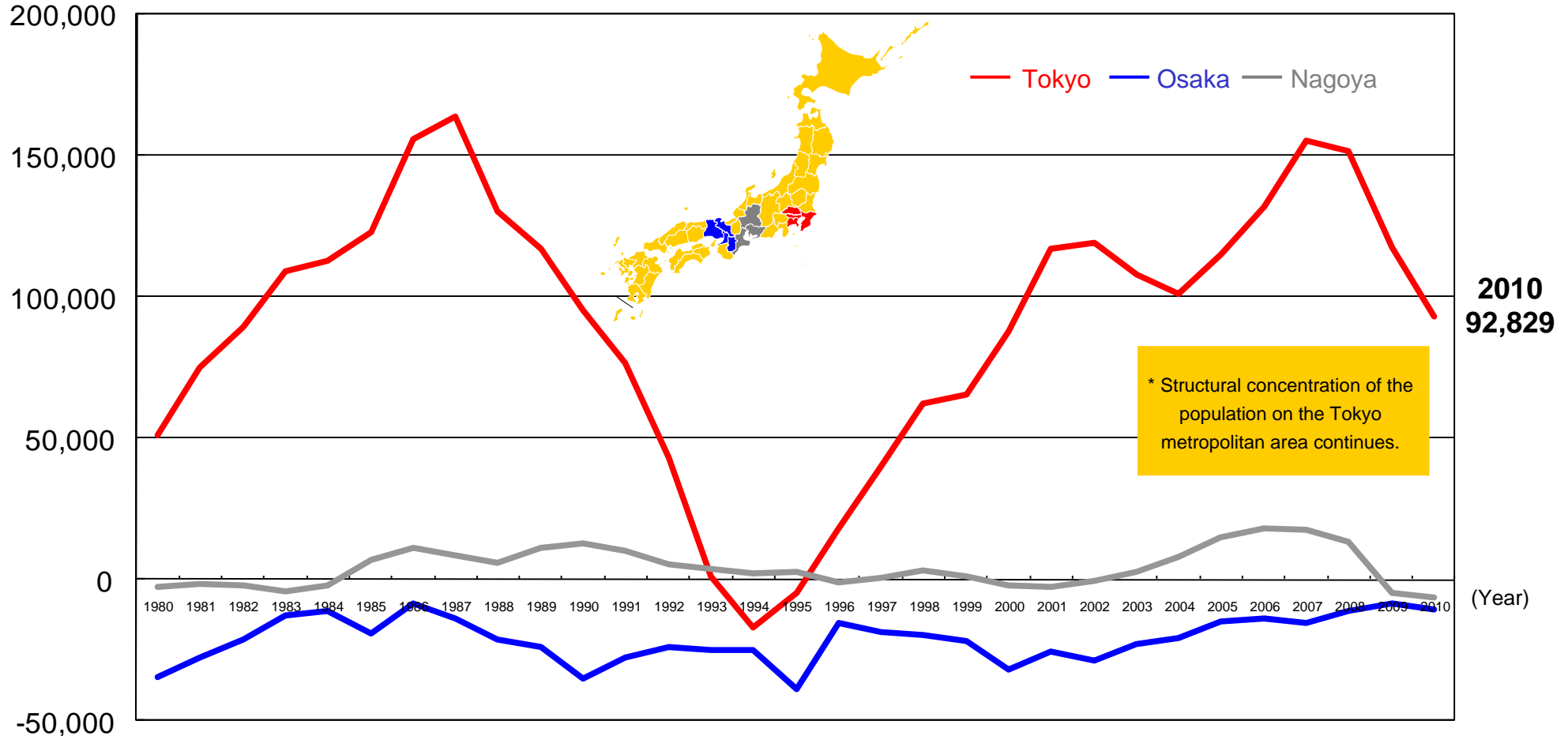




1. Investment Policy and Strategy

Excess Population Inflow into Three Major Metropolitan Areas (1980-2010)

(Number of people)



* Excess inflow continues to occur in the Tokyo Metropolitan Area, while there is excess outflow occurring in the Osaka Metropolitan Area and Nagoya Metropolitan Area.

Source: Population Movement from Basic Resident Register, Ministry of Internal Affairs and Communications

Investment in Highly Competitive Properties in Areas with Strong Growth Potential

1. Targeted Product Characteristics

(1) Yield product with the attractiveness of equity

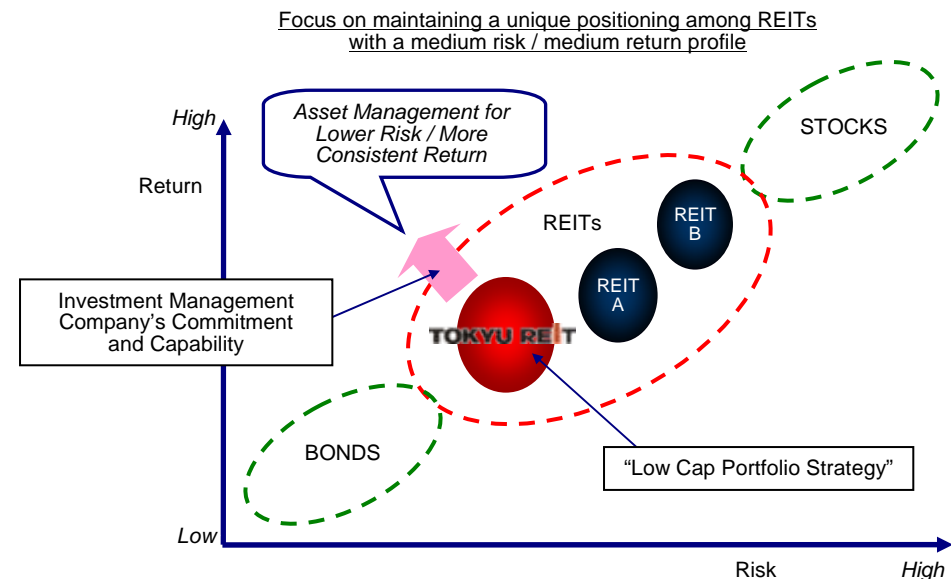
- Aim for EPS growth (higher quality of earnings) and enhancement of asset value

