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For Immediate Release

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

Investment Management Company:
Tokyu Real Estate Investment Management Inc.
Representative:
Masahiro Horie
Representative Director & President, Chief Executive Officer
Inquiries:
Yosuke Koi
Senior Executive Officer,
Chief Financial Officer and General Manager, Investor Relations

Notice Concerning Partial Amendments to the Investment Management Agreement

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that it exchanged a memorandum concerning partial amendments to the Investment Management Agreement (“Agreement”) dated June 20, 2003 with the Investment Management Company, Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”). Brief details are as follows.

1. Scope of the Amendments

TOKYU REIT will reduce investment management fees paid to Tokyu REIM (“Investment Management Fees”). More specifically, the sum of asset-based fees, cash flow-based fees and unit price-based fees will be reduced by a certain rate and over a limited period, as described below.

- (1) Effective Period
Four fiscal periods over a two-year term
From 12th Fiscal Period to 15th Fiscal Period

- (2) Rate of Reduction

12th Fiscal Period (From February 1, 2009 to July 31, 2009)	: 2%
13th Fiscal Period (From August 1, 2009 to January 31, 2010)	: 4%
14th Fiscal Period (From February 1, 2010 to July 31, 2010)	: 6%
15th Fiscal Period (From August 1, 2010 to January 31, 2011)	: 8%

The amendments shall take effect on the condition that the proposed amendments are approved at the General Meeting of Unitholders, to be held on April 15, 2009.

2. Reasons for the Amendments

The recent financial crisis has developed into a more serious situation than those that the post-WWII global economy experienced. Turmoil in the credit market, which nobody foresaw coming at the time of the establishment of the J-REIT market, and the bankruptcy of a real estate investment corporation that had earned the “A” issuer rating have negatively affected the entire J-REIT industry. More specifically, the industry is increasingly facing certain specific adversities, including funding difficulties.

To date, TOKYU REIT has adhered to strategic management based on a conservative financing policy. This approach has proven effective even in the development of the aforementioned operating environment. In other words, TOKYU REIT is experiencing a relatively slower worsening of the debt-financing environment and conditions. However, future uncertainties are ballooning due to the aforementioned credit market turmoil, as well as to dynamic fluctuations in operating conditions attributable to a slowdown in the real economy.

Having given due consideration to the entire situation, Tokyu REIM has presented TOKYU REIT with a proposal to lower its Investment Management Fees for a limited period. The rationale behind this proposal is that Tokyu REIM believes that TOKYU REIT will be better able to bolster its competitiveness in the credit market and accurately and flexibly counter future uncertainties through the implementation of ongoing risk management initiatives and new measures.

The Investment Management Fees fluctuate with the fair value of TOKYU REIT’s property portfolio, TOKYU REIT’s cash flows and the price of TOKYU REIT’s investment units. This means that this fee system has a “built-in stabilizer” effect under which Tokyu REIM’s investment management performance is reflected in determining the amount of its Investment Management Fees. For example, the fee amounts are automatically lowered in sync with any deterioration in Tokyu REIM’s investment management performance attributable to harsh operating conditions like the current ones. However, agreeing with the Japanese government’s contention that the current global financial disorder is growing into a worse-than-expected crisis, TOKYU REIT has decided to reinforce the fee system’s built-in stabilizer effect with a time-limited fee reduction measure. In this way, TOKYU REIT believes that it will be able to financially ascertain the implementation of additional measures aimed at avoiding credit and other risks. In line with this belief, TOKYU REIT has decided to accept Tokyu REIM’s proposal and amend provisions relating to the Investment Management Fees in its Articles of Incorporation, subject to an approval of the General Meeting of Unitholders.

TOKYU REIT has concluded that it is best to accept the proposal and facilitate the implementation of various measures to maintain the trust that it has nurtured in the J-REIT market, thereby reestablishing a formidable business structure that will allow it to efficiently return to a path of renewed growth should market conditions show signs of recovery.

In connection with the reduction of its Investment Management Fees, Tokyu REIM has expressed its commitment to do its utmost to maintain the quality of its services.

3. Forecast

TOKYU REIT aims to diversify potential measures against future uncertainties through the time-limited reduction of the Investment Management Fees. TOKYU REIT will not use proceeds from this initiative in cash distributions to its unitholders. TOKYU REIT expects no significant effects on its business results from this fee reduction.

Translation Purpose Only

Reference

1. Overview of Investment Management Fee

	Calculation Formula and Payment Period
Base 1 (Asset-based)	Amount of total from the following calculation about asset value at the end of previous period ■ For the portion under 200 billion yen : Asset value at the end of previous period × 0.150% ■ For the portion exceeding 200 billion yen : Asset value at the end of previous period × 0.125% The payment period is until the end of the fiscal period.
Base 2 (Cash-based)	Amount of total from the following calculation about operating cash flow*1 in current period ■ For the portion under 5 billion yen : Operating cash flow in current period × 6.0% ■ For the portion exceeding 5 billion yen : Operating cash flow in current period × 5.0% The payment period is within two months of the end of the fiscal period.
Incentive (Unit price-based)	Amount from the following calculation about closing price in current period . ■ (Average price in current period - Record average price) × Number of investment unit × 0.4%*2 The payment period is within two months of the end of the fiscal period.

Note: 1 Operating cash flow = ordinary income + depreciation and amortization of deferred assets - profit or loss from valuation

2 Change from 1.0% to 0.4%, approved at the General Meeting of Unitholders held on April 17, 2007.

2. Changes in Investment Management Fee

(JPY in Thousand)

	Base 1	Base 2	Incentive	Total
1st fiscal period	94,417	95,247	—	189,664
2nd fiscal period	154,575	144,851	110,023	409,450
3rd fiscal period	167,610	183,158	46,655	397,424
4th fiscal period	205,275	198,590	50,235	454,100
5th fiscal period	232,635	234,558	57,421	524,615
6th fiscal period	261,645	226,633	230,212	718,490
7th fiscal period	281,700	237,836	94,634	614,170
8th fiscal period	312,650	248,992	191,893	753,536
9th fiscal period	330,412	248,466	—	578,879
10th fiscal period	353,650	266,620	—	620,270

* Figures are rounded down to the figures under described. Therefore totals may not exactly match the sum of relevant items.