

October 2, 2008

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Notice Concerning Acquisition of Property (Additional Ownership)

TOKYU REIT, Inc. ("TOKYU REIT") today announced its decision to acquire additional ownership under compartmentalized ownership including co- ownership portions in a property. Brief details are as follows.

1. Additional Acquisition Details

- | | |
|--------------------------------|---|
| (1) Type of Acquisition: | Real estate
(The additionally acquired property will be entrusted to Mitsubishi UFJ Trust and Banking Corporation on the scheduled acquisition day.) |
| (2) Property Name: | Ryoshin Harajuku Building
16-26-13, Jingumae, Shibuya-ku, Tokyo
Land: 1,205.07 m ² Co-ownership ratio 8,460/200,000
Building: Compartmentalized ownership floor space 204.82 m ²
(Please refer to Attachment 4 for details) |
| (3) Acquisition Price: | ¥1,196,000,000
(Excluding acquisition-related costs, property tax, city planning tax and consumption tax) |
| (4) Contract Day: | October 2, 2008 (Thursday) |
| (5) Scheduled Acquisition Day: | October 3, 2008 (Friday) |
| (6) Seller: | Three individuals |
| (7) Financing: | Cash on hand |

2. Rationale

On June 27, 2008, TOKYU REIT acquired approximately 96% of the property under compartmentalized ownership including co-ownership portions in the form of a trust beneficial interest. In connection with this current acquisition of the property's remaining compartmentalized ownership, TOKYU REIT has to date been leasing this section of the property and subleasing it to current tenants.

This additional acquisition is expected to increase real estate rental revenues from the property due to a decrease in lease payments and common area expenses, the elimination of cash-flow fluctuation risk associated with future increases in leasing obligations, an improvement in asset value and the enhancement

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of operational efficiencies due to TOKYU REIT's sole ownership of the property.

Following the additional acquisition of this property's compartmentalized ownership, TOKYU REIT immediately entrusted ownership to the trustee of the preexisting compartmentalized ownership, Mitsubishi UFJ Trust and Banking Corporation.

Moving forward, TOKYU REIT will continue to acquire new properties while adhering to its investment criteria and taking into consideration trends in capital and real estate investment markets. This approach will help TOKYU REIT improve the overall long-term yield on the entire portfolio and minimize portfolio risks.

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3. Property Details

Property Name		Ryoshin Harajuku Building (Retail Portion on the Ground floor)				
Type of Specified Assets		Real estate (Compartmentalized ownership)				
Location	Registered	Land 6-16-46, Jingumae, Shibuya-ku, Tokyo				
		Building 16-26-13, Jingumae, Shibuya-ku, Tokyo				
	Residential	6-17-11, Jingumae, Shibuya-ku, Tokyo				
Access		Approximately a four-minute walk from Meiji-jingumae Station, Tokyo Metro Fukutoshin and Chiyoda Lines Approximately a six-minute walk from Shibuya Station, Tokyo Metro Fukutoshin and Hanzomon Lines Approximately a nine-minute walk from Harajuku Station, JR Yamanote Line. Approximately an eleven-minute walk from Shibuya Station, JR Yamanote Line.				
Use		Retail				
Area Classification		Commercial district/Residential Classification 1				
Land Space	Registered	Land 1,205.07 m ² Co-ownership ratio : 8,460/200,000				
		Building 6,466.94m Exclusive Area 204.82 m ²				
Structure	Registered	SRC B1/9F				
Completion Date		March 1989				
Design Company		Fujita Corporation				
Construction Company		Fujita Corporation				
Building Certification Authority		Tokyo Metropolitan government				
Earthquake Resistance		PML (Probable Maximum Loss) of 5.1% is based on an earthquake risk assessment report prepared by Engineering & Risk Services Corporation. PML refers to the expected damages 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, surveys of local areas and structural evaluation.				
Type of Ownership		Land Proprietary ownership (Co-ownership) Building Compartmentalized ownership				
Acquisition Price		¥1,196,000,000				
Appraisal Value (Appraisal Method*1)		¥1,140,000,000 (Capitalization method as of September 1, 2008)				
		Appraiser: Japan Real Estate Institute				
Building Assessment Reporter		Engineering & Risk Services Corporation				
Date of Building Assessment Report		June 4, 2008				
Property Management Company		Tokyu Corporation (Planned)				
Securities/Guarantee		None				
Special Items		None				
Tenant Details	Number of Tenant*2	1				
	Tenant*2	World Co., Ltd.				
	Total Rental Income	207.14 m ²				
	Total Leasable Area	207.14 m ²				
	Occupancy Rate	100%				
	Occupancy Rates over the Last Five Years	As of August 31,*3 2004	As of August 31, 2005	As of August 31, 2006	As of August 31, 2007	As of August 31, 2008
			100%	100%	100%	100%

