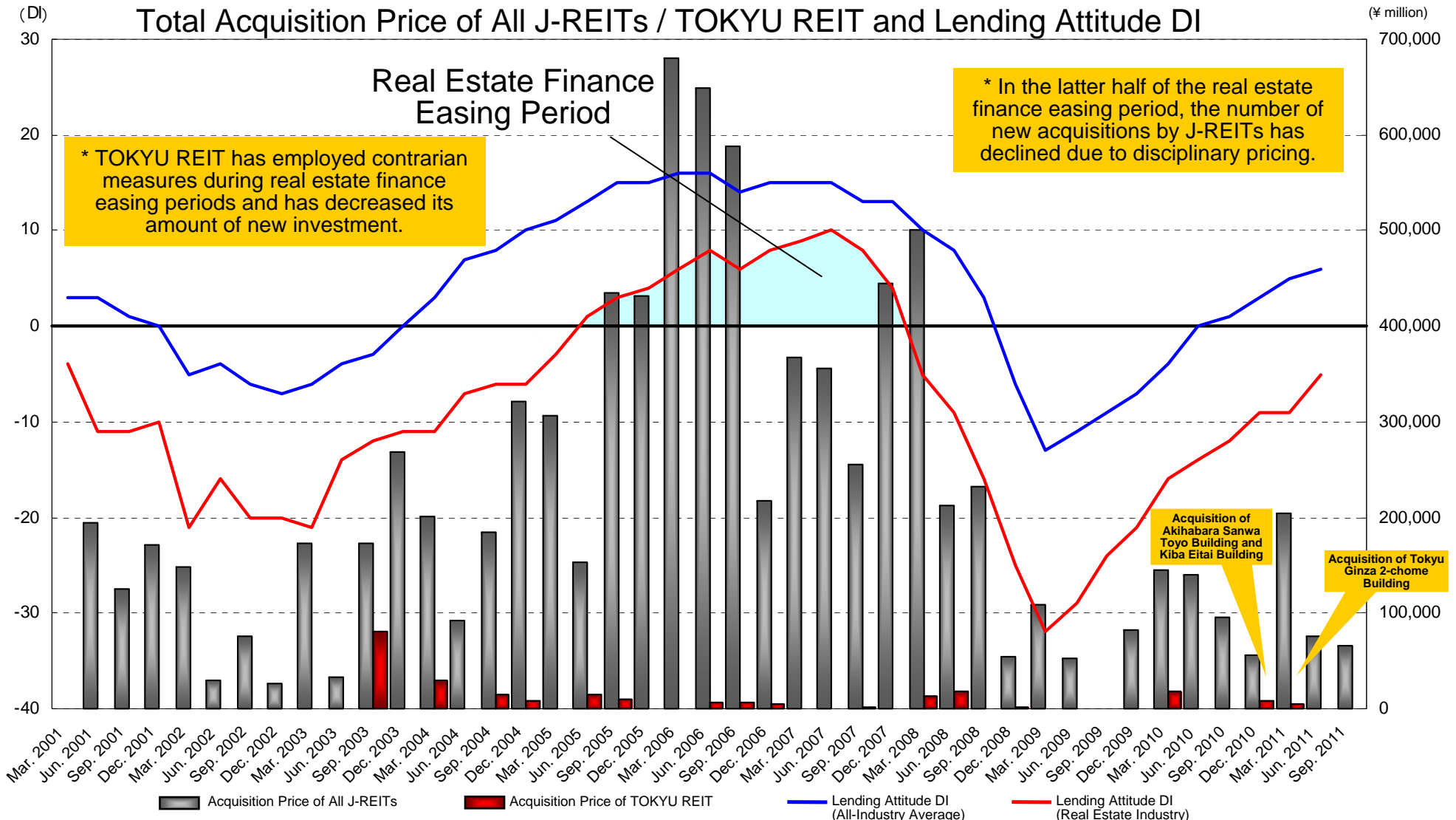




5. Appendix

External Growth Timing and Pace (J-REIT Total vs. TOKYU REIT)



• Acquisition Price = Total acquisition price for properties acquired during the 3 months prior to the month indicated beside each bar in the x-axis (e.g. "Jun. 2008" → from April to June 2008). (However, "Sep. 2011" indicates results for the period from July 1, 2011 to August 31, 2011)

Source: BOJ (Tankan Survey)

