

March 29, 2006

**For Immediate Release**

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**Notice Concerning Acquisition of Property  
(*Sokochi* in connection with Shonan Mall Fill)**

TOKYU REIT, Inc. ("TOKYU REIT") today announced details of its decision to acquire a trust beneficiary interest in Shonan Mall Fill (the "Property"). Accordingly, TOKYU REIT has executed a purchase agreement. Brief details are as follows.

**1. Acquisition Details**

- (1) Type of Acquisition : Trust beneficiary interest in real estate (Ownership of land with a fixed-term leasehold for commercial use, namely *sokochi*)
- (2) Property Name : Shonan Mall Fill (*Sokochi*)  
Note: *Sokochi* refers to the right of ownership over residential land with a fixed-term leasehold for commercial use.
- (3) Acquisition Price : ¥6,810 million  
(Excluding acquisition costs, property tax, city planning tax, consumption tax and other imposts)
- (4) Scheduled Acquisition Date : April 28, 2006 (Friday)
- (5) Seller : Alpha Capital Co., Ltd.
- (6) Financing : Debt financing

**2. Rationale**

Shonan Mall Fill, representing land for commercial facility use, meets TOKYU REIT's fundamental investment/acquisition policy as outlined in its Articles of Incorporation. The purpose of acquiring this interest is to enhance the stability and growth of TOKYU REIT's portfolio.

The Property is located in Fujisawa, a city that boasts the fifth largest population in Kanagawa Prefecture as of January 1, 2006. This area is forecast to experience population growth due to the expansion of public transportation facilities and residential developments that are expected to improve the living environment as well as more comprehensive commercial facilities that are anticipated to enhance convenience. Situated between Fujisawa and Tsujido Stations on the JR Tokaido Line, the Property fronts the main roadway connecting each station. With excellent access and a high level of visibility, the land that comprises Shonan Mall Fill provides an ideal location for general merchandise, restaurants, service and other retail outlets. Since its opening, Shonan Mall Fill shopping center has achieved steady sales growth. With surrounding areas earmarked for further development, the area is enjoying a growing profile as a major commercial district. While inconsistent with TOKYU REIT's usual investment criteria, Shonan Mall Fill is recognized as a prime property and located in an area offering stable growth potential.

In general, the slightly limited mobility of land with a fixed-term leasehold for commercial use creates

barriers from an investment perspective. As previously identified, however, the Property offers long-term growth potential and long-term lease agreements with reputable tenants, and matches TOKYU REIT's long-term management policy.

Utilizing the warehousing function (the Property was temporarily acquired by a special-purpose company under the direction of Tokyu Corporation and Tokyu Land Corporation), TOKYU REIT has successfully minimized the impact of the sale of the Yokohama Yamashita-cho Building on the overall portfolio in terms of debt financing ratios and portfolio diversification. (For details regarding the sale of the Yokohama Yamashita-cho Building, please refer to the press release "Notice Concerning Transfer of Property," dated March 29, 2006.)

In addition to development projects undertaken by Tokyu Group companies, TOKYU REIT will also pursue a wide variety of collaborative arrangements in cooperation with Tokyu Corporation and Tokyu Land Corporation. By securing a stable and continuous flow of property acquisition opportunities, TOKYU REIT will expand its portfolio scale.

