Major Shareholder	Specified equity member/preferred equity member HSBC Institutional Trust Services (Singapore) Limited (as trustee of Keppel REIT) (as of the scheduled disposition date on November 30, 2022)
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.

## 6. Matters Concerning Forward Commitment, Etc.

The purchase and sale agreement concerning the Disposition 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 Disposition 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 10% of the purchase/sales price in the said purchase and sale agreement within 30 days of the cancellation of said purchase and sale agreement.

## 7. Settlement Method, Etc.

Payment of the purchase/sale price of the Disposition will be conducted at time of delivery for the property.

## 8. Outlook

A gain on sale of real estate of ¥4,586 million is expected to be posted for the fiscal period ending January 2023 (FP 39) due to the Disposition, resulting in differences from the expected operating condition and distribution forecast for the fiscal period ending January 2023 (FP 39) announced on September 14, 2022.

For details, please refer to “Notice Concerning Revision to Expected Operating Condition and Distribution Forecast for the Fiscal Period Ending January 2023 (39th Fiscal Period) and the Fiscal Period Ending July 2023 (40th Fiscal Period)”

separately announced today.

## Attachments

Property Portfolio after the Disposition (assumption figure as of November 30, 2022)

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

Attachment

Property Portfolio after the Disposition (assumption figure as of November 30, 2022)

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	6.6%	37,500
	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.1%	6,260
	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	2.5%	8,290
	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	2.9%	12,800
	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *2	14,700	10.8%	23,800
			August 2, 2005 *3	9,800		
	CONZE Ebisu	Central Tokyo and Tokyu Areas (Shibuya)	October 31, 2006	5,116	2.2%	5,290
	TOKYU REIT Shimokitazawa Square	Tokyu Areas	April 26, 2019	2,257	1.0%	2,260
	TOKYU REIT Jiyugaoka Square	Tokyu Areas	October 1, 2019 *4	1,548	1.4%	3,510
March 4, 2020 *5			1,611			
Retail Total				67,303	29.6%	99,710
Office	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.0%	7,760
	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	2.9%	12,100
	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	2.0%	6,270
	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.1%	5,950
	TOKYU REIT Toranomon Building	Central Tokyo	December 15, 2004 *6	8,630	4.5%	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	2.4%	6,350
	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	4.0%	10,200
	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	4.0%	13,500
	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	2.0%	6,520
	TOKYU REIT Shibuya R Building	Central Tokyo and Tokyu Areas (Shibuya)	August 16, 2013	5,270	2.3%	10,100
	Tokyu Toranomon Building	Central Tokyo	August 16, 2013	15,000	8.2%	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	1.2%	3,270
	Tokyu Bancho Building	Central Tokyo	March 24, 2016 *13	12,740	6.1%	16,000
			March 28, 2019 *14	1,040		
TOKYU REIT Ebisu Building	Central Tokyo and Tokyu Areas (Shibuya)	August 1, 2018	4,500	2.0%	4,860	
Shibuya Dogenzaka Sky Building	Central Tokyo and Tokyu Areas (Shibuya)	March 28, 2019	8,100	3.6%	8,490	
OKI Shibaura Office	Central Tokyo	September 28, 2020	11,900	5.2%	13,000	
TOKYU REIT Shibuya Miyashita Koen Building	Central Tokyo and Tokyu Areas (Shibuya)	March 29, 2021	6,000	2.6%	6,100	
Aoyama Oval Building	Central Tokyo and Tokyu Areas (Shibuya)	December 10, 2021	18,600	8.2%	19,500	
Meguro Higashiyama Building	Tokyu Areas	March 24, 2022	8,100	3.6%	8,330	
Office Total				156,287	68.7%	196,800
Residence	Maison Peony Toritsudaigaku	Tokyu Areas	November 15, 2017	1,200	0.5%	1,350
	STYLIO FTI Musashikosugi	Tokyu Areas	January 20, 2021	1,500	0.7%	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%	1,190
Land with Leasehold Interest Total				1,150	0.5%	1,190
Total				227,441	100.0%	300,660

\*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 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.

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.  
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