(2) Risk-Return Profile

- Establish a low risk, steady return portfolio with promising future growth potential
→ “Low Cap Portfolio Strategy”
- Improve investment return while controlling risk through active management (Focus on risk management emphasizing risk vs. return)

(3) Global Product

- High quality product that meets the investment criteria of a wide variety of investors worldwide, including those investing globally for diversification purposes



2. Investment Policy

- | | |
|------------------------|---|
| (1) Target Areas | Limited to Tokyo Metropolitan Area (over 85% in Tokyo’s central 5 wards and in areas along Tokyu rail lines (“Tokyu Areas”)) |
| (2) Sector Allocation | Office : Retail = 60 : 40 (±10 points) |
| (3) Size of Properties | In principle, invest in properties over 4 billion yen (for all properties), and with over 5,000 m ² of floor space (for office properties) |

*** Strive to further improve portfolio quality**

Investment Stance of Tokyu REIM

Fiduciary Duties of Tokyu REIM as REIT Management Company	<ul style="list-style-type: none"> • Employ an investment stance that enables the fulfillment of the “Fiduciary Duties” that are fundamental to the fiduciary Investment Manager and to provide significant added value
Fund Structure with High Transparency and Accountability	<ul style="list-style-type: none"> • Fund management with high transparency and accountability through improvement of disclosure, including IR activities, and the involvement of an independent third-party in the decision-making process
Collaboration	<ul style="list-style-type: none"> • Growth and value enhancement of the Tokyu Areas through synergies from collaboration with Tokyu Corporation (Note) (Capital Reinvestment Model)
Brand Strategy	<ul style="list-style-type: none"> • Leverage the “Tokyu Brand” name in leasing operations based on trademark license agreement
Enhanced Measures Against Conflicts of Interest	<ul style="list-style-type: none"> • Implementation of self-imposed rules to secure collaboration and governance to maximize the advantages of such cooperation
Diversified Portfolio	<ul style="list-style-type: none"> • Portfolio management employed to control downside risk associated with major properties and tenants
Strategic Financial Principle	<ul style="list-style-type: none"> • Strategy focused on managing the required debt and equity risk premium while also securing additional funding availability
Investment Management Fee	<ul style="list-style-type: none"> • Management fee structure linked to three performance indices to balance conflicts of interest by “being in the same boat as unitholders” • Adoption of a structure to expense rather than capitalize the management fee
Resource Allocation Seeking Stability and Growth	<ul style="list-style-type: none"> • Allocate many asset managers in comparison to the portfolio size • Have the Investment Management Company bear some of the IR costs • Utilize experience and expertise of employees assigned from Tokyu Corporation and its subsidiaries
Long-Term Investment Management Strategy (Surf Plan)	<ul style="list-style-type: none"> • Value & Contrary (presented separately)

(Note) “Tokyu Corporation” refers to any entity that falls under the following (i) to (iii):