### 3. Property Profile

Location	Registered	Land 4-4300-1 Tsujido Shinmachi, Fujisawa City, Kanagawa Prefecture
		Building -
	Residential	4-1-1 Tsujido Shinmachi, Fujisawa City, Kanagawa Prefecture
Access		Approximately three minutes by bus or 20 minutes on foot from Tsujido Station on the JR Tokaido Line. Approximately five minutes by bus from Fujisawa Station on the JR Tokaido, Odakyu Enoshima and Enoshima Electric Railway Lines.
Use		-
Area Classification		Industrial
Land Space	Registered	Land 44,078.12 m <sup>2</sup> Building -
Type of Structure	Registered	-
Completion Date		-
Earthquake Resistance		-
Type of Ownership		Land Proprietary ownership Building -
Appraisal Value (Appraisal Method)		¥6,870 million (Capitalization method as of the appraisal date of February 1, 2006)
		Appraisers: HIRO & REAS network, Inc./Jones, Lang, LaSalle (Joint appraisal)
Property Management Company		None
Special Items		<ol style="list-style-type: none"> <li>1. Prior to the commencement of operations at Shonan Mall Fill, the subject land was used as a lead battery manufacturing plant. Both in the past and currently, surrounding areas are used by a variety of plants. Following closure of the aforementioned lead battery manufacturing plant, certain soil surveys and decontamination initiatives were implemented between 2001 and 2002. In September 2005, Engineering &amp; Risk Services Corporation, as a part of due diligence measures, undertook a voluntary soil environment survey. This survey identified the possibility of contamination including lead, selenium and trichloroethylene in the subject land. Furthermore, a drilling survey conducted over a part of the land uncovered lead elution levels slightly in excess of limits stipulated under the Soil Contamination Control Law, enacted in February 2003. This latter survey indicated that selenium levels were within limits stipulated under the Soil Contamination Control Law and in the final analysis the probability of soil contamination was extremely low. TOKYU REIT has also received a report from Engineering &amp; Risk Services Corporation indicating that subject to the land being used for its current purpose, there is little possibility of any hazard to personal health due to protection from current buildings, asphalt pavement and landscaping. In addition, the report confirmed there is little chance that the obligation to undertake a soil contamination survey under the aforementioned and related laws will be imposed subject to the land being used for its current purpose. The appraisal value is provided less the amount calculated for soil contamination.</li> <li>2. In order to alleviate traffic congestion caused by the Shonan Mall Fill and other developments, the current Property owner and tenant are in discussion with regard to widening the road. As a result of these discussions, there is a possibility that a portion of land of approximately 100 m<sup>2</sup> will be provided to Fujisawa City.</li> <li>3. Apart from the above-mentioned acquisition price, with mutual consent, TOKYU REIT will make a payment to the seller of ¥183,198,600. This is in connection with an amount of ¥183,198,600 paid by the seller to Mitsubishi UFJ Trust and Banking Corporation, Mori Hamada and Matsumoto, Engineering &amp; Risk Services Corporation and to other companies (not including Tokyu Group companies) as a specialist compensation and related payment at the time of the seller's acquisition of the property. (Disclosure is based on internal rules regarding related-party transactions.)</li> </ol>
Tenant Details	Number of Tenants	1
	Tenant	Daiwa House Industry Co., Ltd.
	Total Rental Income	¥348 million
	Estimated NOI	¥304 million
	Total Leased Area	44,078.12 m <sup>2</sup>
	Total Rentable Area	44,078.12 m <sup>2</sup>
	Occupancy Rate	100%
<p>Figures for the number of tenants, tenants, total rental income and occupancy rate are forecasts as of the scheduled settlement date, April 28, 2006. Estimated NOI is forecast exclusive of special items related to the acquisition. Figures are based on the following assumptions:</p> <ol style="list-style-type: none"> <li>1) Total rental income is calculated based on the occupancy rate as of the scheduled acquisition date.</li> <li>2) Calculations are based on the assumption that there will be no change in public taxes and dues from fiscal 2005.</li> </ol>		

## 1. Seller Profile

- (1) Company Name : Alpha Capital Co., Ltd.
- (2) Head Office Address : 3-2-3 Marunouchi, Chiyoda-ku, Tokyo  
Within Tokyo Kyodo Accounting Office
- (3) Representative : Shinji Arakawa, Director
- (4) Capital : ¥3 million
- (5) Principal Activities : Real estate management and leasing
- (6) Other : No related interest with TOKYU REIT

Alpha Capital Co., Ltd. is wholly owned by Alpha Capital Limited Liability Intermediary Corporation. The company was established under the direction of Tokyu Corporation and Tokyu Land Corporation as a special purpose company to acquire, hold, dispose and sell trust beneficiary interests in real estate. On September 29, 2005, the company acquired a trust beneficiary interest in *sokochi* over Shonan Mall Fill held in trust with proceeds received from Tokyu Corporation and Tokyu Land Corporation via investment in an anonymous association.

