Q&A Session at Explanatory Meeting for Investors and Analysts
for the 17th Fiscal Period Ended January 31, 2012
Held on March 16, 2012 (Summary)

<Questioner A>

(Question A-1) The occupancy rates of TOKYU REIT Kamata Building and Kiba Eitai Building among others are projected to decrease. Please provide an outlook for leasing going forward.

(Answer) At the properties which occupancy rates will fall, those that we believe are able to be forecast to an extent are Lexington Aoyama, Kojimachi Square and TOKYU REIT Shinjuku Building. Meanwhile we have begun leasing activities for TOKYU REIT Kamata Building and Kiba Eitai Building, but as the tenants are still inside we cannot show [potential tenants and brokers] the interior, and therefore full-fledged leasing activities are yet to begin.

With regard to TOKYU REIT Kamata Building, those who often travel to Haneda Airport will be targeted for leasing as the building has good access to the airport. Also, as there have been rolling blackouts in Kawasaki City following the earthquake, we will consider those from that area as potential tenants. With regard to Kiba Eitai Building, we will have office consolidation needs and such in mind as we look for tenants, as it has good access to Otemachi.

However, as explained in the previous explanatory meeting (held September 2011), compared to the Tokyo central 5 wards, it is expected to take longer to find tenants in the remaining 18 wards. In light of this, we have taken measures in addition to the leasing activities of our property manager (PM company), the staff of the investment management company uses telemarketing and other means to find companies that are interested and visits them face-to-face.

(Question A-2) Please tell us the criteria for choosing properties to be put up for sale when it comes to replacement of properties, if any.

(Answer) Old properties and properties with less competitive locations are usually chosen, and we will actively consider these properties. We will also consider methods such as reduction entry, which was possible for the four properties of which we made advance acquisitions two years ago. Also, we are open to crossover replacements such as selling an office building and acquiring a retail property.

<Questioner B>

(Question B-1) Since the sale of Resona Maruha Building there has been an impression of lost stability to Tokyu REIT's portfolio. Also, it is believed there is going to be a large supply of A class office buildings in the future office market. Amidst such conditions, how will the relative competitiveness of Tokyu REIT's portfolio fare?

(Answer) Firstly, the sale of Resona Maruha Building was due to reasons such as building age,

timing, and the fact that the main tenant was moving out. We believe that we have your understanding here. But it is not the case that Tokyu REIT has lost interest in S class and A class office buildings. We would very much consider an acquisition given the opportunity.
When it comes to relative competitiveness it needs to be considered from many angles, but one factor is close proximity to stations. Tokyu REIT has a criterion that buildings be within seven minutes walking distance from the nearest station, and since the sale of Resona Maruha Building we have only invested in buildings located two minutes or less walking distance from stations. Of course specifications such as S class and A class are important, but there are also other important factors when it comes to competitiveness.
Unlike the office market 10 years ago, now is a time when tenant relocations occur constantly. It is important to shorten periods of vacancy as much as possible and to secure income gain. In doing this, proximity to stations is a factor that plays in and we will pay attention to this in future portfolio replacements.

(Question B-2) Concerning Tokyu REIT's relationship with Tokyu Corporation, and as Shibuya Hikarie is approaching completion, what is the probability of Tokyu Corporation supplying properties to Tokyu REIT in the future?
(Answer) We are continually consulting with Tokyu Corporation. Tokyu Corporation works on development in various places, and this is likely to improve the value of areas along the Tokyu rail lines by revolving B/S rather than expanding B/S and maintaining/increasing the population which uses the railways. Sophisticated use of B/S is thought to be Tokyu Corporation's theme, and we believe there is much expectation on their part for Tokyu REIT as an entity that will own properties in the medium to long term.
While we would be gracious if properties similar to Shibuya Hikarie are provided, it is true newly built properties have distinct rent premiums and have the risk of a removed premium when tenants change. Unless that portion is properly reflected in the cap rate, new properties may appear to be a little expensive. Another factor is where the rent level is set, and there is much need to focus here. Then there is also the burden of depreciation.
The Shibuya area will continue to become more attractive. However, instead of rushing to grab properties just because they are new, Tokyu REIT will look at properties from a comprehensive perspective, considering hardware quality, appearance, accessibility, adequacy of rent level, potential of the property's location, and cap rate, etc.

<Questioner C>
(Question C-1) Cap rates have recently been on a downward trend. How far do you think the cap rate will fall in the future, particularly those in Tokyu REIT's office portfolio?
(Answer) Please turn to page 22 of the DATA BOOK. As you can see, the overall cap rate at the end of the 17th fiscal period is 4.82%, that of urban retail properties is 4.42%, suburban retail properties 5.80%, overall retail properties 4.79% and offices 4.84%. The lowest that the cap rate of offices has ever been was 4.32%. Simple comparisons are not appropriate since Tokyu REIT has shuffled its office portfolio, but we think cap rates can be brought back about

half way by the next boom period. There were times prior to 2004 where cap rates were high, but this was due in part to equivalents of risk premiums stemming from a non-transparent market. However, as the real estate market has become more transparent in recent years, we believe cap rates will not return to the level which they had been reduced to (there is no room for increase).

As for the calculation of cap rates, the track record of assessment with the income approach has just about made a round, and we believe more precise calculations of differences by region, specification, etc. will be demanded because of the data accumulation in the last 10 years, and rightly so.

Dynamic analysis is needed going forward as both the risk of rent decrease and rent recovery need to be factored in when calculating cap rates. We cannot make a generalization but looking at the total return and future demand, etc. we will investigate the appropriate level for cap rates.