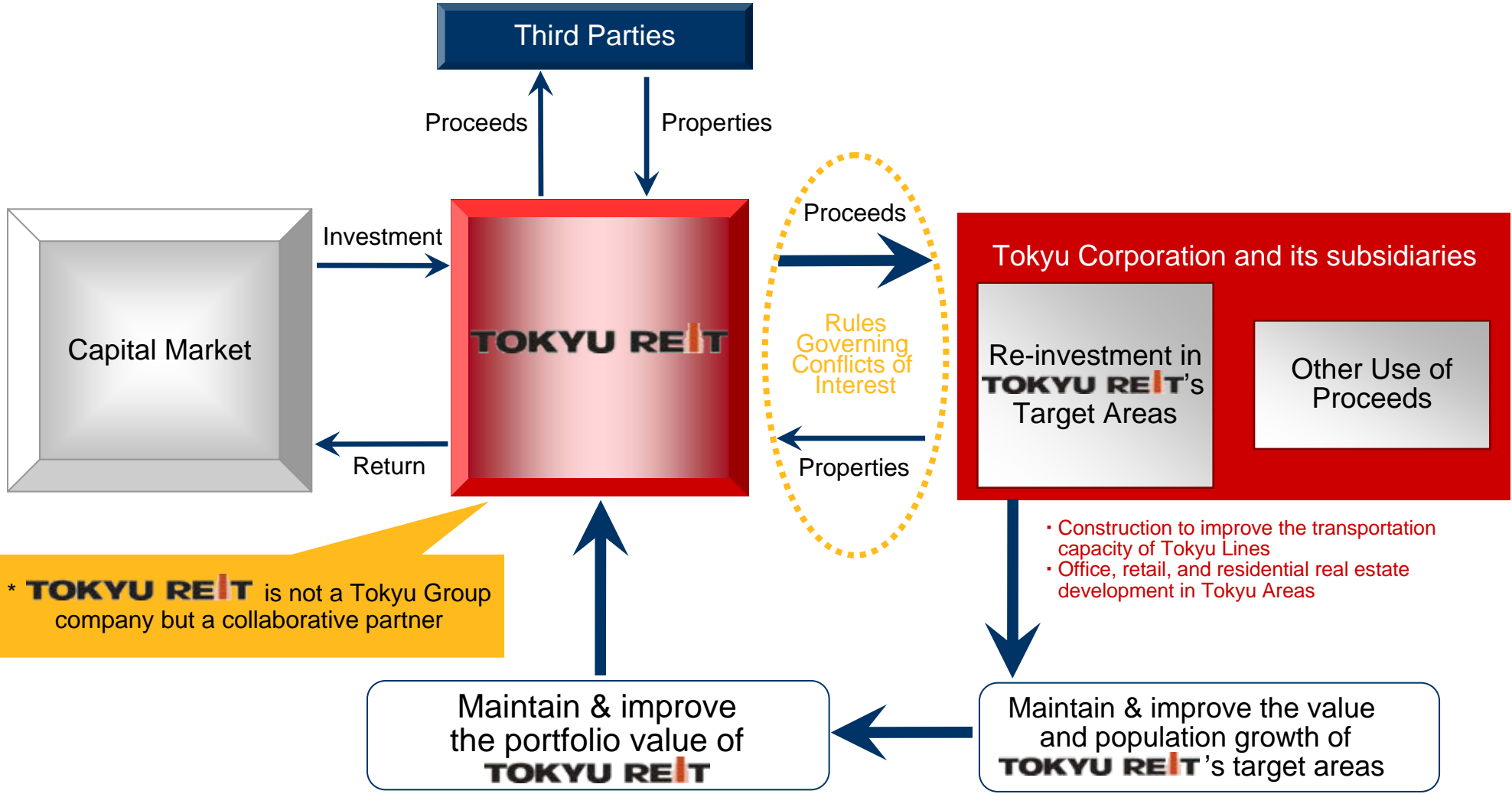
(i) Tokyu Corporation

(ii) A consolidated subsidiary of Tokyu Corporation (*not including equity method affiliates)

(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%.

Capital Re-investment Model

Growth and value enhancement of the Tokyu Areas (areas along Tokyu rail lines) through synergies from collaboration with Tokyu Corporation and its subsidiaries



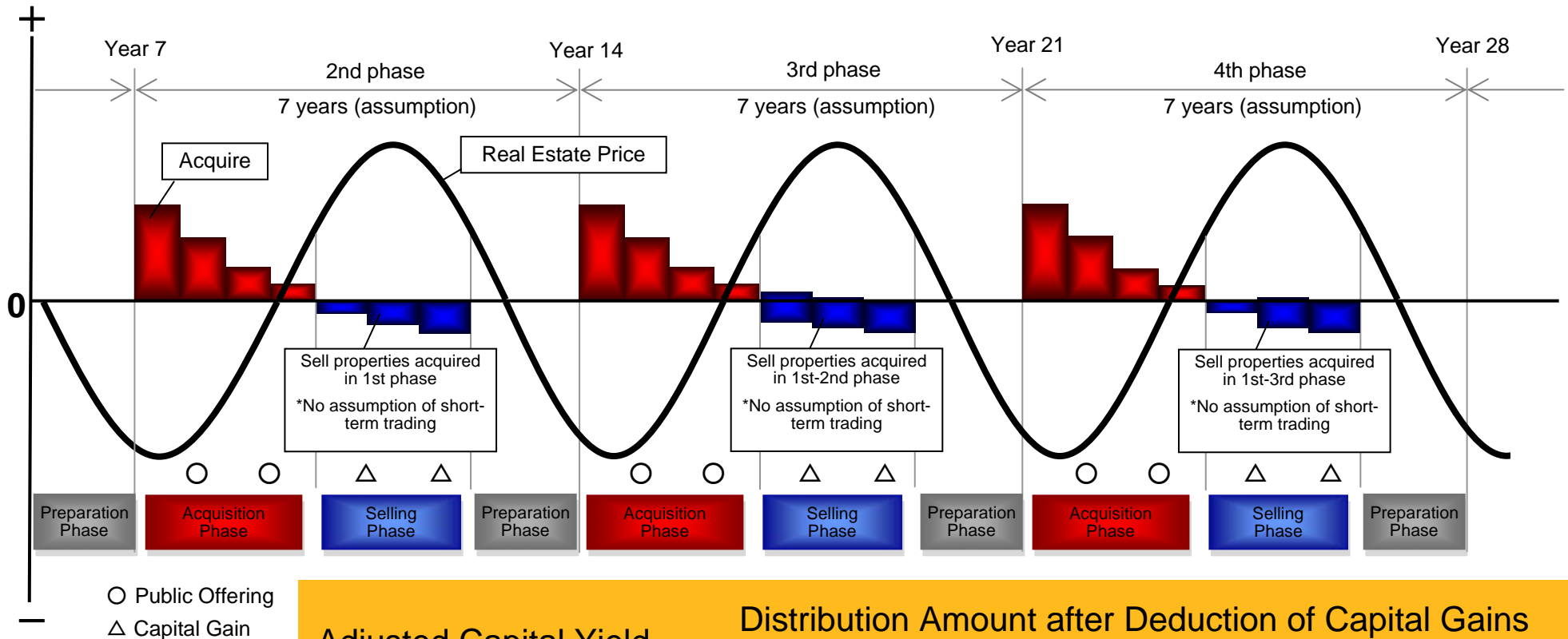
* TOKYU REIT is not a Tokyu Group company but a collaborative partner

- Construction to improve the transportation capacity of Tokyu Lines
- Office, retail, and residential real estate development in Tokyu Areas

