

TOKYU REIT

TOKYU REIT, Inc.
8957
<http://www.tokyu-reit.co.jp/>



Setagaya Business Square



TOKYU REIT Shibuya Udagawa-cho Square



Resona Maruha Building



Resona Maruha Building

Second Fiscal Period (2004/7) Presentation



Lexington Aoyama



QFRONT



Tokyu Saginuma



TOKYU REIT Kamata Building

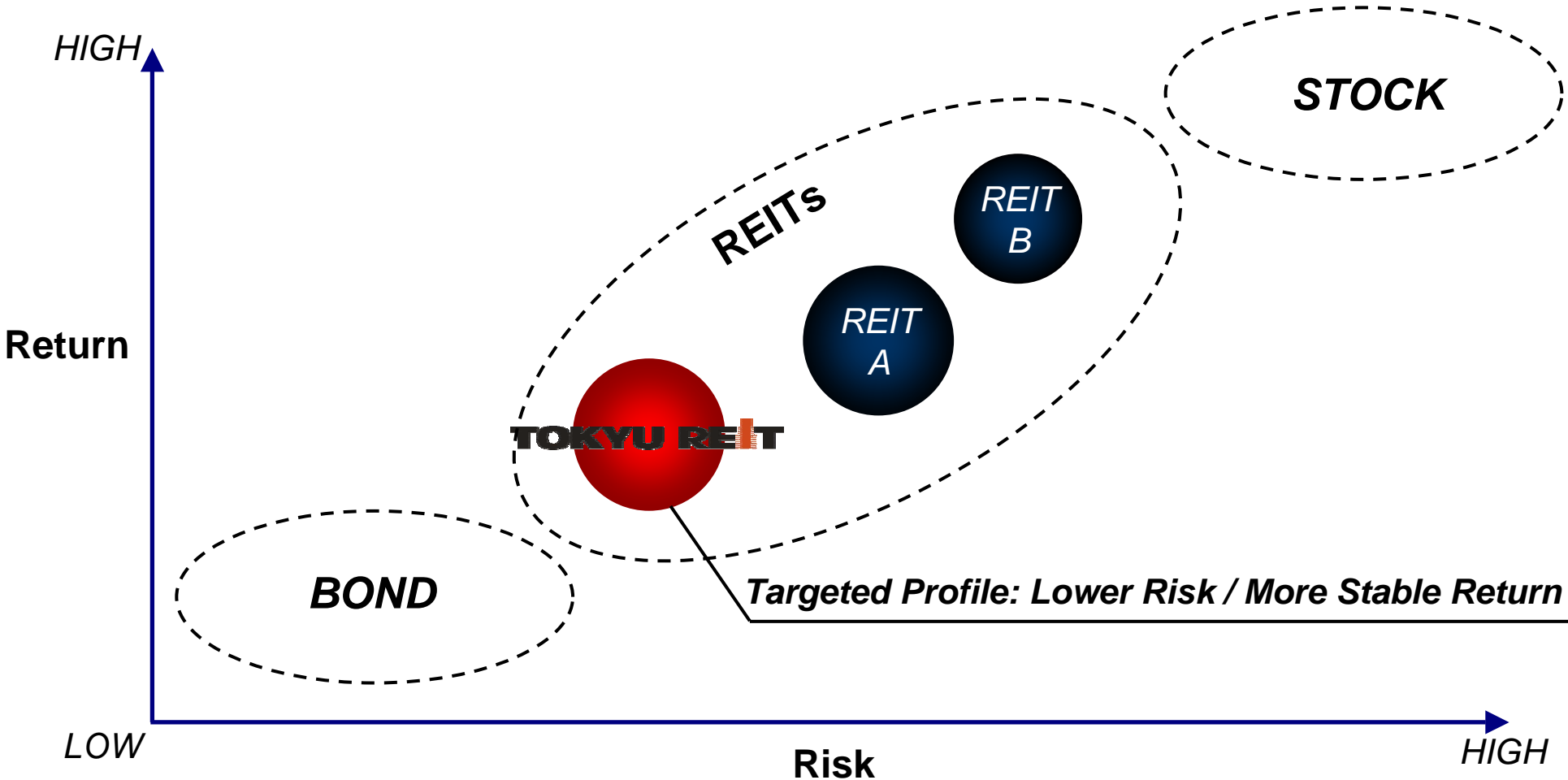
- **Summary of Our Strategy**
- **Achievements of Our Investment Strategy**
- **Achievements of Our Financial Strategy**
- **Fiscal Results and Forecasts**
- **Conclusion**

Appendix



Summary of Our Strategy

REITs provide mid-risk / return investment opportunity



Growth Strategy

Investments in Growth Potential Areas
Collaboration with Tokyu Group Companies
Value Enhancing Synergies of the Tokyu Areas

Stable Portfolio

Sector Diversification and Area Focus
Stable Cash Flow backed by Long-term Leases
Lower Risks and Stable Returns Investment Criteria

Transparent Structure

Related-party Transaction Rules
Double checks for due process by third-parties
Disclosure of Related-party Transactions

■ Areas with Growth Potential

- Tokyo Metropolitan Areas
(Mainly Central Tokyo and Tokyu Areas)

■ Properties with Lower Risk and Competitiveness

- Min. Investment Size : JPY4bn/property
- Large Size Office Bldg. : Total floor area: >5,000m²