*1 As for Appraisal Method, please refer to the Attachment 1 "Property appraisal summary".

*2 Figures for the number of tenant, tenant and occupancy rate are forecasts as of the scheduled settlement date of October 3, 2008.

*3 Figures "As of August 31, 2004" under "Occupancy Rates over the last Five Years" have not been confirmed.

4 Effects of Additional Acquisition

	Total	Remarks
Increase of Rental Income	¥1 million	Increases and decreases are in line with the cancellation of the master lease agreement applicable to the additional portion to be acquired.
Decrease of Sundry Expenses	¥29 million	
Increase of Estimated NOI	¥31 million	
Estimated NOI (Total) (before additional ownership)	¥407 million	
Estimated NOI (Total) (after additional ownership)	¥435 million	
Decrease of Lease Deposits	¥282 million	

* Increases and decreases in estimated NOI are annualized and do not take into account special factors during the fiscal year in which the acquisition is to be undertaken. (Accordingly, figures provided are not estimates for the current fiscal period.) Furthermore, figures are based on the following assumptions:

- (1) Total expenses payable are the net amounts after offsetting decreases in rents payable by TOKYU REIT from increases in taxes, dues, insurance premiums and other imposts in accordance with the master lease agreement.
- (2) Taxes and dues are estimated as the same amounts imposed for fiscal 2008.
- (3) An increase of rental income is expected from a new parking space contract after cancelling the current parking space contract in gratis.
- (4) Values for estimated NOI before and after the additional acquisition of the property were calculated based on the lease agreements effective as of October 2, 2008, and do not include leasing rates for currently vacant spaces. In addition, there is a difference between the abovementioned "Estimated NOI before the additional acquisition (¥407 million)" and "Estimated NOI (¥404 million) on the press release "Notice Concerning Acquisition of Property" dated June 25, 2008. This is due to a difference in assumptions, namely, the occupancy periods of one tenant that entered into a lease agreement effective August 4, 2008 before and after this additional acquisition differed upon calculation of annual estimated NOI.

5 Seller Profiles

Three individuals

These sellers have not provided their consent to disclose profile details, and accordingly, this information has been omitted. These sellers have no relationship with TOKYU REIT or its Investment Management Company.

6 Transactions with Related Parties

Tokyu Corporation, the company to which TOKYU REIT plans to outsource property management of the Ryoshin Harajuku Building, falls under the category of a related party as stipulated in Article 201, Item 1, of the Investment Trusts Law and Article 123 of the Enforcement Guidance for Investment Trusts Law.

Accordingly, TOKYU REIT entered into a property management agreement for acquired site with Tokyu Corporation on June 27, 2008 in accordance with its own voluntary measures to prevent conflicts of interest.

With the additional acquisition, both companies plan to exchange a memorandum amending the scope of the contract.