*Comments by Tokyu REIM

Value & Contrary

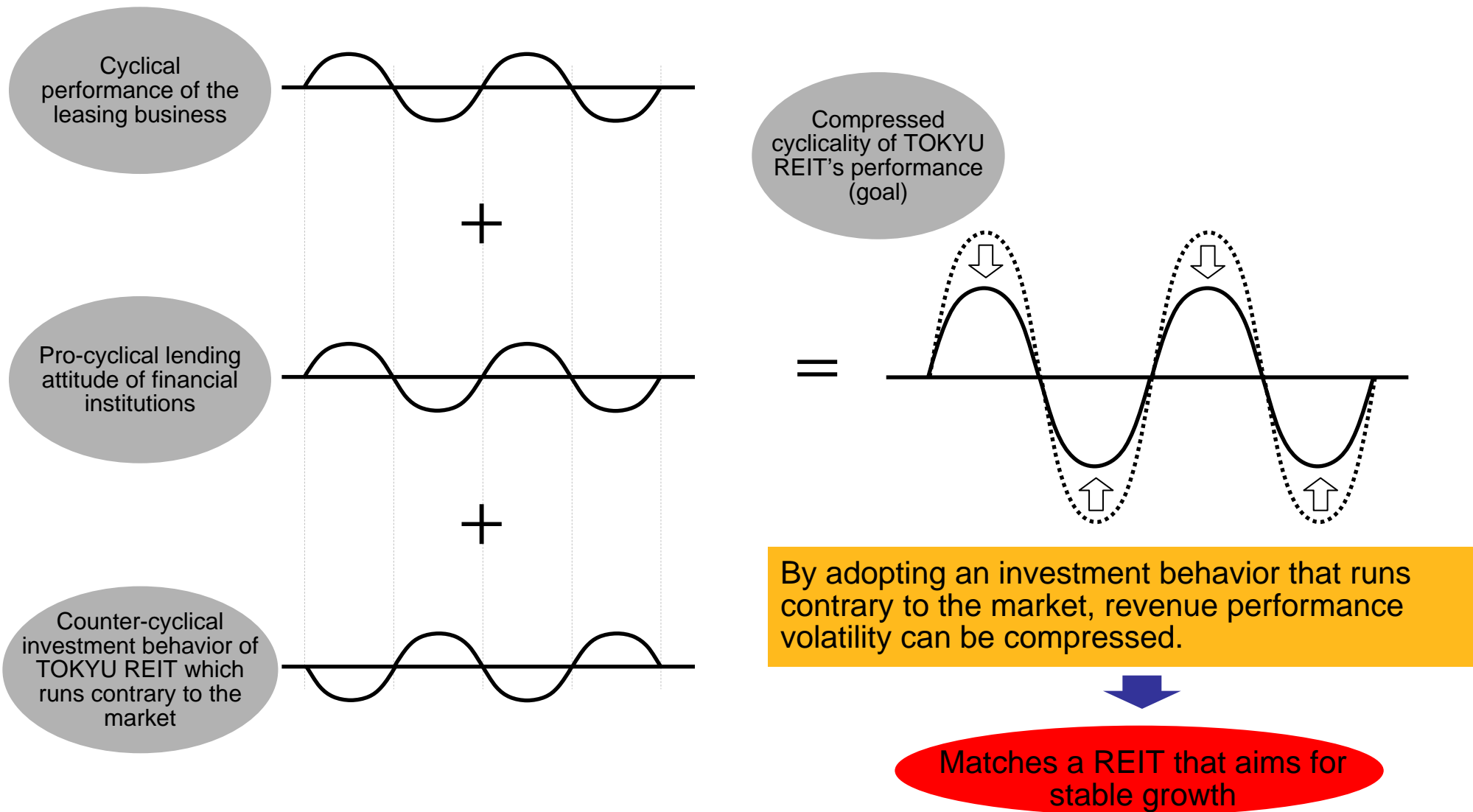
Focusing on the cyclical nature of real estate prices, TOKYU REIT secures capital gains while interchanging properties, and achieves improvement of both portfolio quality (rejuvenating average age of property) and adjusted ROE by contrarian investment approach.



$$\text{Adjusted Capital Yield (Adjusted ROE)} = \frac{\text{Distribution Amount after Deduction of Capital Gains}}{\text{Total Capital} - \text{Accumulated Distribution of Capital Gains}}$$

*This page represents the views of Tokyu REIM

Compression Effect of Cyclicity: Objective of the Surf Plan TOKYU REIT



Adjusted ROE Matrix

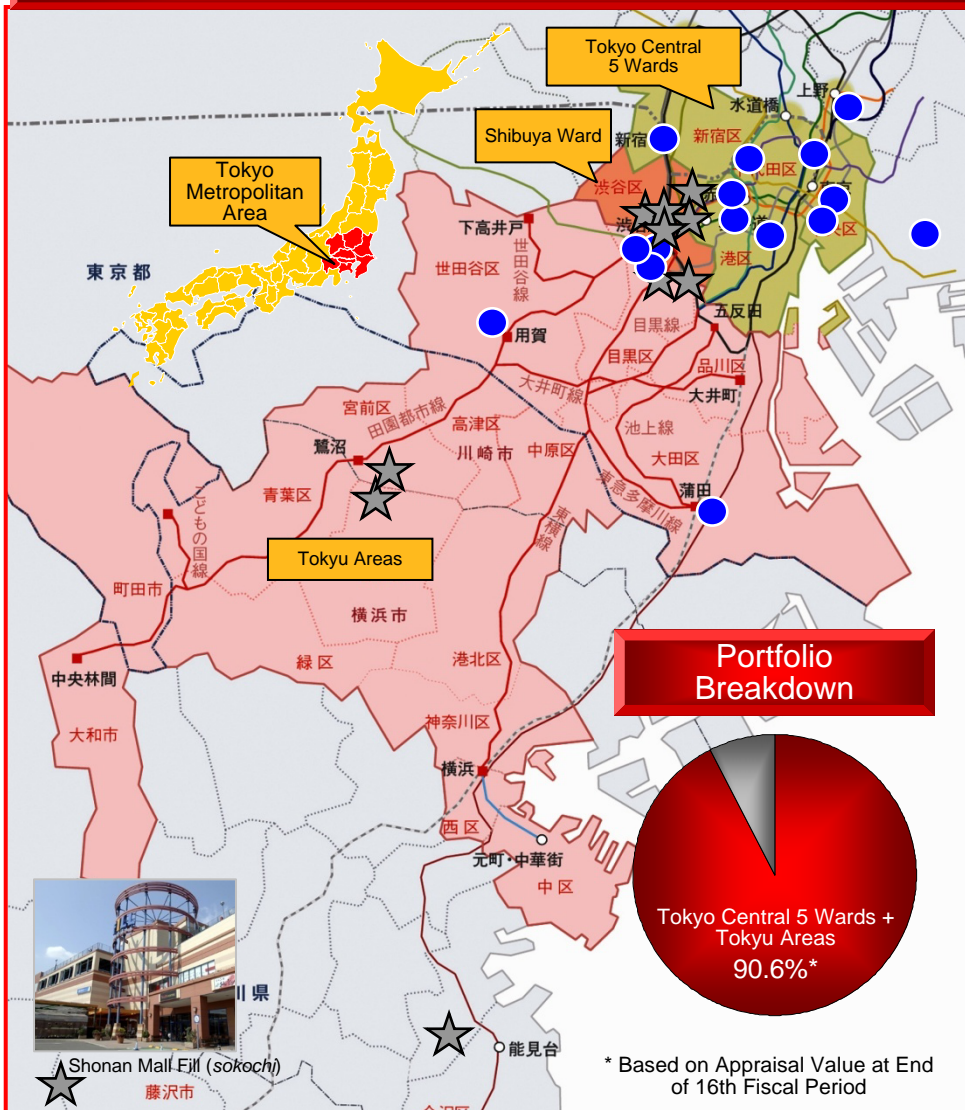
Cumulative Capital Gains Going Forward		Distribution per Unit after Deduction of Capital Gain									Item	Amount	
		¥10,000	¥11,000	¥12,000	¥13,000	¥14,000	¥15,000	¥16,000	¥17,000	¥18,000			
C a p i t a l G a i n	¥0 mn	3.97%	4.37%	4.77%	5.16%	5.56%	5.96%	6.35%	6.75%	7.15%	Capital (¥ mn)	a	98,020
	¥500 mn	3.99%	4.39%	4.79%	5.19%	5.59%	5.99%	6.39%	6.79%	7.19%	Capital Gains (¥ mn)	b	12,716
	¥1,000 mn	4.02%	4.42%	4.82%	5.22%	5.63%	6.03%	6.43%	6.83%	7.23%	Yokohama Yamashita-cho Building (Barneys New York Yokohama Store)		1,637
	¥2,000 mn	4.07%	4.47%	4.88%	5.29%	5.69%	6.10%	6.51%	6.91%	7.32%	Resona Maruha Building		18,259
	¥5,000 mn	4.22%	4.64%	5.06%	5.48%	5.91%	6.33%	6.75%	7.17%	7.59%	Ryoshin Harajuku Building		-7,180
	¥10,000 mn	4.50%	4.95%	5.40%	5.85%	6.30%	6.75%	7.20%	7.65%	8.10%	Adjusted Capital after Deduction (¥ mn)	c=a-b	85,304
											Outstanding Units (Units)	d	169,380
										Adjusted Capital per Unit (¥)	e=c/d	503,624	