■ Reasonable Price and Quality Portfolio

- Sector Allocation: Office 60% vs. Retail 40%

■ Collaboration with Tokyu Group Companies



**Growth of Return
/ Stable Return**

■ Fiduciary Duties of TREIM as REIT Mgmt Co

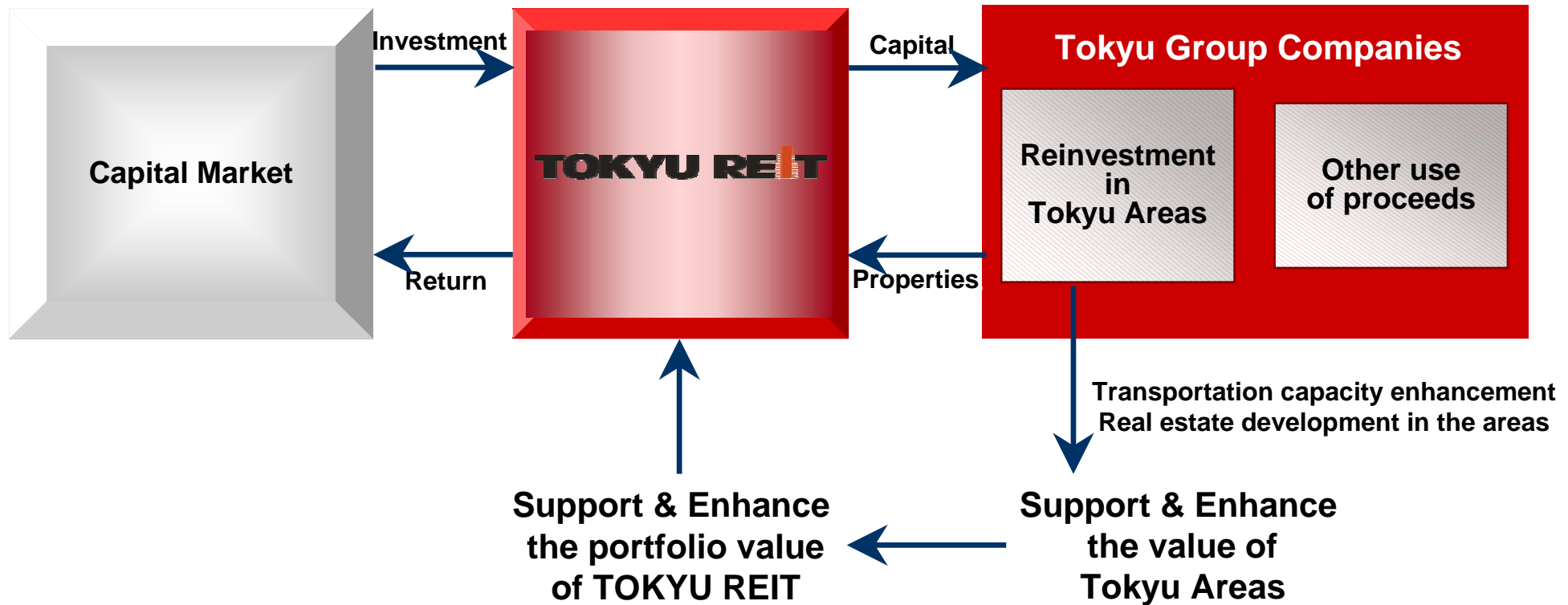
■ Monitoring by the Third-Parties with Double Check

