

March 25, 2013

Real Estate Investment Trust Unit Issuer:
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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 (ownership of land with a fixed-term leasehold for commercial use)
 - (2) Property Name: OKI System Center (*sokochi*)
 - (3) Acquisition Price: ¥4,530,000,000
(Excluding acquisition-related costs, property tax, city planning tax, etc.)
 - (4) Contract Date: March 25, 2013 (Monday)
 - (5) Scheduled Acquisition Date: March 27, 2013 (Wednesday)
 - (6) Seller: Oki Electric Industry Co., Ltd.
 - (7) Financing: Debt financing and Cash on hand

2. Rationale

The Property is the *sokochi* (ownership of land with a fixed-term leasehold for commercial use) of an office building that meets the “Scope and Policy of Investment Management” as outlined in the Articles of Incorporation of TOKYU REIT, and the decision to undertake the acquisition was made in an aim to enhance TOKYU REIT’s portfolio stability and profit performance.

As the Property is the *sokochi* of OKI System Center, the tenants of which include Oki Electric Industry Co., Ltd., TOKYU REIT will execute an agreement on establishment of a 20-year fixed-term leasehold for commercial use with Oki Electric Industry Co., Ltd. at the same time as execution of the purchase agreement. Long-term stable cash flow is expected from the Property based on the concerned agreement.

In addition, Warabi City, Saitama Prefecture, where the Property is located, is not among the primary investment targeted areas (Central Tokyo and Tokyu Areas) in which TOKYU REIT invests 85% or more of the portfolio, but its approximately 30-minute access to Tokyo Station by the JR Keihin Tohoku Line and also convenient location to subcenters, such as Ikebukuro, Shinjuku and Shibuya, make this an area with high potential as residential land. Notably, the Property being a sizeable land of slightly over 5,000 tsubos in an approximately four-minute walk from Warabi Station make it a highly rare property. In light of the *sarachi* (land without buildings or liens) price that reflects these factors, the asset value stability is thought to be high even after the end of the agreement on establishment of a fixed-term leasehold for commercial use.

The Property’s estimated NOI yield during the period of the agreement on establishment of a fixed-term leasehold for commercial use with Oki Electric Industry Co., Ltd. is 5.7%, making it a property with high profit performance that far exceeds the average NOI yield of the entire portfolio of TOKYU REIT as of January 31, 2013 of 4.2%.

Moving forward, TOKYU REIT will continue to acquire new properties while adhering to its investment policy 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		OKI System Center (<i>sokochi</i>)
Type of Specified Asset		Real estate (ownership of land with a fixed-term leasehold for commercial use)
Location	Registered	Land 1-16-20 Chuo, Warabi-shi, Saitama Building —
	Residential	1-16-8 Chuo, Warabi-shi, Saitama
Access		Approximately a four-minute walk from Warabi Station, JR Keihin Tohoku Line
Use		—
Area Classification		Neighborhood commercial district
Land Space (Registered)	Land	17,021.14 m ²
	Building	—
Type of Ownership	Land	Proprietary ownership
	Building	—
Previous Owner		Oki Electric Industry Co., Ltd.
Acquisition Price		¥4,530 million
Appraisal Value (Appraisal Method)		¥4,830 million (Capitalization method as of the appraisal date of March 15, 2013)
		Appraiser: Japan Valuers Co., Ltd.
Property Management Company		None
Securities/Guarantee		None
Special Items		<ul style="list-style-type: none"> A soil/groundwater contamination investigation of the Property conducted by the seller detected trichloroethylene and other volatile organic compounds, fluorine, lead and other heavy metals, etc. each in excess of the level specified in the Soil Contamination Countermeasures Act from part of the soil of the Property. Concerning the soil/groundwater contamination, etc., along with confirming that Warabi City, where the Property is located, falls under the category of a region where groundwater pumping is regulated, TOKYU REIT also reached an agreement with the seller that the seller shall, at its discretion and expense, take measures to prevent the possible spread of the soil/groundwater contamination at the edge of the site to outside of the site using permeable reactive barriers and impermeable barriers within eight months of the Property's settlement date, before it decided to acquire the Property. Upon acquisition of the Property, TOKYU REIT entrusted Engineering & Risk Services Corporation to provide such services as a third-party expert evaluation of the seller's soil/groundwater contamination investigation. TOKYU REIT has received a report from the Company that the current use presents extremely little human health hazards and that, as long as the above measures to prevent the spread of contamination to outside of the site is adequately taken, the possibility of groundwater contamination spreading to outside of the site is also extremely low. TOKYU REIT decided on the acquisition price after estimating upon acquisition of the Property the expenses that could possibly arise in the future from countermeasures for the soil/groundwater contamination found and taking the estimated amount into consideration. Concerning part of the land on the southeast side and southwest side of the Property (approximately 740 m²), the seller has reached an agreement with the City of Warabi to provide that land to the City of Warabi as land for zone facilities (open spaces for public use and readjustment road) in the future at no charge. TOKYU REIT is scheduled to succeed this agreement upon acquisition of the property.
Tenant Details	Total Number of Tenants	1
	Tenants	Oki Electric Industry Co., Ltd.
	Total Rental Income	¥290 million a year
	Lease Deposits and Guarantee Deposits	¥290 million
	Estimated NOI	¥258 million a year
	Total Leased Area	17,019.19 m ²
	Total Rentable Area	17,019.19 m ²

