

February 10, 2011

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## Notice Concerning Acquisition of Property

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that it has executed a purchase agreement in connection with the acquisition of real estate. Brief details are as follows.

### 1. Acquisition Details

- |                              |   |
|------------------------------|---|
| ① Type of Acquisition:       | Real estate   |
| ② Property Name:             | Tokyu Ginza 2-chome Building  |
| ③ Acquisition Price:         | ¥5,010,000,000<br>(Excluding acquisition-related costs, property tax,<br>city planning tax and consumption tax) |
| ④ Contract Day:              | February 10, 2011 (Thursday)  |
| ⑤ Scheduled Acquisition Day: | February 15, 2011 (Tuesday)   |
| ⑥ Seller:                    | Tokyu Corporation   |
| ⑦ Financing:                 | Cash on hand  |

### 2. Rationale

This property is an office building that meets TOKYU REIT’s fundamental investment and acquisition policies as outlined in its Articles of Incorporation, and the decision to undertake this acquisition was made in an aim to further enhance TOKYU REIT’s property portfolio.

The Ginza area where the property is located is an area possessing a strong brand image, and boasts being one of the foremost flourishing commercial areas in Japan. Companies which value their brand image, such as apparel, advertisement and cosmetics companies, and offices of affiliated companies or business partners of major manufacturers located in Ginza, are concentrated there. Although the specific location of the property is slightly inferior in terms of volume of commercial activity in comparison to its surroundings, it is conceivable that it has a high level of appeal to companies which favor a Ginza address.

In addition, the property is approximately a two-minute walk from Shintomicho Station on the Tokyo Metro Yurakucho Line, and approximately a four-minute walk from Higashi-ginza Station on the Tokyo Metro Hibiya Line and the Toei Asakusa Line. Furthermore, it is approximately an eight-minute walk from Ginza Station on the Tokyo Metro Ginza Line, Marunouchi Line, and Hibiya Line, making it highly accessible and convenient. At the same time, building specifications are also highly competitive with a standard floor area of approximately 132 tsubo, a ceiling height of roughly 2,700 mm and raised access floors with approximately 100 mm apertures for the under-floor placement of office equipment cables, as well as individually controlled air conditioners. Its building specifications are also highly competitive. Construction of the building was completed in August 2008, and it will become the newest property with the least years since construction in TOKYU REIT’s portfolio. Furthermore, due to the fact that this

property is also able to be utilized as a multi-tenant building, we believe that it has tenant replacement capabilities that will enable us to maintain stable occupancy in the future.

TOKYU REIT decided to acquire it since it rated this property for its profit performance and stability and judged that the property should contribute to raising the quality of TOKYU REIT's portfolio. Furthermore, the property is an acquisition from Tokyu Corporation, and is one of the results of the new collaboration accompanying the sole sponsorship announced in January 2011.

Based on the long-term investment management strategy (the "Surf Plan") we announced in September 2009, judging from the investment climate, the current real estate prices are low from a medium- to long-term perspective. Thus we view the sixteenth fiscal period (ending July 31, 2011) as a good opportunity for acquisitions. 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. Furthermore, TOKYU REIT will carry out appropriate risk management and strive to form a portfolio that leads to an improvement in asset value and growth of net income per investment unit.

### 3. Property Details

Property Name		Tokyu Ginza 2-chome Building
Type of Specified Assets		Real estate
Location	Registered	Land 2-215-1, Ginza, Chuo-ku, Tokyo
		Building 2-215-1, Ginza, Chuo-ku, Tokyo
	Residential	2-15-2, Ginza, Chuo-ku, Tokyo
Access		Approximately a two-minute walk from Shintomicho Station, Tokyo Metro Yurakucho Line. Approximately a four-minute walk from Higashi-ginza Station, Tokyo Metro Hibiya Line and Toei Asakusa Line. Approximately an eight-minute walk from Ginza Station, Tokyo Metro Ginza and Marunouchi and Hibiya Lines.
Use		Office, retail, parking
Area Classification		Commercial district
Land Space (Registered)	Land	805.42 m <sup>2</sup>
	Building	5098.61 m <sup>2</sup>
Structure (Registered)		S/RC B1/8F
Completion Date (Registered)		August 2008
Design Company		Tokyu Construction
Construction Company		Tokyu Construction
Inspection Authority		Tokyo Disaster Prevention and Urban Development Center
Earthquake Resistance		PML (Probable Maximum Loss) of 4.4% 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
	Building	Proprietary ownership
Previous Owner		Tokyu Corporation
Acquisition Price		¥ 5,010,000,000
Appraisal Value (Appraisal Method)	¥ 5,020,000,000 (Capitalization method as of the appraisal date of January 14, 2011)	
	Appraiser: Japan Real Estate Institute	
Building Assessment Reporter		Engineering & Risk Services Corporation
Date of Building Assessment Report		December 28, 2010
Property Management Company		Tokyu Corporation (Planned)
Securities/Guarantee		None
Special Items		None
Tenant Details	Number of Tenants	2
	Tenants	The Dai-ichi Building Co.,Ltd. Seven-Eleven Japan Co.,Ltd.
	Total Rental Income	¥ 445 million
	Lease Deposits and Guarantee Deposits	¥ 390 million
	Estimated NOI	¥ 376 million
	Total Leased Area	3,469.14 m <sup>2</sup>
	Total Rentable Area	3,469.14 m <sup>2</sup>