7 Brokerage

Ellor Corporation (Not falling under the category of a related party stipulated in Investment Trusts Law)
brokerage charge: ¥10 million (Excluding consumption tax and others)

8 Acquisition Schedule

October 2, 2008	Decision of acquisition Execution of Real Estate transfer agreement
October 3, 2008	Lump-sum payment of acquisition costs (Planned) Settlement (Planned) Entrusted to Mitsubishi UFJ Trust and Banking Corporation (Planned) Exchange a memorandum amending the scope of the contract. (Planned)

9. Financing Details

TOKYU REIT intends to acquire the additional ownership using cash on hand.

10. Outlook

As the acquisition of the property will have little effect on operating conditions, no changes are foreseen to the forecasts for the eleventh fiscal period ending January 31, 2009 and the twelfth fiscal period ending July 31, 2009.

• Attachments

1. Property appraisal summary
2. Property portfolio after acquisition (as of October 3, 2008)
3. Photograph and location map of the Ryoshin Harajuku Building
4. Overview of the Ryoshin Harajuku Building

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Attachment 1
Property appraisal summary

(Unit : JPY '000)

Property Name : RYOSHIN HARAJUKU BUILDING (Retail Portion on the Ground floor)		Details	Specific Notes		
Appraisal Firm		Japan Real Estate Institute	—		
Effective Date of Value		1-Sep-08	—		
		Value Indicated by Income Approach	1,130,000	—	
		Value Indicated by Direct Capitalized Method	(1)Effective Gross Income (-)	41,897	—
			Potential Gross Income	44,597	Based on the existing lease contract
			Vacancy Loss and Collection Loss Allowances	2,700	Consideration of the Subject Property's past performance and the local market condition
			(2)Total Expenses(+ + +)	4,650	—
			Building Maintenance/Utilities/PM Fee etc.	1,547	Property Owners' Association fee, etc.
		Property Taxes	1,745	Based on the taxable value in FY2008	
		Property Insurance	38	Based on current and projected insurance premium	
		Other Expenses	1,320	Parking maintenance/management fee	
		(3)Net Operating Income ((1) - (2))	37,247	—	
		(4)Investment Profits from Refundable Deposits	5,645	—	
		(5)Capital Expenditure	544	Considered the annual average repair costs provided by ER report and the outstanding balance of replacement allowance	
		(6)Net Cash Flow ((3) + (4) - (5))	42,348	—	
		(7)Overall Capitalization Rate	3.70%	Based on market cap rates, etc.	
		Value Indicated by DCF Method	Discount Rate	3.20%	—
			Terminal Capitalization Rate	3.90%	—
			Value Indicated by Cost Approach	1,010,000	—
			Ratio of Land Value	93.1%	—
	Ratio of Building Value		6.9%	—	
	Value of Subject Property before Allocation of Increased Value		1,130,000	Determined by Income Approach	
	Value of Whole Land and Building expect Subject Property		13,400,000		
Value of Whole Land and Building including Subject Property		14,600,000			
Increased Value due to conversation Conversion of Whole Land and Building from Fractional to Single Ownership		70,000			
Allocated Portion of Increased Value by Acquiring the Subject Property		5,450	Please see the explanation below.		
Appraisal Value Conclusion		1,140,000			
Particular Attention Paid to Appraisal Methods and Appraisal Value Conclusion		The Subject Property is a commercial condominium to be acquired by the owner of the remaining portion within the same building. It is the retail portion on the ground floor in the office-retail multiuse building, which is located in the CBD with stable demand for retail and office space. We arrived at our value conclusion in the following way. : ()we first estimated the value of the Subject Property considering its future income stream based on the current and projected lease conditioned and the credibility of tenants; ()we estimated the value of the whole building and its site; ()we estimated the value of the portion owned by the buyer of the Subject Property; ()we calculated the increased value by subtracting the total of ()and()from the value derived in Step (); and ()we finally computed an appropriate amount of the increased value to be allocated to the Subject Property using the proportion expressed as ()/{()+()}. We didn't consider the outstanding balance of replacement reserves because we assumed that the owners' association of RYOSHIN HARAJUKU BUILDING wou resolved.			