Occupancy Rate	100.0%				
Occupancy Rates over the Last Five Years	As of February 28, 2009	As of February 28, 2010	As of February 28, 2011	As of February 29, 2012	As of February 28, 2013
	—	—	—	—	—

*The total number of tenants, major tenants, total rental income and occupancy rate are based on projections as of the scheduled acquisition date (March 27, 2013).
*Estimated NOI is the estimated annual figure exclusive of special items of the acquisition fiscal year (not the forecast figure for the current fiscal period) and is based on the following assumptions.
1) Total rental income is the projected figure of total income generating from the Property.
2) Property-related taxes are projected to be the same amount as the fiscal 2012 assessment amount.
*Rent will be revised every three years for the amount of change in property-related taxes only.
*Early termination cannot be made.

4. Seller Profile

Company Name	Oki Electric Industry Co., Ltd.
Head Office Address	1-7-12 Toranomom, Minato-ku, Tokyo
Representative	Hideichi Kawasaki, Representative Director and President
Capital	¥44,000 million (as of December 31, 2012)
Business Activities	Electronic communications, information processing and software manufacturing and selling, as well as system development, solutions provision, construction, maintenance and other services related thereto, etc.
Foundation Date	November 1, 1949
Net Assets of the Previous Business Year	¥39,757 million (as of December 31, 2012)
Total Assets of the Previous Business Year	¥329,790 million (as of December 31, 2012)
Major Shareholder and Ratio of Shareholding of the Previous Business Year	Japan Trustee Services Bank, Ltd. (Trust Account) 5.47% (as of September 30, 2012)
Relationship between the Investment Corporation or its Investment Management Company and the Company	
Capital Relationship	There is no capital relationship to state between TOKYU REIT or its investment management company and the Company. In addition, there is no capital relationship to note between the affiliated persons or affiliated companies of TOKYU REIT or its investment management company and the affiliated persons or affiliated companies of the Company.
Personnel Relationship	There is no personnel relationship to state between TOKYU REIT or its investment management company and the Company. In addition, there is no personnel relationship to note between the affiliated persons or affiliated companies of TOKYU REIT or its investment management company and the affiliated persons or affiliated companies of the Company.
Business Relationship	There is no business relationship to state between TOKYU REIT or its investment management company and the Company. In addition, there is no business relationship to note between the affiliated persons or affiliated companies of TOKYU REIT or its investment management company and the affiliated persons or affiliated companies of the Company.
Status of Classification as Related Party	The Company does not fall under the category of related party of TOKYU REIT or its investment management company. In addition, the affiliated persons or affiliated companies of the Company do not fall under the category of related party of TOKYU REIT or its investment management company.

5. Brokerage

- (1) Broker: Mizuho Trust & Banking Co., Ltd.
 (2) Location: 1-2-1 Yaesu, Chuo-ku, Tokyo
 (3) Representative: Takashi Nonaka, President & CEO
 (4) Business Activities: Banking and trust services
 (5) Capital: ¥247.3 billion (as of December 31, 2012)
 (6) Foundation Date: May 9, 1925
 (7) Relationship with TOKYU REIT or its Investment Management Company

Capital Relationship	There is no capital relationship to state between TOKYU REIT or its investment management company and the Company. In addition, there is no capital relationship to note between the affiliated persons or affiliated companies of TOKYU REIT or its investment management company and the affiliated persons or affiliated companies of the Company.
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Status of Classification as Related Party	The Company does not fall under the category of related party of TOKYU REIT or its investment management company. In addition, the affiliated persons or affiliated companies of the Company do not fall under the category of related party of TOKYU REIT or its investment management company.

- (8) Brokerage Charges: Omitted because consent for the disclosure of brokerage charges has not been received from the broker.

6. Acquisition Schedule

March 25, 2013	Decision of acquisition Execution of real estate purchase agreement Execution of agreement on establishment of fixed-term leasehold for commercial use
March 27, 2013	Lump-sum payment of acquisition costs (planned) Settlement (planned)

7. Financing Details

Upon acquisition of the Property, TOKYU REIT will undertake debt financing of ¥4,500 million on the scheduled acquisition date to fund the acquisition. Please refer to the “Notice Concerning Debt Financing” dated today for details of the debt financing.