## 2. Acquisition Schedule

- March 29, 2006 Execution of beneficiary interest purchase agreement
- April 28, 2006 Settlement (planned)

## 3. Financing Details

TOKYU REIT intends to procure ¥7,000 million in debt financing totaling. Details of debt financing will be disclosed separately as and when determined.

## 4. Outlook

Please refer to TOKYU REIT's "Financial Report for the Fifth Fiscal Period Ended January 31, 2006" announced today for details of forecasts for the fiscal periods ending July 31, 2006 and January 31, 2007.

## Attachments

- 1. Property appraisal summary based on rules regarding related-party transactions and second opinion summary compiled by a third party (The Chuo Mitsui Trust and Banking Company, Limited)
- 2. Property portfolio after acquisition (as of April 28, 2006)
- 3. Exterior view of Shonan Mall Fill
- 4. Location map of Shonan Mall Fill

**Attachment 1. Property appraisal summary based on rules regarding related-party transactions and second opinion summary compiled by a third party (The Chuo Mitsui Trust and Banking Company, Limited)**

[Summary of the Appraisal]

(Unit: JPY '000)

Property Name : Shonan Mall Fill	Details	Assumption, etc.
Appraisal Firm	Jones Lang LaSalle K.K. Hiro&Reasnetwork, Inc.	-
Final Opinion of Value	6,870,000	After soil contamination-related cost
Date of value	2006/2/1	-
Value of Leased Fee Interest in Land of the Subject Site	6,970,000	Heavily based on value indicated by Income Approach
	100,000	Soil contamination-related cost
Value Indicated by Income Approach	6,970,000	Based on value indicated by DCF Method
Value indicated by DCF Method	6,970,000	-
Discount Rate	4.7%	-
Terminal Capitalization Rate	5.0%	-
Value Indicated by Direct Capitalization Method	6,770,000	-
(1)Gross Income	348,000	-
Potential Gross Income	348,000	Based on current land lease contract
Vacancy Loss	0	Based on current lease term and conditions
(2)Total Expenses	43,569	-
Real Estate Taxes	41,829	FY2005 actual applied
Other Expenses	1,740	-
(3)Net Operating Income	304,431	-
(4)Overall Capitalization Rate	4.50%	-
Value by Sales Comparison Approach	6,960,000	-
Value indicated by Leased Fee Interest in Land Ratio Method	6,110,000	-
Ratio of Leased Fee Interest in Land	84.0%	-
Particular Attention to have been paid in Application of Appraisal Methodology and Final Value Conclusion	The subject property is leased fee interest in land of Shonan Mall Fill, a large-scale shopping center located in the City of Fujisawa. Leasehold set on the land is a 20 year fixed-term leasehold for commercial use. In assessing its value, its unique characteristics as the land parcel for the largest retail facility in the City of Fujisawa have been taken into consideration. In addition, in order to determine properly the economic value of the leased fee interest in land which has a specific feature compared to the other property types, ground rent income as well as reversionary value after the expiry of lease contract were carefully examined, and the feature of the leased fee interest in land is carefully considered especially in income approach.	

This appraisal was performed by licensed real estate appraisers in conformity with the Real Estate Appraisal Act and Real Estate Appraisal Standards that were in place as of the effective date of this appraisal. The real estate appraisers do not make any warranty in respect of the possible discrepancies in value of the same properties appraised under different parties, conditions or timing. Neither does this appraisal make warranty of any sales transactions at the said value at any time.

