

July 1, 2004

**For Immediate Release**

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**Notice Concerning Issue of New Investment Units and Secondary Offering**

TOKYU REIT, Inc. ("TOKYU REIT"), announced that at a Board of Directors' Meeting held on July 1, 2004, TOKYU REIT had decided to issue new investment units and conduct a second offering as outlined below.

**1. Primary Offering for the Issue of New Investment Units**

- (1) Total number of units to be issued  
42,000
- (2) Issue price  
To be determined  
The issue price for new investment units shall be determined by a resolution of the Board of Directors to be held any day between July 20, 2004 (Tuesday) and July 23, 2004 (Friday), hereinafter referred to as the "pricing date of offer price."
- (3) Offering method  
The units are being offered in a public offering by Nomura Securities Co., Ltd. and Merrill Lynch Japan Securities Co., Ltd. (hereinafter referred to as "Joint-lead Managers") and the following underwriters  
Nikko Citigroup Limited  
Daiwa Securities SMBC Co., Ltd.  
Mizuho Securities Co., Ltd.  
Mitsubishi Securities Co., Ltd.  
UFJ Tsubasa Securities Co., Ltd.  
Shinko Securities Co., Ltd.  
Tokai Tokyo Securities Co., Ltd.  
Utsumiya Securities Co., Ltd.  
hereinafter referred to as "the underwriters."  
As a provisional condition, the issue price for the public offering (the "offer price") shall be calculated by taking the closing price on the Tokyo Stock Exchange on the pricing date of offer price and deducting the forecast cash distribution amount of ¥14,200 multiplied by a factor of 0.90 to 1.00 (amounts less than ¥1 shall be omitted), and after taking into consideration demand for the issue.
- (4) Underwriting agreement  
An underwriting commission shall not be paid. Underwriting fees applicable to the issue shall be the difference between the offer price and the issue price.
- (5) Application unit  
More than one unit in multiples of one unit.
- (6) Application period  
July 26, 2004 (Monday) to July 28, 2004 (Wednesday).  
The application period may be brought forward if it is considered that demand will be high etc. Should this be the case, the earliest it will be is between July 21, 2004 (Wednesday) and July 23, 2004 (Friday).
- (7) Payment date  
August 2, 2004 (Monday)

Note: This press release provides information regarding the issues of new investment units and the secondary offering and is not provided as an inducement or invitation for investment. We caution readers to refer to the Company's Prospectus for the Issue of New Investment Units and the Secondary Distribution of Investment Units (and amendments thereto) and to undertake investment decisions subject to individual determination.

- (8) Starting date of computation for cash distribution  
August 1, 2004 (Sunday)
- (9) Other  
The offer price and other items relating to the offerings shall be approved at the next Board of Directors' Meeting.
- (10) Notification  
The aforementioned items shall be subject to the effectiveness of the securities registration statement in accordance with the Securities Exchange Law.

## **2. Secondary Offering (over-allotment)**

- (1) Seller and number of units to be offered  
Nomura Securities Co., Ltd                      2,000  
The number of investment units to be offered is subject to an upper limit of 2,000 units. Secondary offering (over-allotment) may be reduced or suspended due to demand conditions. The number of investment units issued shall be determined after considering demand conditions and the pricing date of offer price defined in 1. Primary Offering for the Issue of New Investment Units (2).
- (2) Offer price  
To be decided between July 20, 2004 (Tuesday) and July 23, 2004 (Friday). The offer price is to be the same as the issue price in respect of the public offering.
- (3) Offering method  
In making the public offering and after considering demand conditions, Nomura Securities Co., Ltd. shall undertake the sale of borrowed TOKYU REIT investment units (hereinafter referred to as the "TOKYU REIT Investment Units") with 2,000 units as the upper limit.
- (4) Application unit  
More than one unit in multiples of one unit.
- (5) Application period  
Identical to the primary offering.
- (6) Delivery and settlement date  
August 3, 2004 (Tuesday)
- (7) Other  
The offer price and other items relating to the secondary offering shall be approved at the next Board of Directors' Meeting.
- (8) Notification  
The aforementioned items shall be subject to the effectiveness of securities registration statement in accordance with the Securities Exchange Law.

## **3. Issue of New Investment Units by Allotment to Third Parties (Third-Party Allotment)**

- (1) Number of units to be offered  
2,000
- (2) Issue price  
To be decided between July 20, 2004 (Tuesday) and July 23, 2004 (Friday). The issue price is to be the same as the issue price in respect of the primary offering.
- (3) Allocated number of investment units and party  
Nomura Securities Co., Ltd.                      2,000
- (4) Application unit  
More than one unit in multiples of one unit.
- (5) Application period (Application date)  
August 30, 2004 (Monday).  
As with the application period for the primary offering, this application period may be brought forward. Should this be the case, the earliest it will be is August 23, 2004 (Monday). However, the application period shall be calculated as the first working day, 30 days after the closing date for applications for the primary and secondary offerings.
- (6) Payment date  
August 31, 2004 (Tuesday).  
As with the application for the primary offering, the payment date may be brought forward. Should this be the case, the earliest it will be is August 24, 2004 (Tuesday). However, the payment date shall be calculated as the second working day, 30 days after the closing date for applications for the primary and secondary offerings.
- (7) Starting date of computation for cash distribution  
August 1, 2004 (Sunday).
- (8) The issuance of investment units shall be cancelled if no application is made by the application period defined in (5) above.

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- (9) Other                                   The issue price and other items relating to the third party allotment shall be approved at the next Board of Directors' Meeting.
- (10) Notification                        The aforementioned items shall be subject to the effectiveness of securities registration statement in accordance with the Securities Exchange Law.