$$\text{Adjusted Capital Yield (Adjusted ROE)} = \frac{\text{Distribution Amount after Deduction of Capital Gains}}{\text{Total Capital} - \text{Accumulated Distribution of Capital Gains}}$$

Portfolio Overview

(26 Properties; Total acquisition price: 199.6 billion yen)

Location Map of Properties



Retail Properties



QFRONT



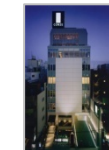
Lexington Aoyama



TOKYU REIT Omotesando Sq.



Tokyu Saginuma Bldg.



CONZE Ebisu



Tokyu Saginuma 2 Bldg.



TOKYU REIT Shibuya Udagawa-cho Sq.



Beacon Hill Plaza (Ito-Yokado Nokendai Store)



cocoti



Daikanyama Forum

Office Properties



Setagaya Business Square



Tokyu Nampeidai-cho Bldg.



Tokyu Sakuragaoka-cho Bldg.



Tokyo Nissan Taito Bldg.



TOKYU REIT Akasaka Hinokicho Bldg.



TOKYU REIT Kamata Bldg.



TOKYU REIT Toranomon Bldg.



TOKYU REIT Hatchobori Bldg.



Akasaka 4-chome Bldg. (Tokyu Agency Inc. Head Office Building)



Tokyu Ikejiri-ohashi Building



Kojimachi Square



TOKYU REIT Shinjuku Building



Akihabara Sanwa Toyo Building



Kiba Eitai Building

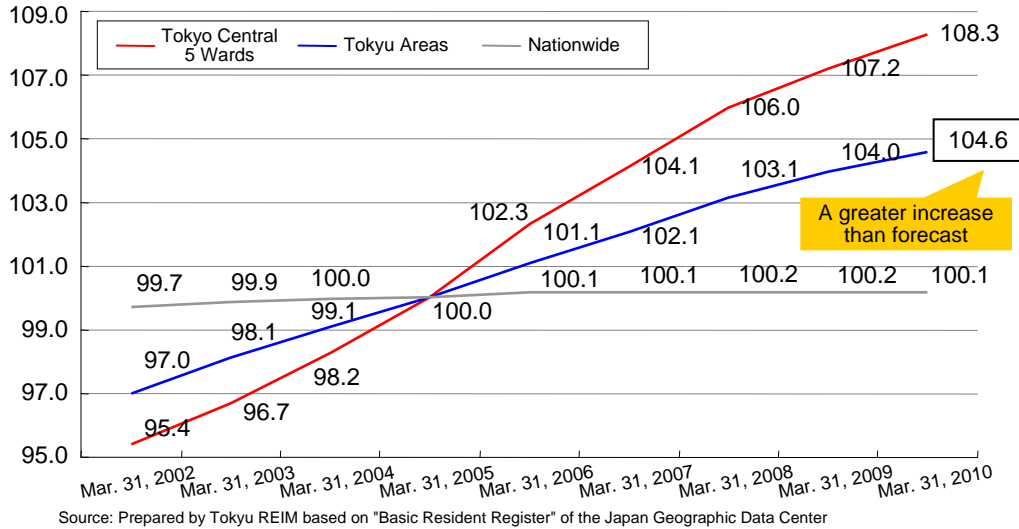


Tokyu Ginza 2-chome Building

Total Acquisition Price does not include acquisition-related costs, property tax, city planning tax and consumption tax. "sokochi" means ownership of land with a fixed-term leasehold for commercial use.