	Occupancy Rate	100.0%				
	Occupancy Rates over the Last Five Years	As of January 31, 2007	As of January 31, 2008	As of January 31, 2009	As of January 31, 2010	As of January 31, 2011
		—	—	100.0%	100.0%	100.0%

\* Figures for the number of tenants, major tenants, total rental income, and occupancy rate are forecasts as of the scheduled settlement date of February 15, 2011.  
\* Estimated NOI are forecast exclusive of special items related to the acquisition. Figures are based on the following assumptions.  
1) Total rental income is calculated based on effective lease contracts as of the scheduled acquisition date, and total estimated income is listed as an item.  
2) Calculations are based on the assumption that there will be no change in public taxes and dues from fiscal 2010.  
3) Estimated repair, maintenance and renovation expenses for the next 15 years are calculated based on the engineering report.

#### 4. Seller Profile

Company Name	Tokyu Corporation
Head Office Address	5-6, Nampeidai-cho, Shibuya-ku, Tokyo
Representative	Toshiaki Koshimura, President & Representative Director
Capital	¥121,724 million (as of March 31, 2010)
Business Activities	Railroad/track business and real estate business
Foundation Date	September 2, 1922
Net Assets of the previous business year	¥386,341 million (as of March 31, 2010)
Total Assets of the previous business year	¥1,965,794 million (as of March 31, 2010)
Major Shareholder and ratio of shareholding	The Dai-ichi Life Insurance Company, Limited 6.13% (as of March 31, 2010)
Relationship with TOKYU REIT or its Investment Management Company	Tokyu Corporation falls under the category of a related party as stipulated in the Law Concerning Investment Trusts and Investment Corporations (Hereafter “Investment Trust Law”), or the Enforcement Order of the Investment Trust Law.

#### 5. Conditions of Property Acquisition

	Investment Corporation	Previous Owner	Owner before the Previous Owner
Company Name	TOKYU REIT, Inc.	Tokyu Corporation	No owner before the previous owner as it was a development project.
Relationship with Specially Related Parties	None	Please refer above to “Relationship with TOKYU REIT or its Investment Management Company” in “4. Seller Profile”	
Acquisition Process and Rationale	Please refer above to “2. Rationale”	Investment management purpose	
Acquisition Price	¥5,010 million	Details omitted as it was a development project.	
Acquisition Date	February 15, 2011 (Planned)	Acquisition of land: March 1970 Construction of the property: August 2008	

## **6. Transaction with Related Parties**

Owing to the status of the seller, Tokyu Corporation, TOKYU REIT will acquire this property in accordance with its own voluntary measures to prevent conflicts of interest, which approves acquisitions whose costs are not in excess of real estate appraisal values. In addition, TOKYU REIT received a second opinion prepared by Japan Valuers Co., Ltd with regard to the value of and validity of the valuation calculation process for the subject real estate property.

Tokyu Corporation, the company to which TOKYU REIT plans to outsource property management of Tokyu Ginza 2-chome Building. Accordingly, TOKYU REIT will enter into a property management agreement with Tokyu Corporation on the acquisition date in accordance with its own voluntary measures to prevent conflicts of interest.

In addition, TOKYU REIT received an opinion summary compiled by Urban Research Institute, Corp with regard to its property management fees being within the standard range of other investment corporations listed on the Tokyo Stock Exchange.

