

September 25, 2006

For Immediate Release

TOKYU REIT, Inc.
1-12-1, Dogenzaka
Shibuya-ku, Tokyo 150-0043, Japan
Masahiro Horie
Executive Director
(Securities Code: 8957)

Inquiries:
Tokyu Real Estate Investment Management Inc.
Yosuke Koi
Chief Financial Officer and General Manager, Investor Relations
TEL: +81-3-5428-5828

Notice Concerning Acquisition of Property

TOKYU REIT, Inc. (“TOKYU REIT”) today announced details of its decision to enter into a purchase agreement to acquire a trust beneficiary interest. Brief details are as follows.

1. Acquisition Details

- | | |
|---------------------------------|---|
| (1) Type of Acquisition: | Trust beneficiary interest in real estate |
| (2) Property Name: | Sigma Hatchobori Building |
| (3) Acquisition Price: | ¥7,000 million
(Excluding brokerage commission, acquisition costs, property tax, city planning tax, consumption tax and other imposts) |
| (4) Contract Day: | September 25, 2006 (Monday) |
| (5) Scheduled Acquisition Date: | September 29, 2006 (Friday) |
| (6) Seller: | GE Real Estate Corporation |
| (7) Financing: | Debt financing (planned) |

2. Rationale

The Sigma Hatchobori Building is an office building that meets TOKYU REIT’s fundamental investment/acquisition policy as outlined in its Articles of Incorporation. The decision to undertake this acquisition was made to further enhance TOKYU REIT’s office property portfolio.

The property is located in Hatchobori, one of the major office areas in Tokyo’s Chuo Ward. The property faces Heisei Dori, one block from Yaesu Dori, which stretches from the Yaesu Exit of Tokyo Station. Only a three-minute walk from Hatchobori Station on the Tokyo Metro Hibiya Line, the Sigma Hatchobori Building is also accessible to several other stations including Kayabacho Station on the Tokyo Metro Tozai Line and Hibiya Line (approximately a six-minute walk), Takaracho Station on the Toei Asakusa Line, Kyobashi Station on the Tokyo Metro Ginza Line (approximately an eight-minute walk) and JR Tokyo Station (approximately a ten-minute walk).

Hatchobori is an area that has long had a high concentration of office buildings. As it is connected to the Yaesu area encompassing Tokyo Station, demand in Hatchobori is expected to remain stable. Standing on an entire block surrounded on all four sides by streets, the Sigma Hatchobori Building is a medium-height office building constructed on level ground with compartmentalized ownership of a standard floor layout of 200 *tsubo* (approximately 3.3 m²).

Although it has been 41 years since construction, the structure of the Sigma Hatchobori Building was assessed as particularly strong when newly constructed. In addition, it has excellent earthquake resistance that far exceeds that of new structures as stipulated in the current Building Standards Law, owing to its seismic-reinforced construction (intermediate seismic isolation), which enabled certification from Chuo Ward according to the Law Concerning the Promotion of Seismic Retrofit of Buildings. The property’s probable maximum loss (PML) ratio is 4.7%, the lowest of all buildings

Translation Purpose Only

in TOKYU REIT's portfolio. In terms of design, full renovations of the building's exterior and entrance have been completed. The entrance space on the first floor was finished with marble stone, creating an air of sophistication. With the aim of maintaining competitiveness, certain refurbishments have been implemented including the installation of separate air conditioning system on four floors.

Compared with recently constructed buildings of the same type, the Sigma Hatchobori Building is below standards in several respects, including a floor area ratio that exceeds current urban planning standards, low ceiling heights and the locations of columns. However, in light of its convenient location, TOKYU REIT concluded that this property can offer stable operations in the long term with appropriate rent rates and facility upgrades. After the acquisition of the property, TOKYU REIT will strive to improve its rate of return through internal growth.

TOKYU REIT will continue acquiring new properties in consideration of capital and real estate market trends while firmly maintaining its investment criteria. Through these endeavors, TOKYU REIT will strive to improve the long-term rate of return of its portfolio and lower portfolio risk.

