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For Immediate Release

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Notice Concerning Burden for the Investment Management Company

TOKYU REIT, Inc. (“TOKYU REIT”) today announced a decision reached at the Board of Directors’ Meeting held on January 16, 2009, to agree with its investment management company, Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”), that Tokyu REIM bears a part of renovation costs for the Daikanyama Forum (“Property”). Details are as follows.

1. The Financial Burden for Tokyu REIM

¥20,758,529

2. Background

Upon TOKYU REIT’s acquisition of the Property, Tokyu REIM determined the acquisition price through negotiations with the seller based on the following factors. Tokyu REIM discovered items that violated legal requirements when it conducted its due diligence of the Property. TOKYU REIT carried out renovation work to ensure that legal requirements were met at its own cost (“Renovation Work”) based on Tokyu REIM’s due diligence, while Tokyu REIM deducted the estimated amount of renovation costs, ¥11,000,000, from the Property’s initial appraisal value when setting the acquisition price (Contract day: March 31, 2008; Acquisition day: April 22, 2008; Acquisition price: ¥4,136,000,000).

As described in the release “Notice Concerning Acquisition of Property” dated March 31, 2008, the contract day, TOKYU REIT has promoted renovation work and ensured legal compliance since the acquisition of the Property. However, the actual renovation costs far exceeded the initial estimate of ¥11,000,000, reaching ¥31,758,529. This large difference in the renovation costs was, as described in section 3. as follows, due to a shortfall in the approximated renovation costs as a result of faulty estimates attributable to careless omissions in Tokyu REIM’s due diligence, including with regard to the oversight of encroachment and its failure to ensure that the Tokyo Construction Safety Ordinance was adhered to as well as

insufficient recognition of risks pertaining to this Property.

TOKYU REIT considers this shortfall as a dereliction on the part of Tokyu REIM of its duty of care as stipulated in the investment management agreement entered between the two companies. Therefore, TOKYU REIT has made and entered into an agreement with Tokyu REIM stipulating that the excess renovation costs will be borne by the latter company.

On November 28, 2008, TOKYU REIT received ¥11,292,550 from Tokyu REIM in a suspense receipt account as a partial payment of the said renovation costs. TOKYU REIT will settle the account after entering into the agreement of the financial burden for Tokyu REIM.

3. Breakdown of the Financial Burden for Tokyu REIM

(1) Removal of the roofs over the parking lot and bicycle parking area/Installment of new roofs over the parking lot and bicycle parking area and related costs

After entering into the Property's sale and purchase agreement, Tokyu REIM discussed with the Shibuya ward office the installment of new roofing for the parking lot and bicycle parking area, for which an application for building certification had not been submitted. In the course of this discussion, Tokyu REIM discovered that the roof of the parking lot was built over two sites, and it would thus be impossible to construct a new roof of the same size as the one formerly installed given the Construction Standards Law and the Tokyo Construction Safety Ordinance. Therefore, Tokyu REIM has been required to drastically review the space of the parking lot in order to maintain the current roofed parking capacity. In accordance with the review, TOKYU REIT has been forced to take on additional costs, including for the removal of the old roof and the construction of new roof for bicycle parking area.

(2) Removal of the old tent-type roof and installment of new roof

When assessing the Property to calculate renovation costs, Tokyu REIM had been planning to remove the roof without building certification using such heavy machinery as cranes; however, after entering into the Property's sale and purchase agreement, given the inconvenience to tenants and the other owners located on the Property that the possible noise and vibration could cause, the method of construction was changed and the cost for the removal of the roof topped the initial estimation.

Furthermore, Tokyu REIM discovered that the installment of a new roof to replace the existing tent-type roofs will cost more than estimated as the initially considered construction method cannot be used due to the roof structure and intensity.

(3) Installment of fire-prevention system covering the garbage pickup area

After entering into the Property's sale and purchase agreement, Tokyu REIM realized that there was no fire-prevention system covering the Property's garbage pickup area, and thus an additional cost to establish such system accrued.

(4) Other

With regard to this renovation work, costs due to additional work related to discussions with the municipal government as well as construction supervision costs have accrued. In addition, the abovementioned costs include fee to be paid to TOKYU REIT's property management company TOKYU Corporation (statutorily related party) of ¥3,843,500.

4. Contract Day of Agreement of the financial burden for Tokyu REIM

January 16, 2009

5. Outlook

(1) Payment Schedule

TOKYU REIT will accept payment in installments from Tokyu REIM related to further renovation work (the installment of a new roof) that has yet to begin (planned for completion in March 2009) and does not require an application for building certification.

Although the total renovation costs may increase depending on future conditions, TOKYU REIT will not be burdened with any expenses based on the agreement with Tokyu REIM. TOKYU REIT will issue an announcement should the estimated amount change significantly.

November 28, 2008	¥11,292,550 (suspense receipt)*
January 30, 2009	¥2,460,979
April 30, 2009	¥7,005,000

* TOKYU REIT will settle the account after entering into the agreement for the financial burden for Tokyu REIM.

(2) Prevention of Recurrence

Taking full responsibility for this matter, Tokyu REIM is sincerely striving to improve the quality of its due diligence and in-house operational structure, as well as enhancing risk control and cost assessment capabilities to prevent the recurrence of such an incidence. TOKYU REIT will maintain constantly vigilance over Tokyu REIM's activities.

6. Forecast

As the acceptance of payment from Tokyu REIM will have no 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.