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## **Notice Concerning Partial Changes to Portfolio Management Standards and Investment Criteria**

TOKYU REIT, Inc. (“TOKYU REIT” or “Investment Corporation”) announced today that Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”), TOKYU REIT’s investment management company, determined to make changes to its portfolio management standards and investment criteria. The decision was made during the Board of Directors meeting held today. Brief details are as follows.

### **1. Reasons for the Changes**

Previously, target proportions of investment in properties for certain uses or in certain areas have been calculated based on properties’ acquisition prices. Recently, however, the difference between acquisition prices and period-end appraisal value of properties is gradually becoming significant. For more accurate disclosure of portfolio information, Tokyu REIM has determined to calculate target figures using properties’ period-end appraisal value, instead of their acquisition prices. In line with the changes in the calculation methods, the definitions of the target proportions will be modified.

### **2. Details of the Changes**

Please refer to Appendix for details of the changes in Tokyu REIM’s property management standards and investment criteria.

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**Appendix: Details of Changes in Property Management Standards and Investment Criteria**

<b>Current Standards and Criteria</b>		<b>After Change</b>	
<b>Portfolio Management Standards</b>		<b>Portfolio Management Standards</b>	
<b>Use</b> The Investment Corporation shall limit acquisitions to office and retail properties. <u>The proportion of investment in each category</u> is as follows:		<b>Use</b> The Investment Corporation shall limit acquisitions to office and retail properties. <u>The proportion (long-term target) of properties for specified use to the total portfolio</u> is as follows:	
Use	<u>Percentage Share in Total Investment Amount</u> (Long-term target)	Use	<u>Percentage Share in Total Portfolio</u> (Long-term target)
Office	Approximately 60%	Office	Approximately 60%
Retail	Approximately 40%	Retail	Approximately 40%
* Investment in retail properties is defined as follows: [Inner-city commercial and retail building] The Investment Corporation shall acquire retail properties having easy access to train stations and primarily in prime locations in the city center. Retail facilities shall cover a relatively wide trading area and include a diversity of businesses including department stores, supermarkets, specialty shops, shopping centers and amusement facilities.	[Shopping centers located in suburban areas] The Investment Corporation shall acquire suburban shopping centers having easy access to train stations and easily accessible by car, primarily located in densely populated residential areas. Retail facilities shall serve as a central marketplace for local residents and include a diversity of businesses including department stores, supermarkets, specialty shops, shopping centers and amusement facilities.	* Investment in retail properties is defined as follows: [Inner-city commercial and retail building] The Investment Corporation shall acquire retail properties having easy access to train stations and primarily in prime locations in the city center. Retail facilities shall cover a relatively wide trading area and include a diversity of businesses including department stores, supermarkets, specialty shops, shopping centers and amusement facilities.	[Shopping centers located in suburban areas] The Investment Corporation shall acquire suburban shopping centers having easy access to train stations and easily accessible by car, primarily located in densely populated residential areas. Retail facilities shall serve as a central marketplace for local residents and include a diversity of businesses including department stores, supermarkets, specialty shops, shopping centers and amusement facilities.
* The Investment Corporation may acquire properties such as housing, parking and other facilities when so stipulated under law.		* The Investment Corporation may acquire properties such as housing, parking and other facilities when so stipulated under law.	
* The Investment Corporation shall not invest in hotels and distribution facilities. In the event the Investment Corporation shall invest in a complex facility, acquisition shall be limited to office and retail facility portions.		* The Investment Corporation shall not invest in hotels and distribution facilities. In the event the Investment Corporation shall invest in a complex facility, acquisition shall be limited to office and retail facility portions.	
<u>* “Percentage Share in Total Portfolio” is calculated based on the appraisal value as of the end of the previous fiscal period and the appraisal value (obtained at the time of intended property purchase) of properties purchased during the current fiscal period.</u>			