Strengths of Major Target Areas (1)

Changes in the Population of Major Target Areas (year 2005 = 100)

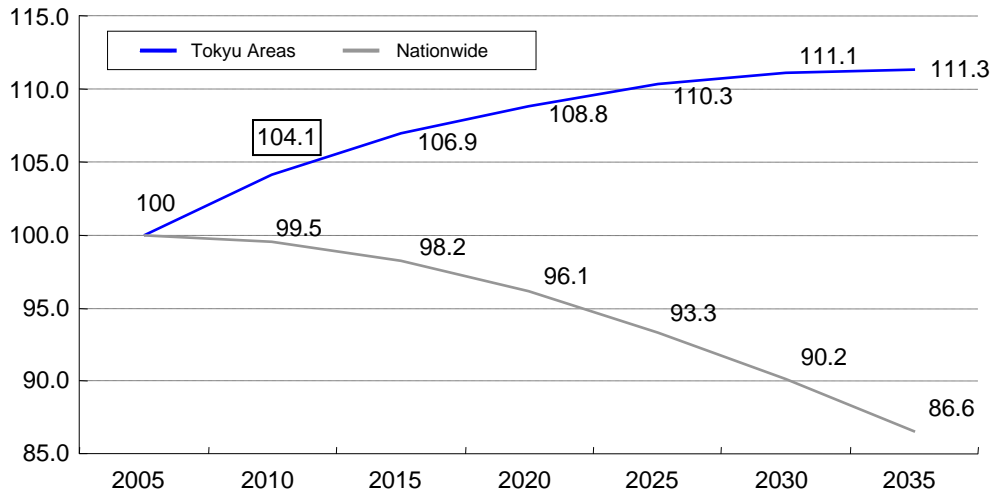


* The population of the nation is on a downward trend, but in major target areas, economic growth stemming from population growth can be expected.

* In Tokyu Areas, population is said to continue increasing until 2035.

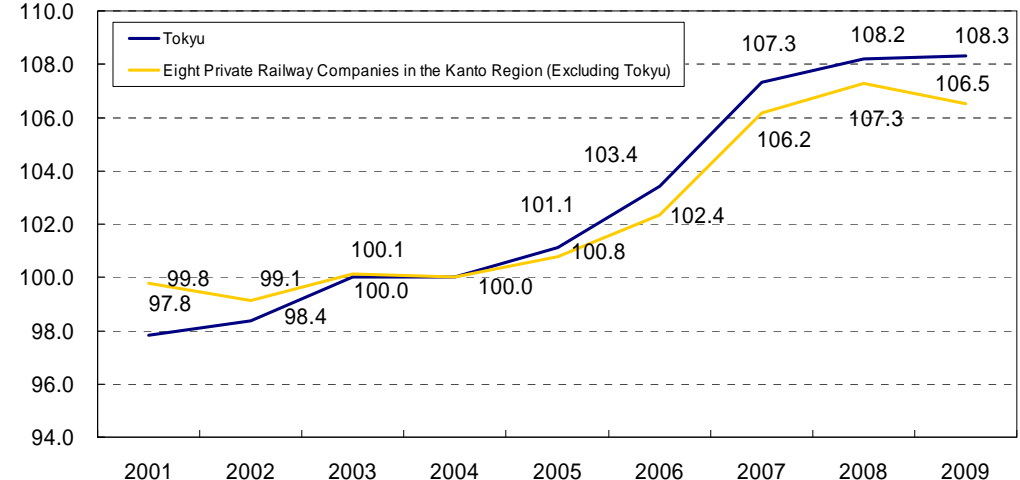
* Due to the network enhancement and large-scale renovations conducted in the past, the convenience of Tokyu rail lines has improved and the number of passengers has increased.

Population Forecasts for Tokyu Areas



* Prepared by Tokyu REIM on March 2008 based on "Basic Resident Register" of the Japan Geographic Data Center
 * Tokyu Areas: Defined as the "17 cities and wards (i.e. -ku) which Tokyu rail lines pass through" (Shinagawa-ku, Meguro-ku, Ota-ku, Setagaya-ku, Shibuya-ku, and Machida-city in Tokyo prefecture, Kanagawa-ku, Nishi-ku, Naka-ku, Kohoku-ku, Midori-ku, Aoba-ku, Tsuzuki-ku in Yokohama City, Nakahara-ku, Takatsu-ku and Miyamae-ku in Kawasaki City, and Yamato City in Kanagawa prefecture.

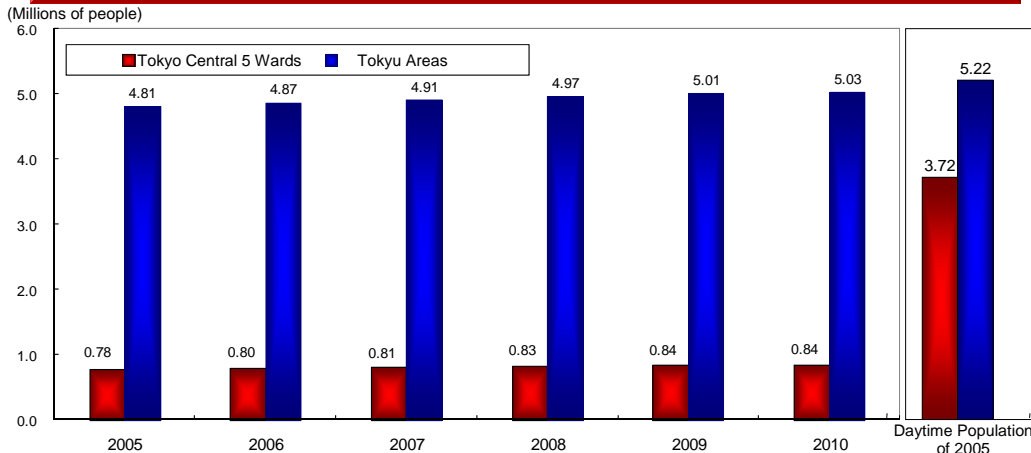
Changes in the Number of Passengers (Fiscal 2004 (Fiscal Period Ended Mar. 2005) = 100)



Source: Prepared by Tokyu REIM based on materials posted on the website of the Association of Japanese Private Railways
 * Eight Private Railway Companies in the Kanto Region (Excluding Tokyu) includes Tokyo Metro, Tobu, Odakyu, Keio, Seibu, Keikyu, Keisei and Sagami Railway.