These two transactions were monitored by an audit firm other than TOKYU REIT's accounting auditor and confirmed the consistency with TOKYU REIT's measures to prevent conflicts of interest. Based on the results, the acquisition of this property was approved at a meeting of TOKYU REIT's Board of Directors.

## **7. Brokerage**

No brokerage transaction will be undertaken for this acquisition.

## **8. Acquisition Schedule**

February 10, 2011	Decision of acquisition Execution of real estate purchase agreement
February 15, 2011	Lump-sum payment of acquisition costs (planned) Settlement (planned) Execution of property management agreement (planned)

## **9. Financing Details**

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

## **10. Outlook**

Please refer to TOKYU REIT's "Notice Concerning Revision to Distribution Forecast and Expected Operating Condition for the Sixteenth Fiscal Period (Ending July 31, 2011)" announced today for detail of forecast for the fiscal periods ending July 31, 2011.

## **Attachments**

1. Property appraisal summary (Tokyu Ginza 2-chome Building)
2. Second opinion summary (Tokyu Ginza 2-chome Building)
3. Property portfolio after acquisition (as of February 15, 2011)
4. Photograph of the Tokyu Ginza 2-chome Building
5. Location map of the Tokyu Ginza 2-chome Building

## Attachment 1

## Property appraisal summary (Tokyu Ginza 2-chome Building)

(JPY in thousands)

Property Name: Tokyu Ginza 2-chome Building		Estimation	Notes
Appraisal Firm: Japan Real Estate Institute			—
Effective Date of Value		14-Jan-2011	—
	Value Indicated by Income Approach	5,020,000	—
	Value Indicated by Direct Capitalization Method	5,030,000	—
	(1)Effective Gross Income(①－②)	297,739	—
	①Potential Gross Income	313,112	The stabilized revenue was estimated considering the current lease conditions and past actual performance, etc. of the subject property as well as the market rent level and its forecast
	②Vacancy Loss and Collection Loss Allowances	15,373	Considered the leasing situation and vacancy rate in the local market
	(2)Total Expenses(③＋④＋⑤＋⑥)	68,288	—
	③Building Maintenance/Utilities/PM Fee, etc.	40,800	Considered the past actual figures, etc.
	④Property Taxes	26,427	Based on the taxable value in FY2010
	⑤Property Insurance	1,001	Considered the insurance premium rates of similar properties
	⑥Other Expenses	60	Considered the past actual figures, etc.
	(3)Net Operating Income((1)－(2))	229,451	—
	(4)Investment Profits from Refundable Deposits	4,885	—
	(5)Capital Expenditure	2,980	Considered the building age, the annual average of the long-term renewal costs in the engineering report, etc.
	(6) Net Cash Flow((3)＋(4)－(5))	231,356	—
	(7) Overall Capitalization Rate	4.60%	Considered the market cap rates, etc.
	Value Indicated by DCF Method	5,000,000	—
	Discount Rate	4.70%	—
	Terminal Capitalization Rate	5.10%	—
	Value Indicated by Cost Approach	4,180,000	—
	Ratio of Land Value	60.9%	—
	Ratio of Building Value	39.1%	—
Appraisal Value Conclusion		5,020,000	—
Reconciliation before Arriving at the Value Conclusion		The subject property is an office building with retail space located in Ginza business district. Because the subject property is classified as an investment-grade asset, we judged that the income capitalization approach could indicate more reliable value than the cost approach after considering the typical behavior of the property's potential investors. The former approach fully reflects the profitability of a real property. Therefore, we employed the value by the income capitalization approach as the appraised value of the subject property and used the cost approach as a check for determining the value conclusion.	

The above appraisal value conclusion is a value opinion as of the effective date of value, indicated by the licensed real estate appraiser in conformity with the Japanese Real Estate Appraisal Act and Real Estate Appraisal Standards. A reappraisal of the same property could result in another value if it were carried out either by a different appraiser, with different methods, or at a different time. This appraisal does not guarantee or assure, at present or in the future, any sales transactions at the concluded value.

Attachment 2

Second Opinion Summary (Tokyu Ginza 2-chome Building)

(Summarized Written Statement of Opinion)

Property name	Tokyu Ginza 2-chome Building
Opinions on the property value	Judged to be appropriate on the whole.
Assumptions and basic matters	Judged to be appropriate.
Highest and best use of the subject property	Judged to be appropriate. The existing use as a high-rise store/office complex was judged to be the highest and best use of the subject property.
Value indicated by the income approach (A)	Judged to be appropriate on the whole.
Value Indicated by the cost approach(B)	Judged to be appropriate on the whole.
Reconciliation of the indicated values (A) and (B)	Judged to be appropriate.