3. Property Profile

Property Name		Sigma Hatchobori Building	
Type of Specified Assets		Trust beneficiary interest in real estate	
Trustee		Mizuho Trust & Banking Co., Ltd. (The trustee is scheduled to be changed to Mitsubishi UFJ Trust and Banking Corporation after the acquisition)	
Trust Period		From September 26, 2000 to September 30, 2010	
Location	Registered	Land 2-104-1, Hatchobori, Chuo-ku, Tokyo (Six other sections) Building 2-104-3, Hatchobori, Chuo-ku, Tokyo (Six other sections)	
	Residential	2-7-1 Hatchobori, Chuo-ku, Tokyo	
Access		Approximately a three-minute walk from Hachobori Station, Tokyo Metro Hibiya Line Approximately a six-minute walk from Takaracho Station, Toei Asakusa Line Approximately a six-minute walk from Kayabacho Station, Tokyo Metro Tozai Line and Hibiya Line Approximately an eight-minute walk from Kyobashi Station, Tokyo Metro Ginza Line	
Use		Office, retail and parking	
Area Classification		Commercial district	
Land Space	Registered	Land	974.32m ²
		Building	8,810.21m ²
Type of Structure	Registered	SRC, B2/9F	
Completion Date		September 1965	
Design Company		New construction: Yamashita Sekkei Inc. Seismic reinforcement construction: Sumitomo Mitsui Construction Co., Ltd.	
Construction Company		New construction: Takenaka Corporation Seismic reinforcement construction: Sumitomo Mitsui Construction Co., Ltd.	
Building Certification Authority		New construction: Tokyo Metropolitan Government Seismic reinforcement certification: Chuo Ward Office	
Earthquake Resistance		PML (Probable Maximum Loss) of 4.7% is based on an earthquake risk assessment report prepared by Engineering & Risk Services Corporation PML refers to the expected maximum loss ratio 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 happens 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, the ground condition, surveys of local areas and structural evaluation.	
Type of Ownership		Land : Proprietary ownership	Building : Proprietary ownership
Acquisition Price		¥7,000 million	
Appraisal Value (Appraisal Method)		¥7,310 million (Capitalization method as of the appraisal date of September 1, 2006) Appraiser: Daiwa Real Estate Appraisal Corporation	

Translation Purpose Only

Building Assessment Reporter		Shimizu Corporation
Date of Building Assessment Report		September 11, 2006
Property Management Company		Tokyu Land Corporation (planned)
Special Items		<ul style="list-style-type: none"> • According to the onsite assessment by the Investment Management Company, an object was discovered that encroaches the boundary at the northern part of the property by approximately five centimeters. An engineering report estimated ¥1,000,000 for repairs, and TOKYU REIT will implement these required measures after acquisition. • This building has been assessed as deficient in certain respects, and does not comply with current construction-related regulations. Particularly, its floor area ratio is 895% while the current designated floor area ratio is 600%. In this respect, there are disadvantages in the case of remodeling or expansion. Furthermore, it may be impossible to reconstruct a building on a scale similar to the current building. • Sprayed fire-resistance materials including asbestos have been used in a part of this property (utility room on the second underground floor). These materials are covered with anti-scattering agents, and presently no scattering is evident. Isolation construction has been completed in the relevant area. However, other measures may be required in accordance with regulations in the event of renovation or demolition of the building.
Tenant Details	Number of Tenants	9
	Principal Tenant	Tokai Kogyo Co, Ltd.
	Total Rental Income	¥425 million
	Lease Deposits and Guarantee Deposits	¥254 million
	Estimated NOI	¥330 million (annually)
	Total Leased Area	5,963.25m ²
	Total Rentable Area	6,022.75m ²
	Occupancy Rate	99.0%
<p>* Figures for the number of tenants, principal tenant, total rental income and occupancy rate are forecasts as of the scheduled settlement date of September 29, 2006.</p> <p>* Estimated NOI is forecast exclusive of special items related to the acquisition. Figures are based on the following assumptions:</p> <p>1) Total rental income is calculated based on the occupancy rate as of the scheduled acquisition date.</p> <p>2) Calculations are based on the assumption that there will be no change in public taxes and dues from fiscal 2006.</p>		

4. Seller profile

Company Name	GE Real Estate Corporation
Head Office Address	ARK Mori Building 37 Floor, 1-12-32, Akasaka, Minato-ku, Tokyo
Representative	Tomoyuki Yoshida, President
Capital	¥3,740 million
Major Shareholder	GE Japan Holdings Inc.
Principal Activities	Sale, purchase, administration, and leasing of real estate and funding
Relationship with TOKYU REIT or its Investment Management Company	No related interest with TOKYU REIT or its Investment Management Company (Tokyu Real Estate Investment Management Inc.).

5. Transactions with Related Parties

Tokyu Land Corporation, the company to which TOKYU REIT plans to outsource property management of the Sigma Hatchobori Building, falls under the category of a related party as stipulated in Article 15, Item 2 of the Law Concerning Investment Trusts and Investment Corporations. TOKYU REIT will outsource business to the company in accordance with measures to prevent conflicts of interest regarding related-party transactions.

6. Broker

The broker for the Sigma Hatchobori Building is not a related party as defined under the Law Concerning Investment Trusts and Investment Corporations.

7. Acquisition Schedule

September 25, 2006	Decision of acquisition, execution of trust beneficiary interest agreement
September 29, 2006	Settlement (planned)

8. Financing Details

TOKYU REIT intends to procure ¥7,300 million in debt financing on the scheduled acquisition date. Details of debt financing will be disclosed as and when determined.