■ Fair & Timely Disclosure



**Transparent
Structure**

Reinvestment of Capital Generated through TOKYU REIT

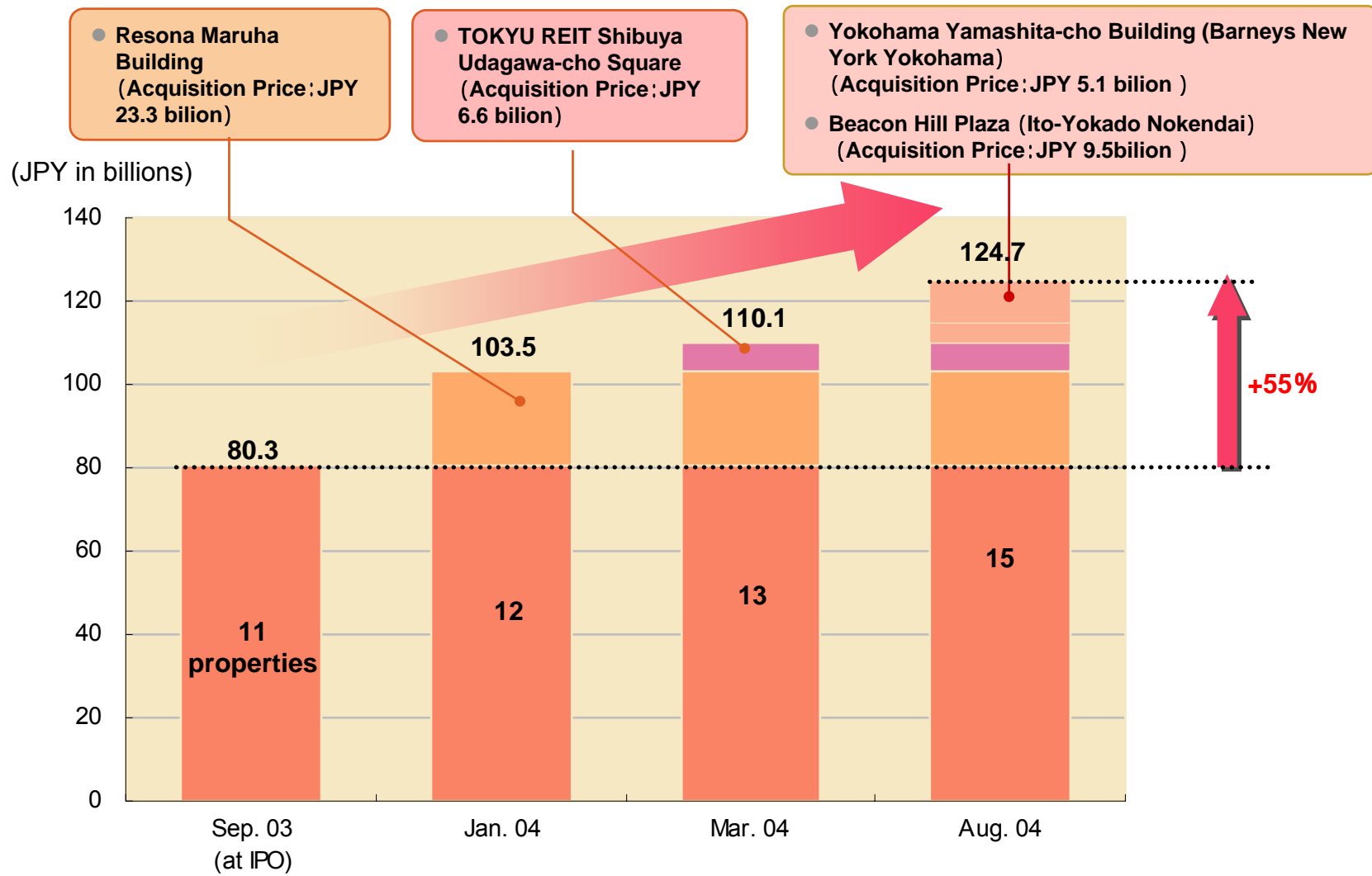




Achievements of Our Investment Strategy

Expansion of the Portfolio

Asset Growth of more than 1.5 times as Large as at IPO





Retail Properties

QFRONT

Lexington Aoyama

TOKYU REIT Omotesando Square

Tokyu Saginuma Building

TOKYU REIT Saginuma 2 Building

Office Properties

Setagaya Business Square

Tokyu Nampocho Building

Tokyu Sakuragaoka-cho Building

Tokyo Nissan Taito Building

TOKYU REIT Akasaka Hinokicho Building

TOKYU REIT Kamata Building



Properties Acquired after IPO: Assets in the Central Tokyo Area

Resona Maruha Building

TOKYU REIT Shibuya Udagawa-cho Square

8 floors owned by TOKYU REIT



Location	Most Prestigious CBD in Japan	The Center of Shibuya Commercial District
Main Tenant		
Description	Premium Location in front of the Imperial Palace Fixed-term (6 years) Lease Agreement with Maruha for 6 Floors Extensive Renovation for the vacant 2 Floors	Retail Building along the Major Commercial Avenue in Shibuya Fixed-term Building Leasing Agreement until 2013 with ZARA, an Apparel Company with Global Operation in 48 countries in the World
Acquisition Pipeline	Third Party	Tokyu Group
Acquisition Date	January 15, 2004	March 1, 2004
Acquisition Price (Appraisal Value)	JPY 23,260 million (JPY 23,300 million)	JPY 6,680 million (JPY 6,980 million)



Properties Acquired at Add-on: Timely Acquisition through Ware-housing Function

Yokohama Yamashita-cho Building (Barneys New York Yokohama)



Beacon Hill Plaza (Ito-Yokado Nokendai)



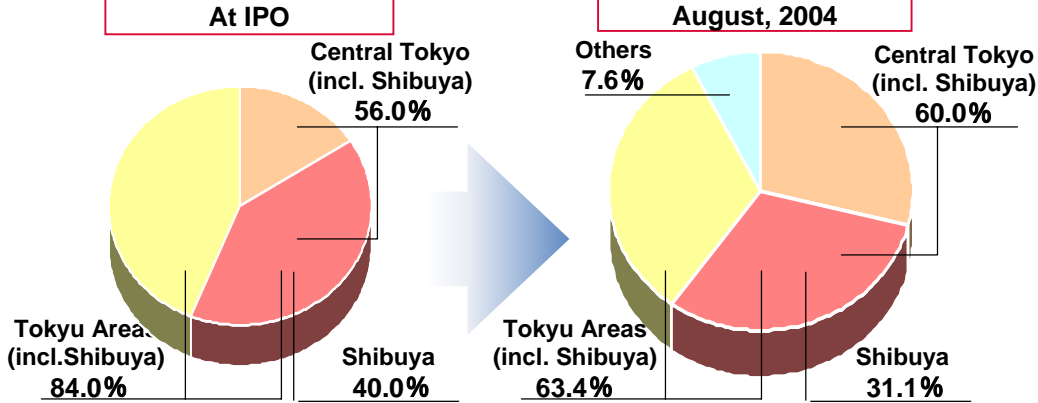
Location	The Midst of China-town in Yokohama	First Investment in Other Areas
Main Tenant		
Description	Long-term Lease with Isetan (until 2013), which is sub-let to Berneys New York Transportation Convenience with the Opening of Minato-Mirai Line	Neighborhood shopping center with 7,000 tsubo (21,000m ²) Store Floor and 900 Parking Lots Long-term Lease Agreement with Ito-Yokado (until 2018) Market Area with Stable Growth Potential
Acquisition Pipeline	Tokyu Land Corporation as a ware-housing function provider	Tokyu Land Corporation as a ware-housing function provider
Acquisition Date	August 3, 2004	August 3, 2004
Acquisition Price (Appraisal Value)	JPY 5,050 million (JPY 5,080 million)	JPY 9,520 million (JPY 9,560 million)

Portfolio Quality Improved (1)

