

Q&A at Explanatory Meeting for Investors and Analysts for the 15th Fiscal Period
Ended January 31, 2011 Held on March 16, 2011 (Summary)

<Questioner A>

(Question A-1-①) In the explanation on reinvestment activities after the disposition of Resona Maruha Building and Ryoshin Harajuku Building, there was an explanation that there was no acquisition of flagship properties. Was that due to there being none on the market to begin with or that consideration was made but just did not lead to an acquisition? Please explain.

In addition, the capacity to make acquisitions with borrowings is also declining as LTV rises. Please describe the measures for fund procurement required to pursue property acquisitions in the future.

(Answer) It is not that we ruled out the acquisition of properties that exhibit the potential to become flagship properties in the course of acquisition of the 5 properties. There were properties that were actually considered, but the conclusion was that the conditions and timing were not right.

We will continue to consider properties that exhibit the potential to become flagship properties, but we regard equity finance to be an issue that also needs to be considered.

(Question A-1-②) I take it that location is key in advancing considerations of acquisition of flagship properties in the future, correct?

(Answer) We will proceed to determine based on a combination of the location, specifications and price balance, among other factors. In the future, we have our sights on hopefully acquiring properties somewhere in Otemachi and/or Marunouchi.

(Question A-2) Will there be any sharing of property information or some other sort of collaboration between your company and the new REIT that will be established by Tokyu Land?

(Answer) It is yet unknown what type of REIT the new REIT will be, but the standpoint of TOKYU REIT is that no particular relationship is envisioned.

However, the new REIT could very well be the counterparty in the co-ownership of a property or other possibilities. In the event of a co-ownership with third parties, it is vital that policies on the operation of real estate match. In that respect, co-ownerships and such may be relatively easy to engage in since Tokyu Land is not some unknown party. Nevertheless, we are speaking on a level of it being one out of several candidates and not the forming of a concrete collaborative relationship only with the new REIT.

(Question A-3) The risks of earthquake disasters are probably drawing attention in the wake of the earthquake that occurred off the Pacific coast of Tohoku. Your company limits the investment area to the Tokyo metropolitan area. Is there any possibility of a change in the acquisition policy under the objective of avoiding the risks of concentration?

(Answer) The recent earthquake will not lead to a change in the acquisition policy. We had the option in the past to change our acquisition policy to one that allows us to acquire properties throughout Japan when Tokyu Land approached us about establishing a new REIT, but we firmly declined even then.

Of course, we are aware of the earthquake disaster risks that are involved in having a portfolio that is limited to the Tokyo metropolitan area, but there is a trade-off between that and the downside risks of regional economies. In turn for not taking the downside risks of regional economies, we believe that it is important that we proceed to perform adequate information disclosure and accountability through solid management of earthquake resistance centered on PML.

<Questioner B>

(Question B-1) 60 million yen has been posted as earthquake disaster expenses in the forecast for the 16th fiscal period, but is the impact only on the 16th fiscal period? How much is assumed as capital expenditures? Also, how much is expected for expenses for compensation for business interruption?

(Answer) For earthquake disaster expenses, all cash-based expenditures projected at this point in time were posted as expenses for the 16th fiscal period. Accordingly, it is not expected as capital expenditures. Also, of the 60 million yen, about two-thirds of the expenses are expected as ordinary repair and maintenance costs and the about one-third remaining are expected as non-operating expenses. Compensation for business interruption and asset retirement costs are posted as items of non-operating expenses.

(Question B-2) It seems that the expected NOI for Tokyu Ginza 2-chome Building will decrease in the medium to long term. Is that because a lower amount of rent is expected at the time of the next contract renewal?

(Answer) It is based on there being a disparity between the current rent level and market rent and thus rent will be lower at the time of the next renewal/revision.

Furthermore, the appraisal value of Tokyu Ginza 2-chome Building will fall as the contract renewal/revision timing approaches if the rent market environment maintains the same basis as that at present. This is attributed to the appraisal calculation method, but we thought you should be informed in advance nevertheless.

(Question B-3) Please cite the factors that caused the fall in occupancy rates in the 17th fiscal period from that in the 16th fiscal period.

(Answer) This is because we have factored in tenant exits at Setagaya Business Square and Kojimachi Square. Please refer to the relevant materials provided on page 65 of the DATA BOOK.

<Questioner C>

(Question C-1) The NOI yield stated for Tokyu Ginza 2-chome Building in the fiscal year that the property was acquired is 7.0%. Is property tax factored into this calculation as expenses? Or is it premised on asset capitalization as acquisition costs?

(Answer) It is factored into the calculation as expenses.

(Question C-2) The equity market has become highly volatile due to the recent earthquake. Would it be correct to think that the favorable environment like that to date will continue for the debt (investment corporation bond) procurement environment? Please offer your insight.

(Answer) At this point in time, it is difficult to make a projection of the future. However, expectations are on the debt market maintaining the current environment. However, we have no intentions of repaying loans and refinancing to investment corporation bonds just because the environment is favorable. Bonds do indeed have lower borrowing interest rates, but the refinancing risks at the time of redemption or repayment are, in turn, high. We believe that building and maintaining relationships of trust with banks by establishing an ongoing good track record of loan refinancing will serve to enhance the financial soundness of TOKYU REIT.

<Questioner D>

(Question D-1) About the compensation for business interruption mentioned in an earlier question, please describe the kind of situation in which such would be incurred.

(Answer) It was explained that compensation for business interruption is posted as one of the items of non-operating expenses, but please regard it as not being a large amount. A specific example is TOKYU REIT possibly being liable for the fare of a taxi, cost of a substitute vehicle, etc. that was used by a user of a mechanical parking lot who could not use his/her vehicle because the mechanical parking lot was out of service due to reasons attributable to the owner (TOKYU REIT). In this manner, it is incurred when the owner is unable to provide services that it ought to provide under normal circumstances.

(Question D-2) A property in Jimbocho owned by Tokyu Land was acquired by another REIT. Why did your company forgo the acquisition?

(Answer) Because it did not meet the TOKYU REIT investment criteria. The Jimbocho property is believed to have been purchased for about 3.5 billion yen, but the TOKYU REIT investment criteria is to acquire properties that are, in principle, no less than 4.0 billion yen. In terms of total floor space as well, the property also does not meet the TOKYU REIT investment criteria of acquiring properties that are, in principle, at least 5,000m².

(Question D-3) About how much rent has been free from collection based on free-rent agreements? Please provide data or other details, if any. In addition, the market, too, seems to be improving, such as the rate of contract terminations decreasing. At what timing will the free rents end?

(Answer) We do not have quantitative data on hand with us at this time. As for the ending timing, it would be hard to present an outlook because it would vary depending on the tenant and region.

Individually, urban retail properties are performing well overall, as exemplified by cocoti's occupancy rate recovering to 100%. At Setagaya Business Square, the exit of Oracle Corporation Japan (former Sun Microsystems K.K.) cleared 5 floors and recovery from such was thought to take a substantial period of time, but there were a series of moves into the property from early on and other positive unexpected events. On the other hand, TOKYU REIT Toranomon Building continues to struggle. In this manner, the situation varies largely depending on the region and property.

The following is to supplement the answer to D-3 in the Q&A at the explanatory meeting for investors and analysts, provided as reference.

[Supplement (D-3 Answer)]

- Rents that would be free from collection based on free-rent agreements are currently about 1% of rental revenue for the 16th fiscal period (forecast).
- The number of tenants with which TOKYU REIT has concluded free-rent agreements are currently about 8% of the total number of tenants.