The above is a summary of the “Written Statement of Opinion” in which Japan Valuers Co., Ltd. verified the propriety of each item of the appraisal report on “Issuance No.: Kento 56473” issued by Japan Real Estate Institute.  
Please note that the “Written Statement of Opinion” is not a real estate appraisal provided by the Real Estate Appraisal Law.

## Attachment 3

## Property Portfolio after Acquisition of Tokyu Ginza 2-chome Building (as of February 15, 2011)

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	7.6
R	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.4
R	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas	September 10, 2003	5,770	2.9
R	Tokyu Saginuma Building (Saginuma Tokyu Store)	Tokyu Areas	September 10, 2003	6,920	3.5
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	3.3
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	4.8
R	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *1 August 2, 2005 *2	14,700 9,800	12.3
R	Shonan Mall Fill ( <i>sokochi</i> )	Other	April 28, 2006	6,810	3.4
R	CONZE Ebisu	Central Tokyo and Tokyu Areas	October 31, 2006	5,116	2.6
R	Daikanyama Forum	Central Tokyo and Tokyu Areas	April 22, 2008	4,136	2.1
	Subtotal			90,562	45.4
O	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	11.2
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	3.3
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	1.8
O	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.4
O	TOKYU REIT Toranomon Building	Central Tokyo	December 15, 2004 *3 September 21, 2007 *4 September 21, 2007 *5 October 26, 2007 *6	8,630 1,100 200 140	5.0
O	TOKYU REIT Hatchobori Building	Central Tokyo	September 29, 2006	7,000	3.5
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Central Tokyo	January 31, 2008	8,500	4.3
O	Tokyu Ikejiri-Ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.7
O	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	4.5
O	ORIX Shinjuku Building	Central Tokyo	March 26, 2010	9,000	4.5
O	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	2.3
O	Kiba Eitai Building	Other	October 29, 2010	4,000	2.0
O	Tokyu Ginza 2-chome Building	Central Tokyo	February 15, 2011	5,010	2.5
	Subtotal			109,110	54.6
	Total			199,672	100.0

\*1 Details of the 60% portion of trust beneficiary interests acquired under co-ownership.

\*2 Details of the 40% portion of trust beneficiary interests acquired under co-ownership.

\*3 Floor space: 9,688.59 m<sup>2</sup>; Interest of sight rights: 73,585/100,000

\*4 Floor space: 865.14 m<sup>2</sup>; Interest of sight rights: 8,579/100,000

\*5 Floor space: 139.93 m<sup>2</sup>; Interest of sight rights: 1,322/100,000

\*6 Floor space: 93.93 m<sup>2</sup>; Interest of sight rights: 1,166/100,000

\*7 Ratios are rounded to the nearest first decimal place. Accordingly, subtotal and totals may not exactly match the sum of relevant items.

\*8 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.

\*9 The overall portfolio PML is 4.1% and is recorded in a PML Report prepared by Engineering & Risk Services Corporation and OYO RMS Corporation.



Attachment 4  
Photograph of the Tokyu Ginza 2-chome Building





# Attachment 5

## Location Map of the Tokyu Ginza 2-chome Building



Location	: 2-15-2, Ginza, Chuo-ku, Tokyo
Nearest Station	: Approximately a two-minute walk from Shintomicho Station, Tokyo Metro Yurakucho Line. Approximately a four-minute walk from Higashi-ginza Station, Tokyo Metro Hibiya Line and Toei Asakusa Line. Approximately an eight-minute walk from Ginza Station, Tokyo Metro Ginza and Marunouchi and Hibiya Lines.
Total land area	: 805.42 m <sup>2</sup>
Total floor area	: 5,098.61 m <sup>2</sup>
Structure	: S/RC, B1/8F
Completion	: August 2008
Type of ownership	: Land : Proprietary ownership Building : Proprietary ownership
Tenants	: The Dai-ichi Building Co.,Ltd. Seven-Eleven Japan Co.,Ltd.

This notice may contain forward-looking statements, such as current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations. This notice is a translation of the original document in Japanese and is prepared solely for the convenience of non-Japanese speakers. There is no assurance as to the accuracy of the English translation. The original Japanese notice shall prevail in the event of any discrepancies between the translation and the Japanese original.