On a somewhat related note, the demand and supply of Tokyo offices following the earthquake will draw attention to the future of old earthquake resistance standards buildings. Tokyo's "earthquake resistance certification" will apparently be issued to about 80% of all properties. Nothing will be issued to the remaining 20% and this will be quite troublesome for old earthquake resistance standards buildings. Such developments may turn out to be favorable for REITs. Also, there will hereafter likely be seismic reinforcements or rebuilding of old earthquake standards buildings, but it should not be assumed all of these rebuilt buildings will necessarily be office buildings. An area where the monthly rent is near 10,000 yen per tsubo may be better suited for rental residences if efficacy and such are taken into consideration. Such a scenario would prove positive for the office market in the medium to long term.

(Question C-2) As the occupancy rates of TOKYU REIT Kamata Building, Kiba Eitai Building and TOKYU REIT Shinjuku Building are said to fall, where exactly are the tenants moving out to and what are their reasons for leaving? Kiba Eitai Building and TOKYU REIT Shinjuku Building in particular are recently acquired properties. Were there no ways to foresee tenant move-outs and was there nothing that could have been done to change their minds?

(Answer) At TOKYU REIT Kamata Building, it was due to a manufacturing company relocating to Yokohama. The tenant at Kiba Eitai Building, it seems, has relocated to central Tokyo as an upgrade. TOKYU REIT Shinjuku Building had been used as a sales office and it seems the relocation was for office consolidation in the area.

The tenant at Kiba Eitai Building was an overseas company, and though we had thought they were satisfied with their office, unfortunately the earthquake led them to eventually terminate the lease contract. Also, with regard to TOKYU REIT Shinjuku Building, tenant replacements are to be expected as the property is located in the commercial area east of Shinjuku station and liquidity is high.

(Question C-3) While rent disparity can be seen to be shrinking at other companies, the same

cannot be said about the rent disparity of Tokyu REIT's office portfolio. This may be due in part to the relatively few rotations of tenants, but please provide other reasons if there are any.
(Answer) This is thanks to our property manager (PM company) working hard in negotiations, resulting in only a 6 to 7% decrease in continual rent. Also, as overall rents in the market decrease, the disparity does not shrink as much unexpectedly. And of course, as you have pointed out, the relatively high occupancy rates and fewer tenant replacements are also reasons.
Therefore a claim that a large rent disparity is certainly a negative thing is questionable. Another factor is that all contracts including fixed-term lease contracts, which account for 30% of the portfolio, are counted in the case of Tokyu REIT. What is included and what is not must be taken into account when making comparisons with other companies.
Tenants also do not decide on relocations and terminations based solely on the rent level. Relocations cause monetary and psychological hazards. There are restoration fees when moving out, and if interior work had been done it will remain in B/S and needs to be removed when relocating. Such financial factors also come into play.
We think that a reasonable explanation of the remaining rent disparity is that tenants have come to cherish Tokyu REIT's offices and thus tenant relocations have become less common.
(The new market rent of offices is derived from the median of the rents obtained by CBRE via property-by-property assessment. Furthermore, new market rent of commercial properties is prepared by the investment management company based on independent reports due to strong individuality.)

<Questioner D>
(Question D-1) Which sort of tenants are you targeting with regard to TOKYU REIT Toranomon Building and Kojimachi Square, both of which are not fully occupied? Also, when are those tenants projected to be found?
(Answer) The reason that tenants are being found at Kojimachi Square relatively quicker is that before the major tenant left, a different tenant that was occupying the first floor vacated the property. As a result we were able to hold a private viewing in October.
At TOKYU REIT Toranomon Building, it was good that the previous tenant vacated earlier than initially scheduled so that original state restoration work could be completed, but full-fledged leasing activities only began in February. Also, construction at the entrance is scheduled to take place around Golden Week this year. We are currently conducting leasing activities via viewings of the cleaned out empty sections and by showing renderings of the entrance. After Golden Week the renovated entrance will also be viewable. Specifically, we are targeting a major relocation where the tenant will rent out multiple floors, and we have had a few inquiries.
Nothing certain can be said about Kojimachi Square, but if negotiations with the current candidates progress we think that full occupancy is not very far away.

(Question D-2) In the previous explanatory meeting it was explained that if TOKYU REIT Toranomon Building and Kojimachi Square reach full occupancy it would contribute about one thousand yen to distributions. Is this still the case?
(Answer) With regard to those two properties, yes. However, as vacancies are developing at other properties it will not simply be that distributions will immediately increase when full occupancy is achieved for the two properties.

Main assumptions for the forecast of results

- It is assumed that there will be no change (additional acquisition, sale of owned property, etc.) in the 26 properties owned by Tokyu REIT as of the end of the 17th fiscal period (January 31, 2012) until the end of the 19th fiscal period (January 31, 2013).
- Factors such as the presence of competitive properties and the recent deterioration of the real estate market were taken into account in calculating the rent level concerning operating income.
- For accounting procedures of free rent agreements, a method where the rent actually received at the end of the free rent period are recorded as revenue for the respective periods of rent was employed.
- Occupancy rate forecasts do not assume new tenants for the vacancies except for where new lease contracts have been concluded. Also, spaces that have received notices of cancellation are also assumed to be vacant after the date of move out except for where new lease contracts have been concluded (expected occupancy rate for the end of the 18th fiscal period as well as the 19th fiscal period are both assumed to be 93.3%).