Area Allocation

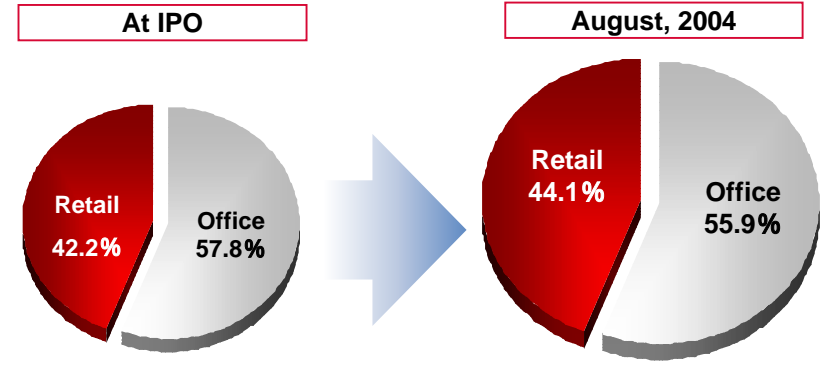
Focus in Tokyo Metropolitan Areas

(Target) Central Tokyo & Tokyu Areas: Other Areas = 85:15



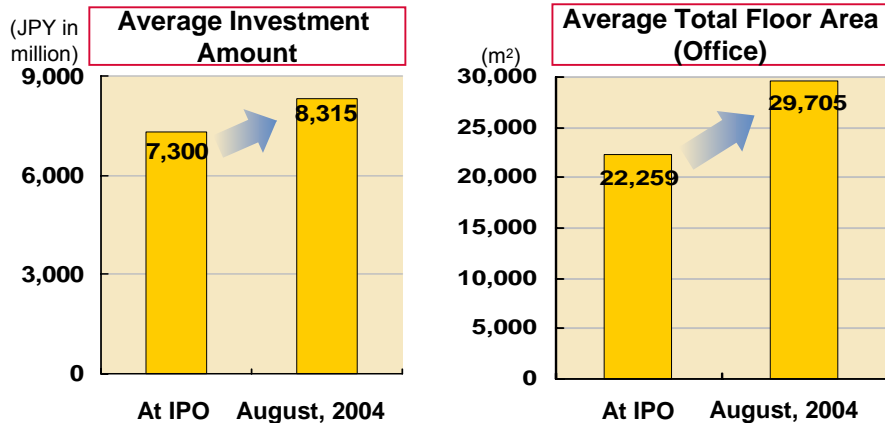
Type Allocation

(Target) Office: Retail=60:40



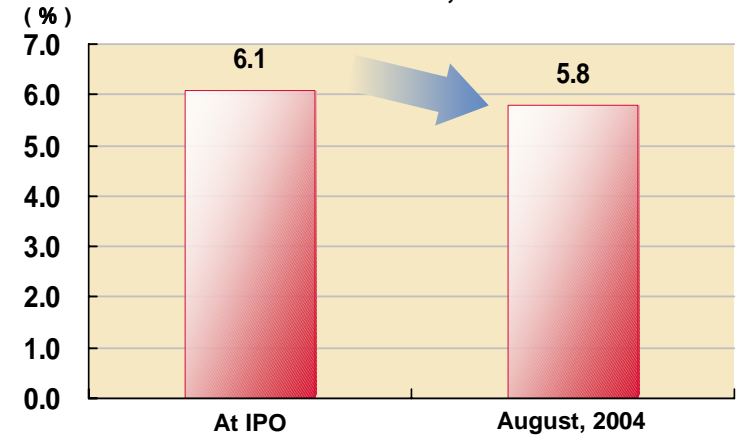
Average Investment Size

Higher Quality, Larger Size



Portfolio PML

More Diversified Investment, Lower Seismic Risk



Portfolio Quality Improved (2)

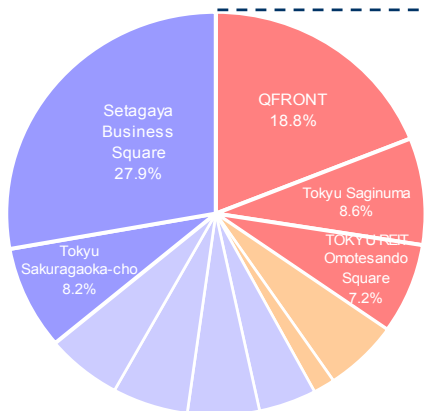
Main Properties Concentration

(Acquisition price-base)

At IPO

Top 3: 55%

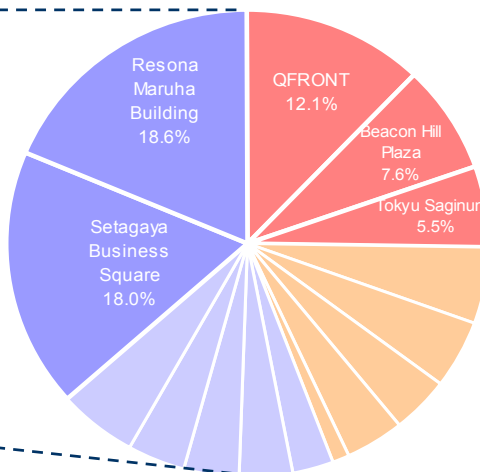
Top 5: 71%



August, 2004

Top 3: 49%

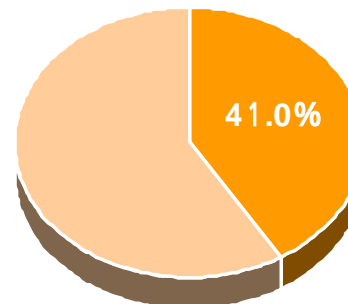
Top 5: 62%



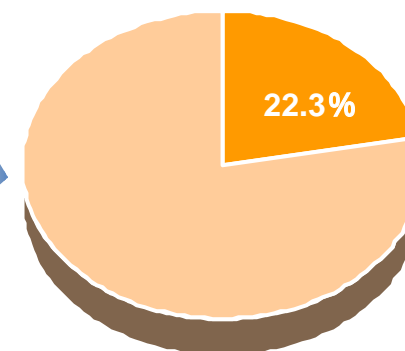
Tokyu Group Tenant Concentration

(Leased Area-base)

11 Properties at IPO
(As of April, 2003)

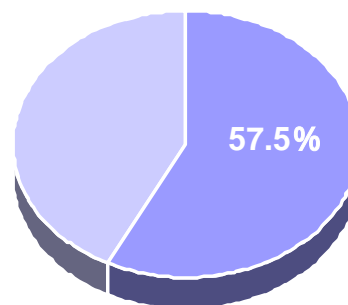


15 Properties
(As of April, 2004)

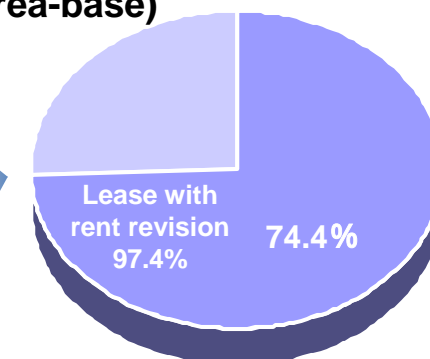


Long-term Lease Ratio *

(Leasable Area-base)



11 Properties at IPO
(As of April, 2003)



15 Properties
(As of April, 2004)

* "Long-term lease" = leases with remaining life of contracts of five years or longer from May 1st, 2004

Maintained High Occupancy Rate

- 98.8% (As of April, 2003) → 97.1% (As of July, 2004)

Lease-up Achievement

Office

- Setagaya Business Square : → 3 floors terminated, But other 1 floor leased-up
- Resona Maruha Building : → Leased-up 1 of 2 floors through the Extensive Renovation Work and Intensive Tenant Promotion

Retail

- TOKYU REIT Omotesando Sq. : → Major tenant terminated, But fully leased-up shortly
- TOKYU REIT Shibuya Udagawa-cho Sq. → Tenant replacement to higher rent-payer

Promotion of Percentage Rent

- Successfully Promoted Percentage Rent with Base Rent for 2 Retail Tenants

Resona Maruha Building

- Extensive Renovation Works in the 2 Vacant Floors

- Upgraded Air Conditioning Facilities
- 24 Hours Security System
- Renovated Facilities in Common Space and Office Space

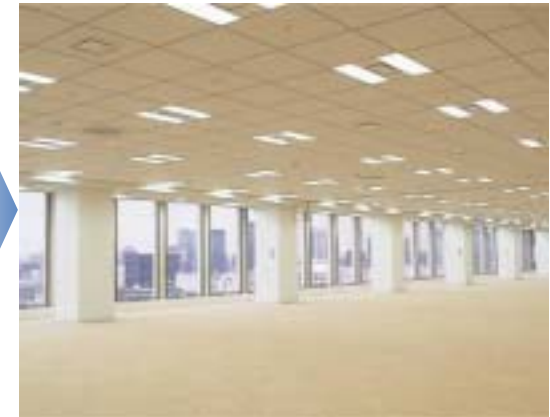


- Improved Quality of the Asset
Promoted Foreign Financial Institution
- Cost Reduction: Construction Cost Reduced to 1/2 of Initial Estimation through Construction Mgmt.