Strengths of Major Target Areas (2)

Population of Major Target Areas

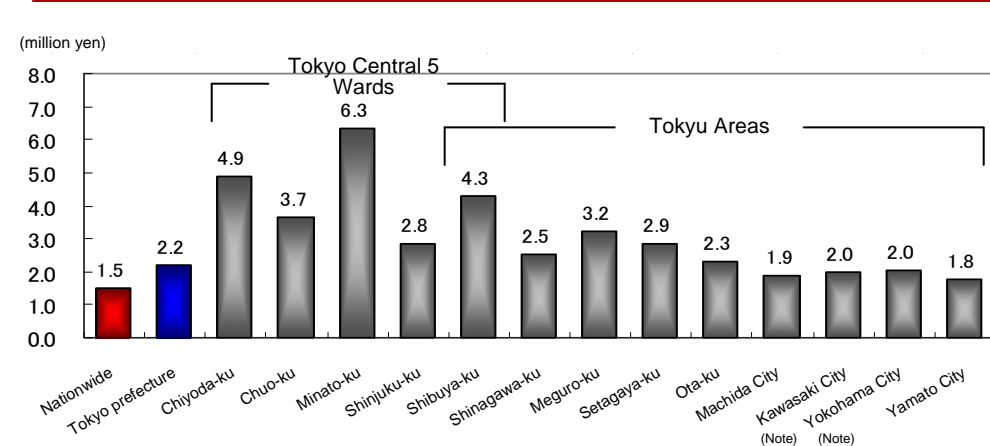


* The population of major target areas totals 5,680,000

Source: "Basic Resident Register" of the Japan Geographic Data Center and "Population Census" of the Ministry of Internal Affairs and Communications (daytime populations after 2006 are unannounced)

*Shibuya Ward is included in both the Tokyo Central 5 Wards and the Tokyu Areas (the population of Shibuya Ward is 190,000 people as of March 31, 2010.).

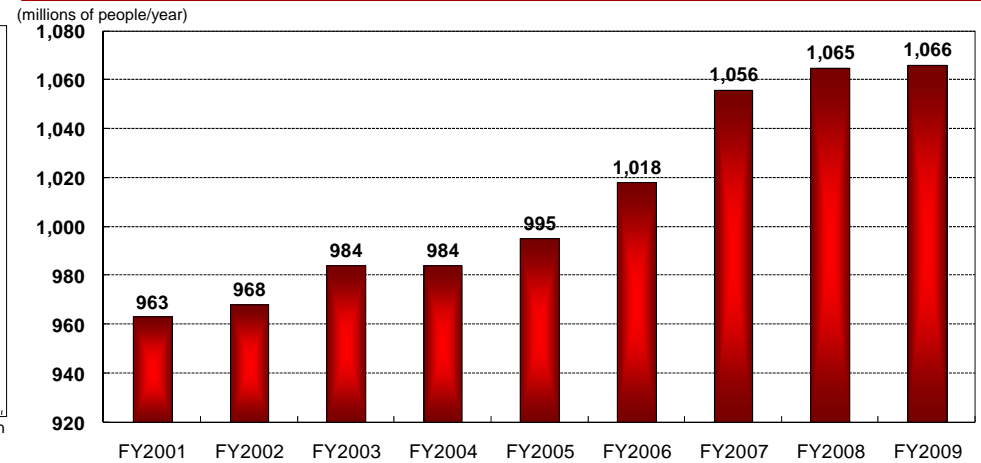
Personal Income Taxation Level by Area (2009)



* Relatively high income level

Source: "Personal Income Index, 2011" by Japan Planning Systems Co., Ltd.
(Note) The cities of Yokohama and Kawasaki include areas outside of the administrative districts of Tokyu Areas.

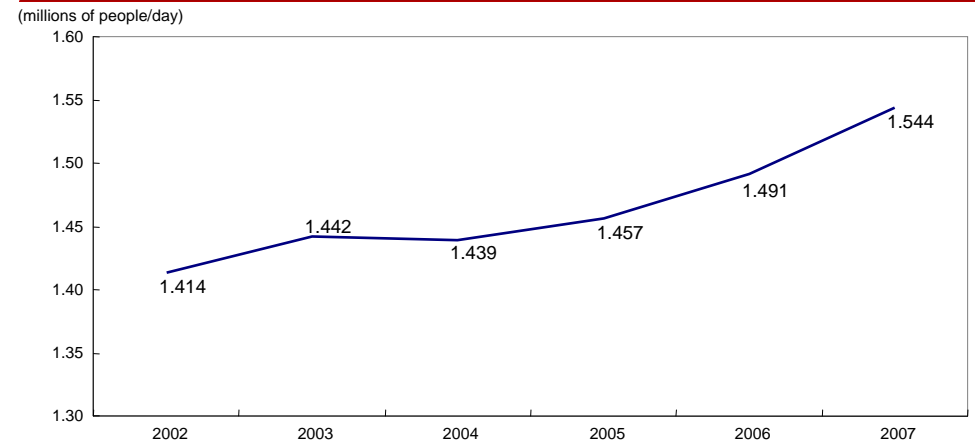
Number of Passengers Using Tokyu Rail Lines



* The number of passengers transported by Tokyu rail lines exceeds 1 billion per year

Source: The Association of Japanese Private Railways

Changes in the Number of Passengers Using Shibuya Station



* Approximately 1.5 million people use Shibuya Station per day

Source: "Urban Transportation Yearbook" (2002-2007) by Institution of Transport Policy Studies
* The Number of Passengers Using Shibuya Station is the total number of passengers who use Shibuya Station via the Tokyu Line, JR Line, Keio Line and Tokyo Metro lines.