(Reference)

1. Over-Allotment

- (1) Secondary offering through over-allotment shall be effected by Nomura Securities Co., Ltd. on the occasion of the primary offering, under consideration of the conditions of demand, to an upper limit of 2,000 investment units borrowed from certain unitholders of TOKYU REIT. The number of investment units to be offered is subject to an upper limit of 2,000 units, and may be reduced or suspended due to demand conditions.

In addition, in order to effect reimbursement of borrowed investment units (hereinafter referred to as "borrowed investment units"), on the occasion of the secondary offer (over-allotment of investment units), by Nomura Securities Co., Ltd. from TOKYU REIT unitholders, TOKYU REIT has approved an allotment of 2,000 investment units to Nomura Securities Co., Ltd. by way of third-party allocation, as a meeting of its Board of Directors held on July 1, 2004. Payment date for the allotment of investment units by way of third-party allocation will be calculated as the second working day, 30 days after the closing date for applications for the primary and secondary offerings.

In addition, Nomura Securities Co., Ltd. may, within a period commencing from and including the day immediately following the end of the application period of the primary and secondary offering (over-allotment) and ending five working days prior to the last day of the payment date (hereinafter referred to as the Syndicate Cover Transaction Period), purchase up to the maximum limit of investment units as sold in the secondary offering through over-allotment on the Tokyo Stock Exchange, with the aim of procuring and reimbursing the borrowed investment units. The investment units purchased by Nomura Securities Co., Ltd. by way of syndicated cover transaction shall be used in full as reimbursement for the borrowed investment units. Moreover, Nomura Securities Co., Ltd., at its discretion, may choose not to enter into any syndicate cover transactions or to terminate such transactions without purchasing the maximum number of investment units through over-allotment.

Further, Nomura Securities Co., Ltd. may effect stabilization transactions in relation to the primary and secondary offerings (over-allotment) and allocate all or part of the investment units purchased through stabilization transactions to the reimbursement of borrowed investment units.

The remaining number of borrowed investment units after allocation of investment units purchased by way of syndicated cover transactions and stabilization transactions shall be reimbursed by Nomura Securities Co., Ltd. through investment units procured by way of third-party allotment. In this case, application for all or part of the third-party allotment may not be made and as a result of the forfeiture of rights in connection third-party allotment, all or part of the third-party allotment may not be effected.

- (2) Actions to be taken in terms of (1) above will be subject to discussion between Nomura Securities Co., Ltd. and Merrill Lynch Japan Securities Co., Ltd.

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## 2. Total Number of Investment Units after New Issues

Number of investment units outstanding	98,000
Number of new investment units issued due to primary offering	42,000
Number of investment units outstanding after primary offering	140,000
Number of investment units issued due to third-party allocation	2,000 (Note)
Number of investment units outstanding after primary offering and third-party allocation	142,000 (Note)

Note: Subject to an application from Nomura Securities Co., Ltd. for the full allotment available under third-party allocation.

## 3. Rationale for the Issue (Use of Proceeds)

- (1) Net proceeds to be raised through primary offering and third-party allocation of investment units are estimated at a maximum ¥27,450,852,000. TOKYU REIT intends to use the net proceeds to acquire new specific assets and to repay a portion of TOKYU REIT's short-term debt.
- (2) Change in use of previously procured funds  
Not applicable.

## 4. Distribution to Unitholders

- (1) Distribution policy  
Distributions will be made in line with TOKYU REIT's distribution policy described in its Articles of Incorporation.
- (2) Distributions to date

Fiscal Period	Fiscal Period Ended January 31, 2004
Distribution per Unit	¥9,488

## 5. Other

- (1) Pre-arranged allocation of investment units  
Not applicable.
- (2) Restrictions on sale and additional investment unit issue
  - Tokyu Corporation and Tokyu Land Corporation, unitholders of TOKYU REIT, in relation to the primary offering, have agreed with Joint-lead Managers, not to sell or dispose of investment units owned by them, without prior written notice, for a period from the date the agreement for the primary offering of new investment units is executed until one year after the additional public listing. This is, however, with the exception of investment units lent to Nomura Securities Co., Ltd., in connection the secondary offering (over-allotment) and investment units lent or sold during the aforementioned period in connection the exercise of the greenshoe option equivalent to the secondary offering (over-allotment).
  - TOKYU REIT and Tokyu Real Estate Investment Management Inc, TOKYU REIT's asset management company, have agreed with Joint-lead Managers, not to issue additional investment units, without prior written notice, for a period from the date the agreement for the primary offering of new investment units is executed until three months after the additional public listing, with the exception of investment units issued in connection primary offering and third-party allocation and additional issue relating to investment unit split.  
In addition, Joint-lead Managers and the parties listed above, have the right to cancel all or part of the terms and conditions identified above, by mutual discretion.

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(2) Equity finance for the past three years

- Equity finance

Date	Issue Amount	Total Investment Amount after Issue	Remarks
June 20, 2003	¥200,000,000	¥200,000,000	Incorporation by private placement
September 10, 2003	¥49,917,520,000	¥50,117,520,000	Increase by public offering

- Trends in investment unit price

	Fiscal Period Ended January 31, 2004	Fiscal Period Ending July 31, 2004
Opening Price	¥530,000	¥560,000
High	¥570,000	¥710,000
Low	¥503,000	¥541,000
Closing Price	¥561,000	¥691,000

Notes:

1. TOKYU REIT was listed on the Tokyo Stock Exchange on September 10, 2003. Information regarding investment unit price prior to this period is not provided.
2. Investment unit price for the fiscal period ending July 31, 2004 is as of June 30, 2004.

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