Before



After



TOKYU REIT Omotesando Square

- Renovation Works in the Floors the Main Tenant Terminated

- Upgrading Air Conditioning Facilities



- Improved Quality of the Asset
Promoted



- Cost Reduction: Utility Costs to be Reduced

Before



After





Achievements of Our Financial Strategy

Achievements of Our Financial Strategy (1)

Finance Strategy

1 Flexibility

- Flexible Financing on New Property Acquisition

2 Stability

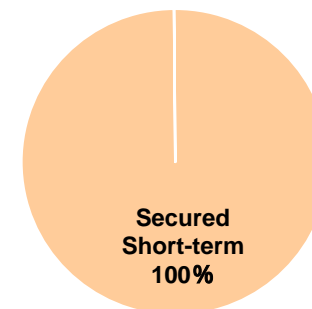
- LTV ratio⁽¹⁾ Target: 40-50% (max: 60%)
- Long-term and Fixed-interest Debt
- Diversified Financing Methodology
- Staggering Maturity

3 Efficiency

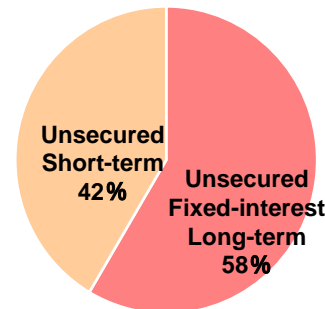
- Security Deposit as another Finance Source⁽²⁾
- Lower Cost

Long-term Debt vs. Short-term Debt

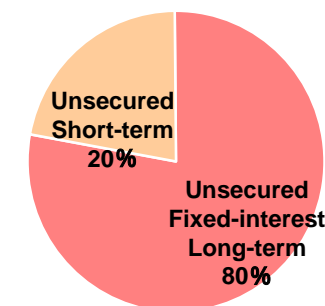
At IPO



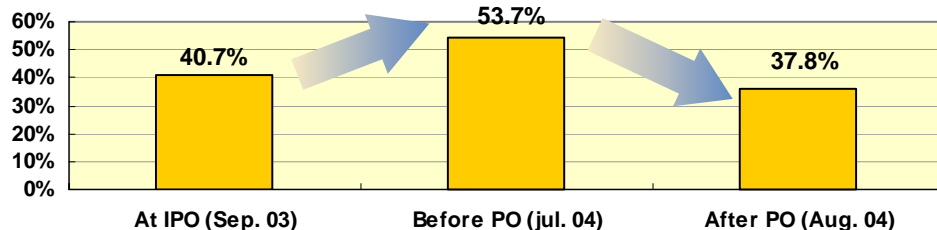
Before Add-on



After Add-on



LTV

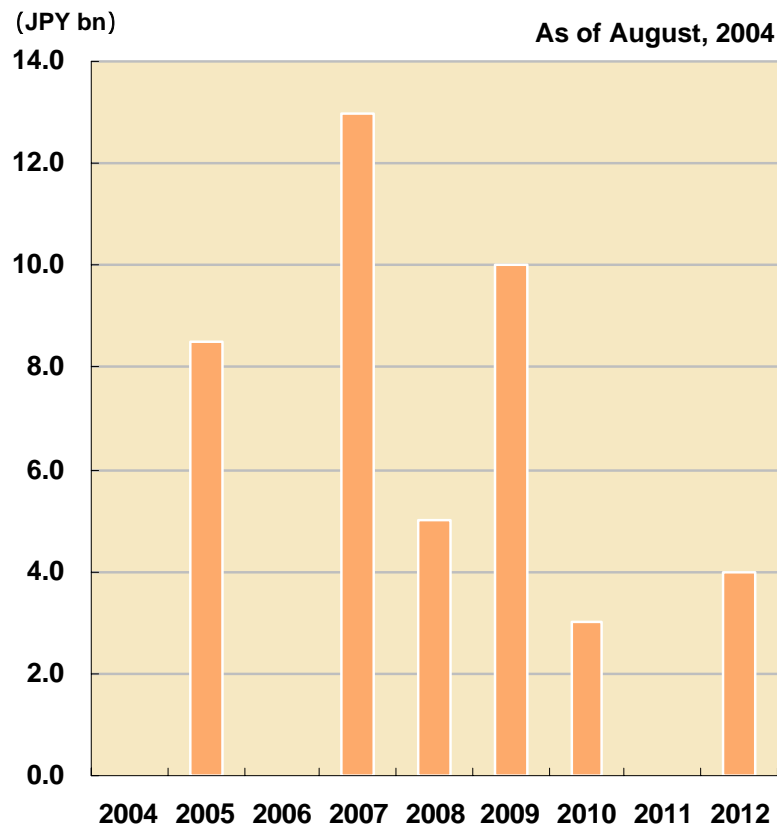


(1) LTV = (Interest-bearing Debt + JPY 4.3 bn security deposit) / Total Acquisition Price

(2) Security deposit of JPY 4.3 bn of Beacon Hill Plaza is used for its acquisition

Achievements of Our Financial Strategy (2)

Maturity Ladder



Lenders list

As of August, 2004

Term	Borrower	Amounts (JPY bn)	Interest Rate (%)	Maturity	Notes
Short-term	Bank of Tokyo Mitsubishi	5.0	0.51750	2005/6/25	unsecured
	Mitsubishi Trust & Banking	3.5	0.48000		
	Sub-total (2 Banks)		8.5	-	-
Long-term	Sumitomo Trust Bank	5.0	1.11625	2007/6/25	unsecured
	Daichi Life Insurance	4.0			
	Nippon Life Insurance	4.0			
	The Norinchukin Bank	4.0	1.38875	2008/6/25	
	The Hyakugo Bank	1.0	1.23875		
	Mitsubishi Trust & Banking	5.0	1.68875	2009/6/25	
	Chuo Mitsui and Sumitomo Trust	5.0			
	Aioi Fire and Marine Insurance	1.0	1.9275	2010/6/25	
	Daido Life Insurance	1.0			
	Mitsui Sumitomo Marine and Fire	1.0			
	Development Bank of Japan	4.0	2.03	2012/6/25	
Sub-total (11 Financial Institutions)		35.0	-	-	-
Total (12 Financial Institutions)		43.5	-	-	-

City banks: 1	Other banks: 2
Trust banks: 3	Regional banks: 1
Casualty Insurance Companies: 2	Life Insurance Companies: 3



Fiscal Results and Forecasts

2004/07 Results and 2005/01 Forecasts

2004/07 Results

- Comparison with 2004/01 Results
 - Increase in Revenues and Profits driven by Difference in Fiscal Period, Increased Properties, Full Contribution of Resona Maruha Bldg.
- Comparison with Previous Forecasts of 2004/07
 - Increase in Revenues and Profits by Improved Occupancy Rate, Reduced Interest Payment, etc.

