Q&A at Explanatory Meeting for Investors and Analysts for the 16th Fiscal Period Ended July 31, 2011 Held on September 14, 2011 (Summary)

<Questioner A>

(Question) You stated that earnings forecasts this time were conservative and do not factor in new contracts, but please provide the current status of progress and the time goals with respect to leasing of TOKYU REIT Toranomon Building and Kojimachi Square.

(Answer) Concerning Kojimachi Square, of the 3 floors vacated by a major tenant, a new tenant has already been successfully attracted to 1 floor. We have received several inquiries and intend to advance contracting on a per floor basis.

Concerning TOKYU REIT Toranomon Building, we closed contracts in the 16th fiscal period for the 2 floors that were previously vacant and this is reflected in the 99.0% prospect 17th-fiscal-period-end occupancy rate. For the remaining 2,100 tsubo, there is the option of leasing floor by floor, but we are also thinking of advancing the promotion of new major tenants due in part to the circumstances being that there is a decrease in buildings that have vacancies of 2,000 tsubo or more in central Tokyo. Moreover, the impact of the earthquake has generated needs for relocation from buildings that were constructed in conformance with the previous regulatory earthquake resistance standards. We would like to capture such needs. As for time goals, the aim is as early as possible.

<Questioner B>

(Question) I suppose free-rent is introduced at the time of new contracts like other corporations. At what timing will free-rent periods end and rent begin to contribute to revenue, and how much of an increase is expected in the 19th fiscal period, after the expiration of the free-rent periods?

(Answer) We do not implement a prorated adjustment amount in the accounting of free-rent and so nothing other than common area expenses is posted as revenue during the free-rent period.

In the 16th fiscal period, when occupancy rates increased compared to the previous fiscal period, the many new contracts mean there were also many tenants subject to free-rent at that stage, but such will start to contribute to revenue from the 17th and 18th fiscal periods. Among the longest free-rent periods is one that will contribute to revenue from the beginning of the 19th fiscal period (spaces for delivery in the 18th fiscal period).

<Questioner C>

(Question C-1) Please outline the background to the cancellation from the cocoti tenant and leasing policy for cocoti.

(Answer) The tenant that cancelled the contract had occupied the 6th floor since construction completion, but decided to move out upon expiration of the fixed-term lease contract due to poor business performance.

Renovation work is currently being considered for the property. We intend to promote for a new tenant that suits the concept in tandem with the timing of such.

(Question C-2) Please describe the use of and thinking behind the commitment of Tokyu Land to source properties up to 20 billion yen in correlation with it becoming the sole sponsor.

(Answer) The sourcing of property from Tokyu Land means that, until 20 billion yen is reached in terms of acquisition amount, we are to be preferentially offered a sale if Tokyu Land is to sell a property. However, the new REIT formed by Tokyu Land is also offered the sale at the same time and whether a sale is to be made to us or not is based on a comprehensive judgment rather than just price. We intend to acquire at a timing when the new REIT cannot acquire, instead of using up the 20 billion yen line early. A timing when the new REIT cannot acquire will likely be the period corresponding to the acquisition phase (economic downturns) in the Long-Term Investment Management Strategy (Surf Plan) and so we intend to think from a long-term perspective.

<Questioner D>

(Question D-1) What is the level of rent aimed for TOKYU REIT Toranomon Building and Kojimachi Square, and what is the extent of impact on distributions when full occupancy at these 2 properties are realized?

(Answer) TOKYU REIT Toranomon Building's market rent is at a level that is about 70 to 80% of previous rent. We intend to aim for 80%. Slightly less than 70% of previous rent is the rent aimed for Kojimachi Square due in part to the previous rent being high.

In the event of full occupancy at these 2 properties, distributions are thought to improve by about one thousand and several hundred yen.

(Question D-2) Concerning the statement of strategic collaboration with the sponsor, please give us your insight on what is envisioned, along with what is anticipated.

(Answer) An increase in management fees through the property sourcing serves as one incentive for the sponsor and the change from two sponsors to one sponsor will make this incentive even more effective. In addition to advancing redevelopments centering on Shibuya, Tokyu Corporation needs to establish the transportation network and make other capital investments. In that respect, there will likely be aspects in which expectations will be placed on TOKYU REIT's role to Tokyu Corporation's balance sheet.

TOKYU REIT and Tokyu Corporation having the same core area of investment is a unique point that differentiates it from other investment corporations and they share the same equity story.

<Questioner E>

(Question E-1) Do you feel that the worst is over concerning risks of tenants being lost due to the large supply up until 2012?

(Answer) The 2012 problem has settled down, but the impact of the earthquake will likely cause new changes in the leasing market hereafter.

Currently, the level of new rent at existing properties is declining and the rent disparity with the continuous rent of buildings that were constructed in conformance with the previous regulatory earthquake resistance standards is narrowing, leading to an environment in which tenant relocations can easily gain momentum. Ahead, there will be a need for detailed analysis of the market by segments, such as buildings that were constructed in conformance with the previous regulatory earthquake resistance standards, coastal areas and high floors.

The future response of owners of buildings that were constructed in conformance with the previous regulatory earthquake resistance standards, which there is said to be about 8 million tsubo in Tokyo's 23 wards, will likely impact the future supply-demand balance.

(Question E-2) Some say that an increase in capital will be difficult at or below a PBR multiple of 1, but what are the thoughts of your company? What are the conditions that would be right for your company to embark on capital increase?

(Answer) We do not think that a capital increase at or below the PBR or NAV multiple of 1 would necessarily be a bad thing. Under the Long-Term Investment Management Strategy (Surf Plan), properties are acquired and even financing conducted at a timing when real estate prices are stagnant, but such timing is also when investment unit prices are low and, contrarily, when investment unit prices are high then real estate prices are also high. If acquisitions are made when real estate prices are high, risks of facing unrealized losses in the future increase. Which is better is probably obvious.

Furthermore, concerning the capital gain portion upon the disposition of property, efforts have been made from before to revise the regulations so that cancellation of treasury stock can be made. Even if the issue price is low, if a cancellation of treasury stock can be made with the gain on sale of the property that was acquired at a low price, then there will be no argument of a capital increase at or below the PBR or NAV multiple of 1 being a bad thing. However, a capital increase would be considered difficult if the extent of the discrepancy from the PBR multiple of 1 is way too large.

Concerning conditions of a capital increase, there is also the problem of EPS and property quality. As there are investors that place emphasis on yield and investors, such as overseas investors, that heavily value property quality, the views are divided. We intend to make decisions by capturing the various needs through overseas IR and other means.

<Questioner F>

(Question F) Concerning the refinancing of debt, is the issuing of investment corporation bonds also being considered?

(Answer) Debt is currently all long-term debt and we have no plans of replacing these with investment corporation bonds. We believe that consistently refinancing debt from lenders is also important in the sense of strengthening relations with lenders.

Furthermore, depending on the lender, there are also lenders that focus on the absolute value of applicable interest rates separate from the market rate. As such, there may be cases in which it would be difficult to meet a refinancing at the present interest rate level. Measures will need to be taken in such cases.