

**For Immediate Release**

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### **Notice Concerning Probable Maximum Loss (PML) Ratio Revisions in Accordance with Seismic Risk Analysis**

TOKYU REIT, Inc. (“TOKYU REIT”) today announced revisions to the PML ratios of its portfolio properties. The change was implemented in accordance with new seismic risk analysis methods adopted by Engineering & Risk Services Corporation and OYO RMS Corporation, both of which were requested by TOKYU REIT to conduct an analysis. The revisions are as follows.

#### 1. Results of Seismic Risk Analysis

Name of Property	PML (%) (Note 1)		Number of Days of Expected Damage Caused (Note 2)	
	Before revision	After revision	Before revision	After revision
QFRONT	6.7	4.1	24	17
Lexington Aoyama	5.0	2.3	24	12
TOKYU REIT Omotesando Square	11.3	9.5	28	24
Tokyu Saginuma Building	12.3	9.9	30	28
Tokyu Saginuma 2 Building	12.1	9.3	30	24
TOKYU REIT Shibuya Udagawa-cho Square	15.8	7.3	36	25
Beacon Hill Plaza (Ito-Yokado Noukendai Store)	9.8	9.5	28	24
cocoti	11.4	6.2	28	23
CONZE Ebisu	7.1	4.1	30	26

Name of Property	PML (%) (Note 1)		Number of Days of Expected Damage Caused (Note 2)	
	Before revision	After revision	Before revision	After revision
Setagaya Business Square	5.6	2.8	28	13
Tokyu Nampeidai-cho Building	12.8	7.9	29	22
Tokyu Sakuragaoka-cho Building	13.9	11.1	31	25
Tokyo Nissan Taito Building	10.6	7.4	26	20
TOKYU REIT Akasaka Hinokicho Building	12.6	11.2	30	26
TOKYU REIT Kamata Building	11.0	7.7	32	23
Resona Maruha Building	7.7	4.1	26	15
TOKYU REIT Toranomom Building	9.2	7.2	24	19
Sigma Hatchobori Building (Property name change to TOKYU REIT Hatchobori Building effective April 1, 2007)	4.7	4.0	26	17
Total	5.9 (Note 3)	4.0 (Note 3)	—	—

## 2. Outline of New Seismic Risk Analysis Methods

Engineering & Risk Services Corporation and OYO RMS Corporation have enabled the collection of more relevant analytical results based on new findings as well as through the adoption of new evaluation methods regarding each of the three components of seismic risk analysis, namely earthquake hazard, foundation and ground, and building performance.

### (1) Earthquake hazard (Probability of the occurrence of an earthquake)

Prior to the revision of the seismic risk evaluation system, the level of earthquake hazard for any given property was evaluated using a model formulated on evidence current as of 1999. The newly revised model for hazard evaluation methods, however, is formulated based on and in consideration of the latest Probabilistic Seismic Hazard Maps published in March 2005 by the Ministry of Education, Culture, Sports, Science and Technology's Headquarters for Earthquake Research Promotion.

### (2) Foundation and ground

In addition to previous 1km mesh (1km x 1km) data available, mesh data per 100m for the three major metropolitan areas of Tokyo, Osaka and Nagoya have also been provided. As such, ground surface amplification was evaluated based on the provision of more detailed information. Furthermore, the new analysis uses data for the relevant area (a portion of which is data for the neighboring foundation and ground areas) such as foundation and ground investigative reports that contribute to conducting examinations with a higher degree of confidence.

### (3) Building performance

Under previous evaluation methods, the resiliency of a building (strength against horizontal forces, structural earthquake resistance index, etc.) was evaluated statistically. However, in accordance with the amendment of the Building Standards Law in 1998, performance

regulations for the new seismic design method using the response spectrum (Note 4)—that is, the Limit Strength Method—were implemented in June 2000 and became the standard analysis method. In line with these changes, building performance appraisal methods were also renewed based on the response spectrum that uses dynamic response analysis methods, thereby improving the accuracy of loss estimates for buildings in the event of an earthquake.

Notes:

1. PML (Probable Maximum Loss) refers to the ratio of expected maximum loss caused by earthquakes.

As used in these documents, PML is the percentage of expected loss due to small- to large-level earthquakes (those statistically calculated as possible over a 475-year period) that occur during an assumed period over the economic life of a building, and include procurement cost for restoring expected damage. Calculations incorporate data relating to individual property surveys, assessment of building conditions, conformity to architectural design, surveys of local areas and structural evaluation.

Damages in this instance refer to property damage and do not include secondary damages such as loss of life or damages to fixtures. In addition, damages are limited to structural damage and damages to facilities and building interior and exterior, and do not cover damages caused by earthquake fire from our own facilities or fire damage from surrounding facilities.

2. “Number of days of expected damages caused” is presented and statistically calculated, like PML, based on the likelihood of the occurrence of a small- to large-level earthquake over a 475-year period. Number of days of expected damages caused, which is presented as an aggregate number of days, differs from the amount of time until complete building restoration or the number of days until the resumption of business.

This analysis is based on a building’s PML figure. It also factors in each building’s use and the effects on suspension of operation due to damaged infrastructures. TOKYU REIT does not conduct detailed examination of such building’s individual characteristics or confirmation of infrastructure strain.

In addition, the calculation of number of days of expected damages caused does not cover damages caused by earthquake fire from our own facilities or fire damage from surrounding facilities.

3. Total PML is recorded as the PML for the entire property portfolio.
4. Response spectrum refers to a visual representation via graph or chart to show the vibration response of a building’s varying natural frequencies to seismic motion.