2005/01 Forecasts

- Background
 - 15 Properties (Occupancy Rate: 97.2%)
 - Dilution by Add-on Offering
 - Financing Cost,
 - Increase of Interest Costs for Long-term & Fixed-rate Loan
 - Upfront Costs for Add-on Offering in Aug, 04

Key Financial Data (JPY in Millions, Except Per Unit Data)	June/2003-Jan/2004 (Actual)	Feb-July/2004 (Forecast)	Feb- July/2004 (Actual)	Aug/2004-Jan/2005 (Forecast)
Occupancy Rate	95.3%	94.7%	97.1%	97.2%
Revenues from Property Leasing	2,896	4,304	4,341 49.9%	4,905
Net Operating Income	2,199	2,832	2,894	3,423
Operating Profits	1,486	1,694	1,771 19.2%	2,128
Net Incomes	929	1,372	1,395 50.0%	1,775
Total Units Outstanding	98,000	98,000	98,000	142,000
Distribution Per Unit	¥9,488	¥14,000	¥14,230 50.0%	¥12,500
Payout Ratio	99.9%	99.9%	99.9%	99.9%

Payout Ratio = Cash Dividends / Net Income, Net Operating Income = Revenues from Property Leasing – Operating Expenses + Depreciation

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Profit and Loss Statement (2nd Fiscal Period ending Jul.04)

(in JPY mm)

ITEM	Second Period (July. 2004)		First Period (Jan. 2004)		Change		NOTES
		%		%		%	
Total Operating Revenues	4,341	100.0%	2,896	100.0%	1,444		
Rental revenues	3,916	90.2%	2,630	90.8%	1,285	-0.6%	
Rent	3,483	80.2%	2,295	79.2%	1,187	1.0%	Maruha: 500M Udagawa-cho Sq. 138M
Parking rent	83	1.9%	65	2.2%	18	-0.3%	
Others	349	8.0%	269	9.3%	79	-1.2%	Other revenues Air-conditioning 184M QFRONT LED screen 129M
Other revenues	425	9.8%	265	9.2%	159	0.6%	
Incidental revenues	362	8.3%	237	8.2%	125	0.2%	Maruha 55M
Other revenues	62	1.4%	28	1.0%	33	0.5%	
Total Operating Expenses	2,055	47.3%	1,163	40.2%	892	7.2%	
Expenses	1,446	33.3%	696	24.0%	750	9.3%	
Utility charges	447	10.3%	282	9.7%	165	0.6%	Maruha 72M
Building maintenance costs	355	8.2%	244	8.4%	110	-0.2%	Maruha 46M
Property management expenses	95	2.2%	69	2.4%	26	-0.2%	
Repairs and maintenance	99	2.3%	18	0.6%	80	1.7%	Maruha 30M
Property and other taxes	324	7.5%	0	0.0%	324	7.5%	SBS 144M QFRONT 41M Saginuma 27M
Insurance expenses	14	0.3%	9	0.3%	5	0.0%	
Other operating expenses	109	2.5%	72	2.5%	37	0.0%	Agency fees 24M(Omotesando Sq. 11M, Maruha 6M)
Depreciation	609	14.0%	466	16.1%	142	-2.1%	
Net Operating Income	2,285	52.6%	1,733	59.8%	552	-7.2%	
Administrative expenses	513	11.8%	246	8.5%	267	3.3%	Asset management fee 219M Trust fee 25M
Asset management fees	409	9.4%	189	6.5%	219	2.9%	Incentive fee 110M
Operating Profits	1,771	40.8%	1,486	51.3%	285	-10.5%	
Non-Operating Revenues	18	0.4%	0	0.0%	18	0.4%	
Non-Operating Expenses	394	9.1%	555	19.2%	-161	-10.1%	
Interest expenses	252	5.8%	99	3.4%	153	2.4%	
New unit-issuance expenses	64	1.5%	254	8.8%	-190	-7.3%	
Unit-listing expenses	-	-	47	1.6%	-47	-1.6%	
Organization expenses	-	-	52	1.8%	-52	-1.8%	
Other non-operating expenses	77	1.8%	101	3.5%	-23	-1.7%	
Recurring Profits	1,395	32.1%	930	32.1%	464	0.0%	
Income Before Income Taxes	1,395	32.1%	930	32.1%	464	0.0%	
Income Taxes	1	0.0%	1	0.0%	-0	0.0%	
Corporate Tax Adjustments	0	0.0%	-0	0.0%	0	0.0%	
Net Income	1,394	32.1%	929	32.1%	464	0.0%	

Dividend per Unit	14,230		9,488		4,742	
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Operating NOI	2,894	66.7%	2,199	75.9%	694	-9.3%
NOI return (NOI / Average Total Asset)	5.3%		6.2%		-0.9%	

Balance Sheet (2nd Fiscal Period ending Jul.04)

(in JPY mm)

ITEM		Second period (July 31, 2004)	First period (Jan 31, 2004)	changes
Total Assets		122,582	118,460	4,122
Current Assets		11,203	13,572	-2,369
Fixed Assets		111,379	104,888	6,491
Total Liabilities		71,070	67,413	3,657
Short-term Borrowings		25,000	56,700	-31,700
Long-term Borrowings		35,000	-	35,000
Leasehold and security deposits received		9,304	9,256	48
Other liabilities		1,766	1,457	309
Total Unitholders' Equity		51,511	51,046	465
Total Unitholders' capital		50,117	50,117	-
Retained earnings		1,394	929	465

LTV at the end of fiscal period			
Interest bearing debt / Total asset	48.9%	47.9%	1.0%
(Interest bearing debt + Security deposit) / Appraisal value	53.7%	55.0%	-1.3%

(Reference information)

Average total asset for the period	109,108	89,638	19,470
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*Acquisition of Resona Maruha Bldg. (Jan 15, 2004), TOKYU REIT Shibuya Udagawa-cho Sq. (Mar 1, 2004)

Cash and bank deposits	947
Entrusted cash and deposits	10,099
Notes and accounts receivable	128