9. Outlook

As the acquisition of the property will have little effect on operating conditions, no changes are foreseen to the forecasts for the seventh fiscal period ending January 31, 2007 and the eighth fiscal period ending July 31, 2007.

Attachments

1. Property appraisal summary
2. Property portfolio after acquisition
3. Photograph of the Sigma Hatchobori Building
4. Location map of the Sigma Hatchobori Building

Translation Purpose Only

Attachment 1

Property Appraisal Summary

(Unit : JPY '000)

Property Name : Sigma Hatchobori Building	Details	Specific Notes
Appraisal Firm : Daiwa Real Estate Appraisal Co., Ltd.		
Final Appraised Value	7,310,000	Based on Income Approach
Date of value	1 st -Sep-2006	
Value Indicated by Income Approach	7,310,000	Direct Capitalization Method and DCF Method
Value Indicated by Direct Capitalization Method	7,510,000	
(1)Gross Income	480,020	
<input type="checkbox"/> Potential Gross Income	495,667	Based on market rent
<input type="checkbox"/> Vacancy Loss	15,647	Based on market ratio considering current lease conditions
(2)Total Expenses	92,340	
<input type="checkbox"/> Maintenance/Management/Repairs/PM Fee, etc	71,308	Based on actual
<input type="checkbox"/> Real Estate Taxes	16,959	Land・Building : based on FY2006 actual
<input type="checkbox"/> Insurance Premium	826	Based on actual
<input type="checkbox"/> Other Expenses	3,247	Leasing cost
(3)Net Operating Income	387,680	
(4)Interest revenue on deposits	7,288	Yield : 2.0%
(5)Long-term Repair Cost Reserve	41,936	Annual average of long-term repair cost reserve indicated in the engineering report
(6)Net Cash Flow	353,032	
(7)Overall Capitalization Rate	4.70%	Based on market cap rate
Value Indicated by DCF Method	7,100,000	
Discount Rate	4.40%	
Terminal Capitalization Rate	4.90%	
Value Indicated by Cost Approach	5,650,000	
Ratio of Land Price	78.1%	
Ratio of Building Price	21.9%	
Particular Attention to have been paid in Application of Appraisal Methodology and Final Value Conclusion	Paid attention to the existing non-conforming building	

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.

Attachment 2

Property portfolio after acquisition (as of September 29, 2006)

Use	Property Name	Location	Acquisition Date	Acquisition Price (Millions of Yen)	Ratio (%)
R	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	9.1
R	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.9
R	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	3.5
R	Tokyu Saginuma Building	Tokyu Areas	September 10, 2003	6,920	4.2
R	Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	0.8
R	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	4.0
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	5.7
R	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *1 August 2, 2005 *2	14,700 9,800	14.7
R	Shonan Mall Fill	Other	April 28, 2006	6,810	4.1
	Subtotal			81,310	48.8
O	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	13.4
O	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.8
O	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	4.0
O	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	2.7
O	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	2.1
O	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.8
O	Resona Maruha Building	Central Tokyo	January 15, 2004	23,260	14.0
O	TOKYU REIT Toranomom Building	Central Tokyo	December 15, 2004	8,630	5.2
O	Sigma Hatchobori Building	Central Tokyo	September 29, 2006 (planned)	7,000	4.2
	Subtotal			85,310	51.2
	Total			166,620	100.0

*1 Details of the 60% portion of trust beneficiary interests acquired under co-ownership.

*2 Details of the 40% portion of trust beneficiary interests acquired under co-ownership.

*3 Ratios are rounded to the nearest first decimal place. Accordingly, subtotal and totals may not exactly match the sum of relevant items.

*4 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.

*5 The overall portfolio PML is 5.9% and is recorded in a PML Report prepared by Engineering & Risk Services Corporation and OYO RMS Corporation.

Attachment 3

Photograph of the Sigma Hatchobori Building



Attachment 4

Location map of the Sigma Hatchobori Building



Location	:	2-7-1 Hatchobori, Chuo-ku, Tokyo
Access	:	Approximately a three-minute walk from Hachobori Station, Tokyo Metro Hibiya Line Approximately a six-minute walk from Takaracho Station, Toei Asakusa Line Approximately a six-minute walk from Kayabacho Station, Tokyo Metro Tozai Line and Hibiya Line Approximately an eight-minute walk from Kyobashi Station, Tokyo Metro Ginza Line
Total Land Space	:	974.32m ²
Total Floor Space	:	8,810.21m ²
Structure	:	SRC, B2/9F
Completion Date	:	September 1965
Type of Ownership	:	Land : Proprietary Ownership Building : Proprietary Ownership
Principal Tenant	:	Tokai Kogyo Co, Ltd.