8. Outlook

Please refer to TOKYU REIT’s “Notice Concerning Revision to Distribution Forecasts for the Twentieth Fiscal Period (Ended July 31, 2013) and the Twenty-first Fiscal Period (Ending January 31, 2014)” announced today for detail of forecast for the fiscal periods ending July 31, 2013 and January 31, 2014.

Attachments

- Property appraisal summary (OKI System Center (*sokochi*))
- Property portfolio after acquisition (as of March 27, 2013)
- Photograph of the OKI System Center (*sokochi*)
- Location map of the OKI System Center (*sokochi*)

Attachment 1

Property appraisal summary (OKI System Center (*sokochi*))

(JPY in thousands)

Property Name : OKI System Center (<i>sokochi</i>)		Details	Specific Notes
Appraisal Firm		Japan Valuers Co., Ltd.	-
Final Appraised Value		4,830,000	DCF Method applied
	Date of value	15-Mar-13	-
	Value Indicated by the Income Approach		4,830,000
	Value Indicated by DCF Method		4,830,000
		Discount Rate	5.50%
		Vacant Land Value	6,000,000
Value Indicated by the Right Ratio Method		4,120,000	-
Particular Attention to have been paid in Application of Appraisal Methodology and Final Value Conclusion		The subject neighborhood is close to Warabi Station and it is where large scale residential apartments are mainly situated. The subject site is currently improved as the system center for a listed corporation, and it is scheduled to be leased to the building owner based on the Business Land Term Lease Contract. In estimating vacant land value in the future, The Development Approach and the Sales Comparison Approach are both applied. Countermeasure cost for removal of currently existed soil contamination on the subject site is deducted and the reversionary land value is obtained.	

This appraisal was performed by licensed real estate appraisers in conformity with the Real Estate Appraisal Act and Real Estate Appraisal Standards that were in placed as of the effective date of value. The real estate appraisers do not make any warranty in respect of the possible discrepancies in value of the same properties appraised under different parties, conditions or timing. Neither does this appraisal make warranty of any sales transactions at the said value at any time.

Attachment 2

Property Portfolio after Acquisition of OKI System Center (*sokochi*) (as of March 27, 2013)

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	7.4
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	2.8
R	Tokyu Saginuma Building	Tokyu Areas	September 10, 2003	6,920	3.4
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	3.2
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	4.7
R	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *1 August 2, 2005 *2	14,700 9,800	12.0
R	Shonan Mall Fill (<i>sokochi</i>)	Other	April 28, 2006	6,810	3.3
R	CONZE Ebisu	Central Tokyo and Tokyu Areas	October 31, 2006	5,116	2.5
R	Daikanyama Forum	Central Tokyo and Tokyu Areas	April 22, 2008	4,136	2.0
	Subtotal			90,562	44.3
O	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	11.0
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	3.2
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	1.7
O	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.3
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	4.9
O	TOKYU REIT Hatchobori Building	Central Tokyo	September 29, 2006	7,000	3.4
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Central Tokyo	January 31, 2008	8,500	4.2
O	Tokyu Ikejiri-Ohashi Building	Tokyu Areas	March 28, 2008	5,480	2.7
O	Kojimachi Square	Central Tokyo	March 19, 2010	9,030	4.4
O	TOKYU REIT Shinjuku Building	Central Tokyo	March 26, 2010	9,000	4.4
O	Akihabara Sanwa Toyo Building	Central Tokyo	October 29, 2010	4,600	2.3
O	TOKYU REIT Kiba Building	Other	October 29, 2010	4,000	2.0
O	Tokyu Ginza 2-chome Building	Central Tokyo	February 15, 2011	5,010	2.5
O	OKI System Center (<i>sokochi</i>)	Other	March 27 2013	4,530	2.2
	Subtotal			113,640	55.7
	Total			204,202	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 m²; Interest of sight rights: 73,585/100,000

*4 Floor space: 865.14 m²; Interest of sight rights: 8,579/100,000

*5 Floor space: 139.93 m²; Interest of sight rights: 1,322/100,000

*6 Floor space: 93.93 m²; 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 3
Photograph of the OKI System Center (*sokochi*)



Attachment 4

Location Map of the OKI System Center (*sokochi*)



Location	:	1-16-8, Chuo, Warabi-shi, Saitama
Nearest Station	:	Approximately a four-minute walk from Warabi Station, JR Keihin Tohoku Line.
Total land area	:	17,021.14 m ² (Registered)
Total floor area	:	—
Structure	:	—
Completion	:	—
Type of ownership	:	Land : Proprietary ownership Building : —
Tenants	:	Oki Electric Industry 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.