Buildings	218
Land	6,446
Entrusted buildings	26,457
Entrusted structures	417
Entrusted machinery and equipment	122
Entrusted tools, furniture and fixture	97
Entrusted land	76,675
Entrusted leasehold and security deposit	875

Consumption tax receivable	-1,336
Cash and bank deposits	-945
Entrusted cash and deposits	-108

Udagawa-cho Sq.	6,664
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Accounts payable	172
Accrued consumption tax	95
Accounts payable	61

Cash Flow Statement (2nd Fiscal Period ending Jul. 04)

(in JPY mm)

ITEM	Second period (july, 2004)	First Period (jan, 2004)	Change
Cash Flows from Operating Activities	3,576	1,379	2,197
Net income before income taxes	1,396	931	465
Depreciation	609	467	142
Others	1,571	-19	1,590
Cash Flows from Investing Activities	-6,865	-104,479	97,614
Purchase of fixed assets	-7,056	-104,469	97,413
Proceeds from leasehold and security deposits received	48	9,257	-9,209
Proceeds from entrusted leasehold and security deposits received	-	-884	884
Proceed from withdrawal of entrusted deposit with usage restriction	143	-8,383	8,526
Cash Flows from Financing Activities	2,377	106,818	-104,441
Proceeds from/Repayment of long/short-term borrowings	3,300	56,700	-53,400
Proceeds from issuance of units	-	50,118	-50,118
Dividend payment	-923	-	-923
Net Increase in Cash and Cash Equivalents	-912	3,718	-4,630
Cash and Cash Equivalents at beginning of Period	3,718	-	3,718
Cash and Cash Equivalents at end of Period	2,806	3,718	-912

Decrease in accrued consumption tax 1,336
Increase in accounts payable 172

Acquisition of Udagawa-a-cho Sq. 6,667
Renewal of Maruha 309

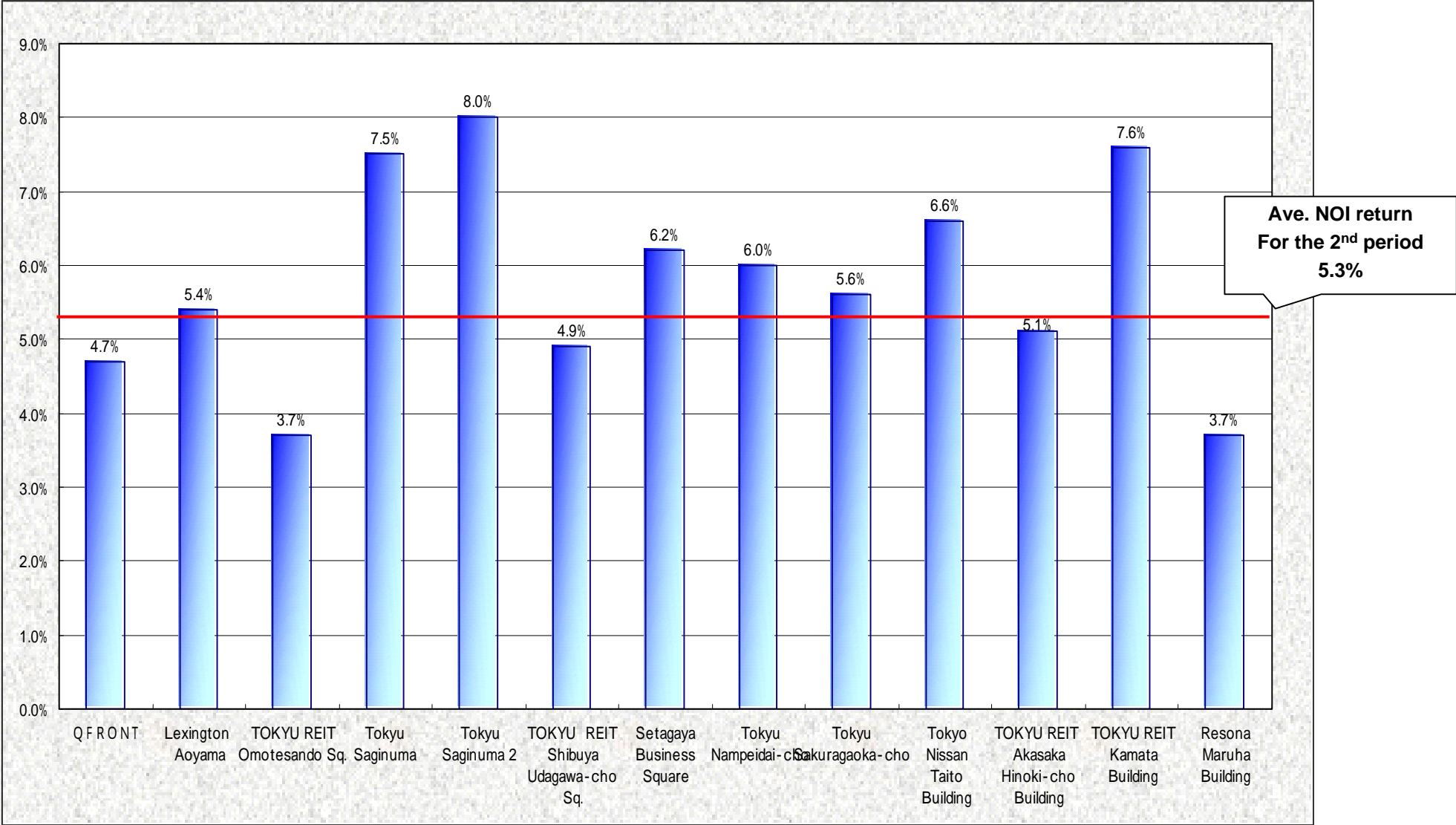
Borrowings (Mar 1, 2004) 5,500
Borrowings (Jun 25, 2004) 60,000
Repayments (Jun 25, 2004) -62,200

Selected Financial Data by Property

(JPY in thousands)