Overview of Investment Management Fee (~Fiscal Period Ending July 2011 (16th Period)~)

*** Investment management fee structure linked to three performance indices aimed to balance conflict by “being in the same boat as unitholders”**

	Objective (Aim)	Formula	Note
Base 1 (Linked to asset valuation)	Enhance Growth	Asset value at end of previous period × 0.150% (0.125% for the portion exceeding 200 billion yen and 300 billion yen or less) (0.115% for the portion exceeding 300 billion yen)	Encourage Investment Management Company to strive for asset appreciation by linking fee to valuation, not to the amount invested
Base 2 (Linked to cash flow)		Standard cash flow in current period × 6.0% (5% for the portion exceeding 5 billion yen and 7.5 billion yen or less) (4.6% for the portion exceeding 7.5 billion yen)	Standard cash flow here shall be the amount derived by subtracting an amount equivalent to 50% each of profit or loss from the sale of specified assets and profit or loss from the valuation of specified assets from the net income before income taxes , plus depreciation and amortization of deferred assets.
Incentive Fee (Linked to investment unit price)		(Average price in current period – Highest average price over all previous periods) × number of units × 0.4%	Change from 1.0% to 0.4%, approved by General Meeting of Unitholders on April 17, 2007
Time-limited reduction	Response to uncertainties that continue to exist	The following percentage shall be reduced from the above calculated Investment Management Fees: 16th fiscal period to the 19th fiscal period: 5%	

* Apart from the above fees, TOKYU REIT pays service charges to an asset custodian firm, general administration firm, property management firm and accounting auditor, among others.

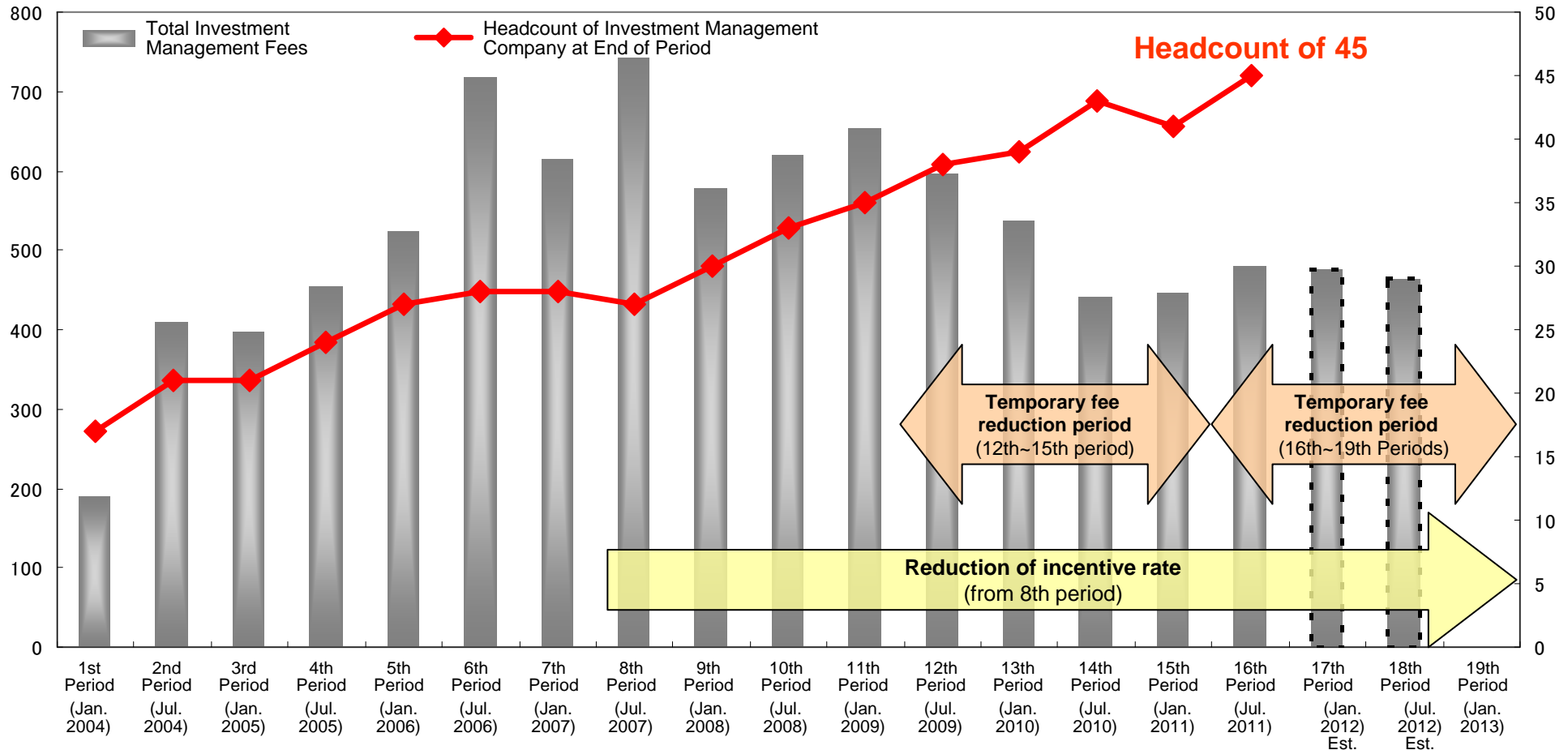
*** The above fees are all booked as expenses. TOKYU REIT does not have a fee structure that leaves the income statement unaffected, such as the acquisition incentive fee, which is capitalized as an acquisition cost.**

Amendments to the Articles of Incorporation (continue the time-limited reduction and amend the fee structure) approved at the 5th General Meeting of Unitholders on April 14, 2011 (text in red indicates amended parts)

Transition of Total Investment Management Fees

Total Investment Management Fees and Headcount of Investment Management Company

Headcount of Investment Management Company at End of Period (Headcount)



* Have the investment management company improve service quality despite the reduction in total fees



* Strive to further win credibility from investment corporations and unitholders who are our customers