The appraisal value conclusion is a value opinion as of the effective date of value, estimated by licensed real estate appraisers in conformity with the Japanese Real Estate Appraisal Act and Real Estate Appraisal Standards. It should be noted that another appraised value could be estimated for the same property if it were appraised by another appraiser with different conditions or dates. It should be also remembered that the concluded value does not represent a guaranteed price in a sale of the Subject Property either at present or at any time in the future.

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Attachment 2

Property portfolio after acquisition (as of October 3, 2008)

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	7.3
R	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.3
R	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas	September 10, 2003	5,770	2.8
R	Tokyu Saginuma Building (Saginuma Tokyu Store)	Tokyu Areas	September 10, 2003	6,920	3.3
R	Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	0.6
R	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	3.2
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	4.6
R	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 August 2, 2005	14,700 9,800	11.9
R	Shonan Mall Fill (<i>sokochi</i>)	Other	April 28, 2006	6,810	3.3
R	CONZE Ebisu	Central Tokyo and Tokyu Areas	October 31, 2006	5,116	2.5
R	Daikanyama Forum	Central Tokyo and Tokyu Areas	April 22, 2008	4,136	2.0
	Subtotal			90,562	43.8
O	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	10.8
O	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.3
O	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	3.2
O	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	2.2
O	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	1.7
O	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.3
O	Resona Maruha Building	Central Tokyo	January 15, 2004	23,260	11.3
O	TOKYU REIT Toranomom Building	Central Tokyo	December 15, 2004 September 21, 2007 September 21, 2007 October 26, 2007	8,630 1,100 200 140	4.9
O	TOKYU REIT Hatchobori Building	Central Tokyo	September 29, 2006	7,000	3.4
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Central Tokyo	January 31, 2008	8,500	4.1
O	Tokyu Ikejiri-ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.7
O	Ryoshin Harajuku Building	Central Tokyo and Tokyu Areas	June 27, 2008 October 3, 2008(Planned)	14,160 1,196	7.4
	Sub Total			116,086	56.2
	Total			206,648	100.0

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

* 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.

* The overall portfolio PML is 4.0% and is recorded in a PML Report prepared by Engineering & Risk Services Corporation and OYO RMS Corporation.

Attachment 3

Photograph and location map of the Ryoshin Harajuku Building



Location	: 6-17-11, Jingumae, Shibuya-ku, Tokyo
Nearest Station	: Approximately a four-minute walk from Meiji-jingumae Station, Tokyo Metro Fukutoshin and Chiyoda Lines Approximately a six-minute walk from Shibuya Station, Tokyo Metro Fukutoshin and Hanzomon Lines Approximately a nine-minute walk from Harajuku Station, JR Yamanote Line Approximately an eleven-minute walk from Shibuya Station, JR Yamanote Line
Total land area	: 1,205.07 m ²
Total floor area	: 6,466.94 m ²
Structure	: SRC B1/9F
Completion	: March 1989
Type of ownership	: Land : Proprietary ownership Building : Compartmentalized ownership
Major Tenants	: Peach John Co., Ltd., ZYX International, World Co., Ltd

Attachment 4

Overview of the Ryoshin Harajuku Building

9F 8F 7F 6F 5F 4F 3F 2F	Office	Acquired Site			
		351.48 m ²			
		Acquired Site			
		504.56 m ²			
		Acquired Site			
		502.15 m ²			
		Acquired Site			
		500.06 m ²			
1F B1F	Retail Car parking lot/ Storage	Acquired Site			
		500.06 m ²			
		Acquired Site			
		566.43 m ²			
		Acquired Site			
		509.83 m ²			
			Acquired Site 86.40 m ²	Acquired Site 115.10 m ²	Site to be acquired 204.82 m ²
		Acquired Site Car parking lot			Acquired Site Storage 49.70 m ²