3-Minute Investment Highlights

~ TOKYU REIT's Characteristics ~

- Only invest in the Tokyo metropolitan area ~ Tokyo is a growing international city ~
- Invest in offices and retail properties ~ Stable earnings and growth potential ~
- Adoption of “Value & Contrary” (Long-Term Investment Strategy (“Surf Plan”))
~ Also focusing on ROE as an equity product ~
- An investment management fee structure which puts us on the same boat with our shareholders
~ No acquisition fees charged; an answer to the question about external investment management structure ~
- Strategic debt management
~ Long-term fixed-interest debt financing; diversified repayment dates and averaging out individual amounts of repayment ~
~ No maturity of corporate bonds prior to Oct. 2012 ~
- Strong commitment to governance ~ Excellent governance as a source of competitiveness ~
- Appropriate measures to avoid conflicts of interest and independent decision-making
~ Optimal balance between sponsor collaboration and independence ~
- Management capability and commitment ~ Allocation of additional human resources ~
- Best disclosure and best investor relations
- No forward commitments for acquisition of properties to be developed
- Track record of highest dividends paid in the industry

<Challenges>

- Relatively small portfolio size
 - ~ Insufficient economies of scale and diversification ~
 - Relatively small market capitalization
 - ~ Insufficient liquidity of investment units ~
- (Although being small is a weak point, growth potential is high)

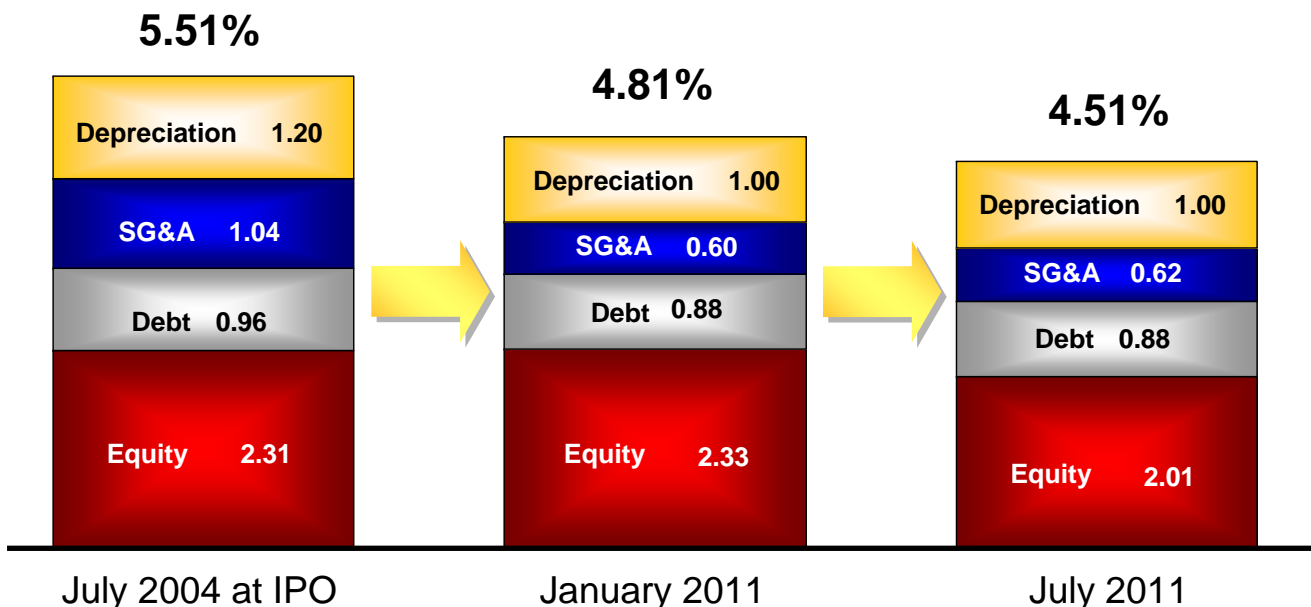
<Solutions>

- Additional property acquisitions at the right timing
 - ~ Providing higher total returns to our shareholders ~
- Capital increases at the right timing
 - ~ To add to our growth and liquidity ~

Changes in Acquisition Hurdle Rate (based on NOI) - External Growth

- Costs shown as % of implied total acquisition cost
- Cost calculated based on a maximum LTV of 50%
- Depreciation expense currently estimated to be around 1.00% of acquisition price (varies by property)

Acquisition Price 100	Debt 50
	Equity 50



July 2011 vs. IPO

Hurdle Rate	-1.00 pts.
Depreciation	-0.20 pts.
SG&A	-0.42 pts.
Debt	-0.08 pts.
Equity	-0.30 pts.

This is the base rate, coupled with CF growth of properties, utilized for assessment.

- The SG&A ratio is operating expense excluding leasing costs and capital losses on real estate, etc. divided by the average acquisition cost for the respective period.
- The cost of debt is equal to 50% of the average interest during the respective period, except for July 2004 at the IPO, which is an estimate of the cost of debt based on hearings from banks.
- We have determined the cost of equity to be 50% of the yield (Estimated Distribution X 2 / Investment Unit Price) at the beginning of the respective period.

