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For Immediate Release

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Notice Concerning Operating Forecasts for the Second Fiscal Period Ending July 31, 2004 (revision) and the Third Fiscal Period Ending January 31, 2005

TOKYU REIT, Inc. (“TOKYU REIT”) today announced revisions to its operating forecasts for its second fiscal period (February 1, 2004 to July 31, 2004), which were announced on March 26, 2004, and for its third fiscal period (August 1, 2004 to January 31, 2005).

1. Reasons for Revision

At a TOKYU REIT Board of Directors’ Meeting held today, a resolution was passed to approve the issue of new investment units and secondary offering, for the acquisition of new specified assets (in accordance with Article 2-1 of the Investment Trust Law) and the repayment of short-term debt. Pursuant to this, TOKYU REIT announces its operating forecast for the fiscal period ending January 31, 2005.

Furthermore, in light of anticipated changes to the “Assumptions for the Forecasts for the Second Fiscal Period from February 1, 2004 to July 31, 2004,” TOKYU REIT also announces revisions to operating forecasts for the second fiscal period at the same time.

2. Revised Forecast for the Second Fiscal Period (from February 1, 2004 to July 31, 2004)

	Operating Revenues (Millions of Yen)	Net Income (Millions of Yen)	Distribution per Unit (not including distributions in excess of earnings) (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Previous Forecast (A)	4,304	1,372	14,000	0
Revised Forecast (B)	4,343	1,392	14,200	0
Change (B-A)	39	20	200	0
Change (%)	0.9	1.4	1.4	—

(Reference) Forecast number of investment units outstanding: 98,000

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.

3. Forecast for the Third Fiscal Period (August 1, 2004 to January 31, 2005)

	Operating Revenues (Millions of Yen)	Net Income (Millions of Yen)	Distribution per Unit (not including distributions in excess of earnings) (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Fiscal Period Ending January 31, 2005	4,908	1,775	12,500	0

(Reference) Forecast number of investment units outstanding: 142,000

Note: The forecasts presented in this document have been calculated in accordance with the assumptions set out as follows. Forecasts for operating revenues, net income, distributions per unit (not including distributions in excess of earnings), and distributions in excess of earnings per unit may differ from actual distributions due to changes in operating conditions and a variety of factors. Accordingly, TOKYU REIT does not guarantee any distribution amount.

Assumptions for the Revised Forecast for the Second Fiscal Period (from February 1, 2004 to July 31, 2004) and the Forecast for the Third Fiscal Period (from August 1, 2004 to January 31, 2005)

Operating revenues, net income, distributions per unit, and distributions in excess of earnings per unit for the second fiscal period (ending July 31, 2004) and the third fiscal period (ending January 31, 2005) are calculated based on assumptions summarized as follows. In the event of any specified changes in published forecasts, the Company will report accordingly and promptly disclose revised forecasts.

Item	Assumptions
Property Portfolio	<p>(Second Fiscal Period)</p> <ul style="list-style-type: none"> Operating forecasts are based on the 13 properties owned as of July 1, 2004. <p>(Third Fiscal Period)</p> <ul style="list-style-type: none"> Operating forecasts are based on the assumption that, apart from the Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) and Beacon Hill Plaza (Ito-Yokado Noukendai Store), hereinafter referred to as the “planned property acquisitions,” the property portfolio will remain unchanged (no new properties will be added to, and no existing properties will be removed from, the portfolio) up to and including the end of the third fiscal period, ending January 31, 2005). Therefore, operating forecasts are based on a total of 15 properties, which is comprised of the 13 properties owned as of July 1, 2004 and the two planned property acquisitions.
Operating Revenues	<ul style="list-style-type: none"> Operating revenues are estimated based on the relevant lease agreements in effect as of June 21, 2004 and include estimates for vacancies based on notices received from tenants of the termination of lease agreements up to and including the end of the third fiscal period ending January 31, 2005. Rent level calculations take into account market trends and the existence of competing properties in the area and assume that there will be no arrears and non-payment by tenants.
Operating Expenses	<ul style="list-style-type: none"> When the planned property acquisitions are acquired, property tax, city planning tax and depreciable property-related tax will be paid on a pro rata basis by the previous owners, but those from the date of acquisition will be included in the purchase price as appropriate.

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	<ul style="list-style-type: none"> ● Repair, maintenance and renovation expenses are calculated in the amount deemed necessary for each fiscal period. Actual repairs and maintenance expenses may differ significantly from estimates, however, due to the possible emergence of unforeseen factors. ● Depreciation and amortization expenses are calculated based on the straight-line method and include associated costs and expected additional capital expenditures. TOKYU REIT estimates that expenses will amount to approximately ¥609 million in the second fiscal period and ¥803 million in the third fiscal period. ● A one-off incentive payment of approximately ¥107 million in favor of an asset management company is expected during the second fiscal period.
Non-operating Expenses	<p>(Second Fiscal Period)</p> <ul style="list-style-type: none"> ● A one-off expense of approximately ¥65 million is expected in connection the refinancing of debt. <p>(Third Fiscal Period)</p> <ul style="list-style-type: none"> ● A one-off expense of approximately ¥100 million in connection the issue of new investment units is expected, following approval today at a Board of Directors' Meeting.
Debt Financing	<ul style="list-style-type: none"> ● On June 25, 2004, TOKYU REIT refinanced a portion of its ¥62,200 million in secured short-term debt financing with ¥25,000 million in unsecured short-term debt and ¥35,000 million in long-term debt from qualified institutional investors as defined under section 2-3-1 in the Securities and Exchange Act of Japan. A further ¥2,200 million was repaid. ● LTV is forecast to be 48.9% as of the end of the second fiscal period, and to have fallen to 31.4% as of the end of the third fiscal period. $\text{LTV} = \frac{\text{Total amount of interest-bearing debt}}{\text{Total assets}} \text{ (forecast)}$ (Reference) LTV as of the end of the first fiscal period was 47.9%.
Investment Unit	<p>(Second Fiscal Period)</p> <ul style="list-style-type: none"> ● There will be no additional issue of new investment units for the remainder of the second fiscal period. As at July 1, 2004 there are 98,000 units outstanding. <p>(Third Fiscal Period)</p> <ul style="list-style-type: none"> ● Assumptions for the third fiscal period are 142,000 investment units, based on the 98,000 investment units outstanding as of July 1, 2004, and the issuance of 42,000 new investment units, ratified at a Board of Directors' Meeting held today, and the addition of 2,000 investment units, which is the upper limit for new investment units issued through third-party allotment in accordance with a secondary offering through over-allotment.
Distributions per Unit	<ul style="list-style-type: none"> ● Distributions per unit are calculated in accordance with TOKYU REIT's cash distribution policy described in its Articles of Incorporation. In principal, calculations are based on a 100% distribution of net income.
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> ● TOKYU REIT does not currently anticipate distributions in excess of earnings per unit.
Other	<ul style="list-style-type: none"> ● There will be no material changes in legislation and regulations, Japanese GAAP and Japanese taxation. ● There will be no material changes in the general economic and real estate market conditions in Japan.

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