(Summary of the Second Opinion)

	Shonan Mall Fill (the Subject)
Opinions about the property value	CMTB essentially agrees with the appraiser's final judgment on the Subject.
Assumptions	CMTB's appraisal standards make the same assumptions as the appraiser did.
Best usage of the property	CMTB shares appraiser's opinion that the present usage of the Subject as a large commercial complex is the highest and best use.
Capitalized value (A)	In light of the CMTB's appraisal standards, the scenario which the appraiser used in the rent assessment in the method of DCF seems slightly unappropriate in its certainty, while, CMTB estimates approximately almost the same capitalized value as the appraiser did in conclusion.
Value Indicated by sales Comparison approach (B)	According to the CMTB appraisal standards, the time adjustment factor leads to another estimation lower than that the appraiser assessed.
Value approached by proportion of Leased fee interest in land (C)	Although the proportion of leased fee interest in land to vacant land value in the CMTB appraisal standards is estimated at almost the same level as the appraiser did, the different estimation process of vacant land leads to different value each other as a result.
Adjustment to (A) (B) and (C)	CMTB makes the same adjustment as the appraiser did. (cf.)

Cf. Note that in the appraisal report, the appraisers' consideration regarding the effect of possible soil pollution to the value of the Subject have been given to the costs for removal of soil pollution which was based on investigation report made by an qualified environmental specialist.

The above brief summary made by The Chuo Mitsui Trust and Banking Company Limited as the real estate investment advisor ("CMTB") is to describe the CMTB's opinion about the appraiser's approach (the "Second Opinion"). The Second Opinion is based on the each appraiser's opinion, disclosed information, some index and others. CMTB makes no representation, warranty (express or implied) or undertaking of any nature nor is any responsibility or liability of any kind accepted with respect to the truthfulness, completeness or accuracy of any information, representation or warranty (express or implied) or omissions in this summary of the Second Opinion. Any discrepancy between the Japanese language and the English language version of this summary shall be interpreted according to the Japanese language version.

Please note that the Second Opinion is not the appraisal documents("Fudosan Kantei Hyoka-sho") subject to the Real Estate Appraisal Act (Law No.152 of 1963, as amended)

**Attachment 2. Property portfolio after acquisition (as of April 28, 2006)**

Property	Location	Acquisition Date	Acquisition Price (Millions of Yen)	Ratio (%)
QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	9.5
Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	3.0
TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	3.6
Tokyu Saginuma Building	Tokyu Areas	September 10, 2003	6,920	4.3
Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	0.8
TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	4.1
Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	6.0
cocoti *1	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *2 August 2, 2005 *3	14,700 9,800	15.3
Shonan Mall Fill *4	Other	April 28, 2006	6,810	4.3
Subtotal			81,310	50.9
Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	14.0
Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.9
Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	4.1
Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	2.8
TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	2.2
TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	3.0
Resona Maruha Building	Central Tokyo	January 15, 2004	23,260	14.6
Fujita Kanko Toranomom Building *5	Central Tokyo	December 15, 2004	8,630	5.4
Subtotal			78,310	49.1
Total			159,620	100.0

Notes:

1. The property changed its name from PICASSO347 on March 20, 2006.
2. Details of the 60% portion of trust beneficiary interests acquired under co-ownership.
3. Details of the 40% portion of trust beneficiary interests acquired under co-ownership.
4. Trust beneficiary interests relate only to land and do not include buildings.
5. The property changed its name from the Fujita Kanko Toranomom Building on February 1, 2006.
6. Ratios are rounded to the nearest first decimal place. Accordingly, subtotal and totals may not exactly match the sum of relevant items.
7. Acquisition prices are the acquisition prices identified in purchase and sale agreements for each relevant property. Acquisition prices are exclusive of acquisition expenses, property tax, city planning tax and consumption tax.
8. The overall portfolio PML is 6.0% and is recorded in a PML Report prepared by Engineering & Risk Services Corporation and OYO RMS Corporation.

**Attachment 3. Exterior view of Shonan Mall Fill**



**Attachment 4. Location map of Shonan Mall Fill**



Location	: 4-1-1 Tsujido Shinmachi, Fujisawa City, Kanagawa Prefecture
Access	: Approximately three minutes by bus or 20 minutes on foot from Tsujido Station on the JR Tokaido Line. Approximately five minutes by bus from Fujisawa Station on the JR Tokaido, Odakyu Enoshima and Enoshima Electric Railway Lines.
Total Land Space	: 44,078.12 m <sup>2</sup>
Total Floor Space	: -
Structure	: -
Floors	: -
Completion Date	: -
Type of Ownership	: (Land) Proprietary ownership (Building) -