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Current Standards and Criteria			After Change		
<b>Portfolio Management Standards (Continued)</b>			<b>Portfolio Management Standards (Continued)</b>		
<b>Areas</b> The Investment Corporation was formed to invest primarily in retail and office properties in Central Tokyo and the Tokyu Areas based on the aforementioned 2. Investment Policy (1) Basic Policy.			<b>Areas</b> The Investment Corporation was formed to invest primarily in retail and office properties in Central Tokyo and the Tokyu Areas based on the aforementioned 2. Investment Policy (1) Basic Policy.		
Area	Targeted Areas of Investment		Area	Targeted Areas of Investment	
Five Central Tokyo Wards	Five central Tokyo wards	Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards	Five Central Tokyo Wards	Five central Tokyo wards	Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards
	Other major commercial and retail districts of Tokyo	The areas surrounding Ikebukuro, Koraku, Ueno and other areas		Other major commercial and retail districts of Tokyo	The areas surrounding Ikebukuro, Koraku, Ueno and other areas
Tokyu Areas	Tokyu Rail network hub	Shibuya Ward	Tokyu Areas	Tokyu Rail network hub	Shibuya Ward
	Tokyo	Shinagawa, Meguro, Setagaya and Ota Wards, Machida City		Tokyo	Shinagawa, Meguro, Setagaya and Ota Wards, Machida City
	Other Tokyu rail network areas	Yokohama, Kanagawa Prefecture		Other Tokyu rail network areas	Yokohama, Kanagawa Prefecture
		Kawasaki, Kanagawa Prefecture			Kawasaki, Kanagawa Prefecture
		Yamato, Kanagawa Prefecture			Yamato, Kanagawa Prefecture
Other	Other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama, and Chiba Prefectures (excluding the separately mentioned areas above)	Less than 15%	Other	Other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama, and Chiba Prefectures (excluding the separately mentioned areas above)	Less than 15%

Note: Shibuya Ward is included in both the five Central Tokyo wards and the Tokyu Areas.

Note: Shibuya Ward is included in both the five Central Tokyo wards and the Tokyu Areas.

\* “Percentage share in total portfolio” is calculated based on the appraisal value of properties as of the end of the previous fiscal period and the appraisal value (obtained at the time of intended property purchase) of properties purchased during the current fiscal period.

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<b>Investment Criteria</b>	<b>Investment Criteria</b>
<b>Investment Amount</b>	<b>Investment Amount</b>
<p>Maximum Amount</p> <p>In principle, no investment in any single property shall consist of more than 50% of the total amount invested in the Investment Corporation's portfolio (taking into account the proposed acquisition in determining such percentage). The Investment Corporation shall make sufficient verification as to the appropriateness of the acquisition price before making an investment decision.</p> <p>Investment ratio per property = Investment amount of intended property purchase / (Total portfolio appraisal value as of the end of the previous fiscal period + <u>Total acquisition price</u> of all other properties purchased during the current fiscal period excluding investment amount of intended property purchase + Investment amount of intended property purchase)</p> <p>Note: “<u>Total acquisition price</u> of all other properties purchased during the current fiscal period excluding the investment amount of the intended property purchase” and “Investment amount of intended property purchase” exclude taxes and acquisition costs.</p>	<p>Maximum Amount</p> <p>In principle, no investment in any single property shall consist of more than 50% of the total amount invested in the Investment Corporation's portfolio (taking into account the proposed acquisition in determining such percentage). The Investment Corporation shall make sufficient verification as to the appropriateness of the acquisition price before making an investment decision.</p> <p>Investment ratio per property = Investment amount of intended property purchase / (Total portfolio appraisal value as of the end of the previous fiscal period + <u>Total appraisal value (obtained at the time of intended property purchase)</u> of all other properties purchased during the current fiscal period excluding investment amount of intended property purchase + Investment amount of intended property purchase)</p> <p>Note: “<u>Total appraisal value (obtained at the time of intended property purchase)</u> of all other properties purchased during the current fiscal period excluding investment amount of intended property purchase” and “Investment amount of intended property purchase” exclude taxes and acquisition costs.</p>