Acquisition

- Pipeline Support: 13 of 29 properties accumulated thus far (¥100.86bn out of total acquisition price of ¥243.33bn)
 - 6 of 11 properties at time of IPO
 - TOKYU REIT Shibuya Udagawa-cho Square (2nd Period / ¥6.6bn)
 - Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building) (9th Period / ¥8.5bn)
 - Tokyu Ikejiri-ohashi Building (10th Period / ¥5.48bn)
 - Kojimachi Square (Note) (14th Period; ¥9.03bn)
 - Tokyu Ginza 2-chome Building (16th Period; ¥5.01bn)
 - 2 of 11 Properties at time of IPO (Lexington Aoyama (Note), Tokyo Nissan Taito Building (Note))

Developed and contributed by Tokyu Corporation and its subsidiaries

... Contributed by Tokyu Group companies

(Note) Contributed by Tokyu Land Corporation and its subsidiaries

- Warehousing
 - 3 of 11 properties acquired at time of IPO: ¥14.06bn
 - Yokohama Yamashita-cho Building (Barneys New York Yokohama Store): 3rd Period / ¥5.05bn
 - Beacon Hill Plaza (Ito-Yokado Noukendai Store): 3rd Period / ¥9.52bn
 - cocoti (Net Collective Ownership 40%): 5th Period / ¥9.80bn
 - Shonan Mall Fill (*sokochi*): 6th Period / ¥6.81bn

- Reference by Tokyu Group companies
 - Resona Maruha Building
 - Beacon Hill Plaza (Ito-Yokado Noukendai Store)

PM (Property Management)

- PM business outsourcing
- Community-based tenant promotion capability

Brand Strategy

- “TOKYU” brand licensing
 - “TOKYU REIT” name (free of change)
 - Building name change to “TOKYU REIT” brand (free of change)

“Tokyu Group Companies” on this page refers to any entity that falls under the following (1) to (3).

- (1) Tokyu Corporation and its subsidiaries
- (2) Affiliates within the scope of consolidation of Tokyu Corporation
- (3) Any entity that falls under the following (i) to (iii):
 - (i) Tokyu Land
 - (ii) A consolidated subsidiary of Tokyu Land
 - (iii) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Land or a consolidated subsidiary of Tokyu Land and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

■ Response Status for New Accounting Rules

Accounting Rule	Response Status
Disclosure of fair value of financial products	Disclosure of information such as fair value of financial products (cash and bank deposits, borrowings, investment corporation bonds and a portion of security deposits) whose fair value can be calculated, starting from the 14th fiscal period (ended Jul. 2010).
Disclosure of fair value of investment and rental properties	Disclosure of appraisal value at end of period, which we have been announcing from before, as the normal value (fair value), starting from the 14th fiscal period (ended Jul. 2010).
Asset retirement obligations	Application to start from the 15th fiscal period (ended Jan. 2011).
Disclosure of segment-related information	Application of dividing into 2 reporting segments (“office building leasing business” and “retail property leasing business”) to start from the 15th fiscal period (ended Jan. 2011).

■ Accounting Processing of Free-Rent Agreements

TOKYU REIT posts income based on cash (1st~16th fiscal period results and 17th~18th fiscal period forecasts)

* For the so-called free-rent agreement, there are two accounting processing methods for a leasing agreement for which a certain period during which cancellations cannot be made (b) after the free-rent period (a) is established. They are the following:

- Method of posting as income (based on cash) the rent actually received after the free-rent period.
- Method of posting the pro-rated total rents of the agreement for the full period ((a)+(b)).

- This document is solely intended to provide information and is not intended to solicit securities or special product transactions.
- In addition to information on TOKYU REIT, Inc. (“TOKYU REIT”), this document includes charts and data prepared by Tokyu Real Estate Investment Management Inc. (the “Investment Management Company”) based on data/index and other information released by third parties. Also, analyses, judgments and other views of the Investment Management Company on such information at the moment are included in this document.
- The Investment Management Company is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (Kin-sho) No. 360).
- The information contained in this document is not audited and there is no assurance regarding the accuracy and certainty of the information. Analyses, judgments and other non-factual views of the Investment Management Company merely represent views of the Investment Management Company as of the preparation date. Different views may exist and the Investment Management Company may change its views in the future.
- Numbers for the same item may be different from other disclosure materials due to difference in rounding.
- Although much attention has been paid to the inclusion of all relevant information in this document, there may be errors and omissions. Therefore, they are subject to correction or amendment without prior notice.
- TOKYU REIT and the Investment Management Company assume no responsibility for the accuracy of data, indexes and other information released by third parties.
- This document contains forward-looking statements, such as current plans, strategies and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations.
- Dates indicated in this document may differ from business days for the convenience of preparing charts.
- This document 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 document shall prevail in the event of any discrepancies between the translation and the Japanese original.