	RETAIL							OFFICE							Total	
	Q FRONT	Lexington Aoyama	TOKYU REIT Omotesand o Square	Tokyu Saginuma	Tokyu Saginuma 2	TOKYU REIT Shibuya Udagawa-cho Square	Sub-total	Setagaya Business Square	Tokyu Nampo-dai-cho Building	Tokyu Sakuragaoka-cho Building	Tokyo Nissan Taito Building	TOKYU REIT Akasaka Hinokicho Building	TOKYU REIT Kamata Building	Resona Maruha Building		Sub-total
Operating Revenues	587,442	158,338	169,249	310,162	64,968	138,270	1,428,430	1,259,816	170,851	234,938	226,604	133,056	280,462	607,170	2,912,900	4,341,331
Rental revenues	535,097	151,921	125,097	310,162	62,037	138,270	1,322,586	1,105,206	170,851	224,162	201,303	113,569	226,563	551,959	2,593,616	3,916,203
Other revenues	52,344	6,416	44,151	-	2,930	-	105,844	154,609	—	10,775	25,301	19,486	53,899	55,210	319,283	425,127
Operating Expenses	235,626	28,128	61,982	50,846	13,538	3,302	393,425	568,828	32,016	49,096	79,810	42,121	101,469	179,793	1,053,136	1,446,562
Utility charges	42,636	8,425	9,870	-	2,930	-	63,862	217,344	—	10,810	18,602	13,764	48,966	74,582	384,070	447,932
Building maintenance costs	64,402	4,116	4,366	15,264	1,606	-	89,756	144,589	8,947	10,093	23,338	8,627	18,871	51,261	265,729	355,486
Property management expenses	18,895	3,435	3,761	3,183	1,397	1,382	32,056	33,972	1,745	3,455	4,483	2,711	4,817	11,797	62,984	95,040
Repair and maintenance	4,602	1,090	22,722	2,832	711	306	32,263	13,619	1,556	3,701	7,827	6,562	3,203	30,977	67,448	99,712
Property and other taxes	41,020	8,322	7,820	27,782	6,215	4	91,165	144,558	18,132	19,782	22,273	8,156	20,165	285	233,354	324,520
Insurance expenses	1,525	166	245	763	156	94	2,952	5,822	867	716	1,298	287	1,314	919	11,225	14,177
Other operating expenses	62,543	2,572	13,194	1,020	520	1,516	81,367	8,921	767	537	1,986	2,010	4,132	9,969	28,323	109,691
Property Net Operatinf Income (NOI)	351,815	130,209	107,266	259,315	51,429	134,967	1,035,004	690,988	138,834	185,842	146,794	90,934	178,993	427,376	1,859,764	2,894,768
Depreciation	60,613	6,815	10,663	26,601	8,082	3,444	116,218	268,209	30,003	25,011	49,607	14,437	51,786	53,848	492,905	609,124
Net Operating Income (NOI)	291,202	123,394	96,603	232,714	43,347	131,522	918,785	422,778	108,830	160,830	97,186	76,496	127,206	373,528	1,366,858	2,285,644
Capital Expenditures	400	1,401	44,170	15,294	4,410	-	65,675	3,966	-	1,390	2,292	2,881	550	311,267	322,347	388,022
Acquisition price	15,100,000	4,800,000	5,770,000	6,920,000	1,290,000	6,600,000	40,480,000	22,400,000	4,660,000	6,620,000	4,450,000	3,570,000	4,720,000	23,260,000	69,680,000	110,160,000
Land	12,125,300	4,478,400	5,291,090	5,432,200	984,270	6,382,000	34,693,260	11,065,600	2,968,420	5,223,180	1,917,950	2,945,250	2,161,760	21,469,000	47,751,160	82,444,420
Building	2,974,700	321,600	478,910	1,487,800	305,730	218,000	5,786,740	11,334,400	1,691,580	1,396,820	2,532,050	624,750	2,558,240	1,791,000	21,928,840	27,715,580
Appraisal value at the end of the period	15,400,000	5,030,000	5,370,000	7,360,000	1,290,000	6,980,000	41,430,000	22,700,000	4,660,000	6,620,000	4,450,000	3,570,000	5,010,000	23,300,000	70,310,000	111,740,000
Book value at the end of the period	15,019,095	4,797,341	5,802,968	6,919,404	1,285,812	6,664,471	40,489,094	22,004,940	4,621,493	6,591,539	4,381,480	3,580,957	4,645,838	24,133,524	69,959,774	110,448,869
Entrusted land	12,147,079	4,485,503	5,296,945	5,446,615	988,169	6,446,436	34,810,749	11,081,787	2,974,520	5,233,294	1,922,944	2,950,298	2,165,631	21,983,090	48,311,568	83,122,318
Entrusted property (excl. entrusted land)	2,872,016	311,838	506,022	1,472,788	297,642	218,035	5,678,345	10,923,152	1,646,972	1,358,244	2,458,536	630,659	2,480,207	2,150,433	21,648,205	27,326,551

NOI return by property (Acquisition price-based)



Estimated Profit and Loss Statement (3rd Fiscal Period ending Jan. 05)

(in JPY mm)

ITEM	Third period (Forecast) (Jan. 2005)		Second period (Actual) (Jul. 2004)		Change
		%		%	
Total Operating Revenues	4,905	100.0%	4,341	100.0%	564
Rental revenues	4,524	92.2%	3,916	90.2%	608
Rent	4,108	83.8%	3,483	80.2%	625
Parking rent	82	1.7%	83	1.9%	-1
Others	334	6.8%	349	8.0%	-15
Other revenues	380	7.8%	425	9.8%	-45
Incidental revenues	350	7.1%	362	8.3%	-12
Other revenues	31	0.6%	62	1.4%	-31
Total Operating Expenses	2,284	46.6%	2,055	47.3%	229
Expenses	1,482	30.2%	1,446	33.3%	36
Utility charges	456	9.3%	447	10.3%	9
Building maintenance costs	373	7.6%	355	8.2%	18
Property management expenses	109	2.2%	95	2.2%	14
Repairs and maintenance	93	1.9%	99	2.3%	-6
Property and other taxes	321	6.5%	324	7.5%	-3
Insurance expenses	17	0.4%	14	0.3%	3
Other operating expenses	113	2.3%	109	2.5%	4
Depreciation	802	16.3%	609	14.0%	193
Net Operating Income	2,621	53.4%	2,285	52.6%	336
Administrative expenses	493	10.0%	513	11.8%	-20
Asset management fees	383	7.8%	409	9.4%	-26
Operating Profits	2,128	43.4%	1,771	40.8%	357
Non-Operating Revenues	0	0.0%	18	0.4%	-18
Non-Operating Expenses	352	7.2%	394	9.1%	-42
Recurring Profits	1,776	36.2%	1,395	32.1%	381
Net Income Before Income Taxes	1,776	36.2%	1,395	32.1%	381
Income Taxes	1	0.0%	1	0.0%	0
Corporate Tax Adjustments	0	0.0%	0	0.0%	0
Net Income	1,775	36.2%	1,394	32.1%	381
Dividend per unit	12,500		14,230		

(Reference information)

Operating NOI	3,423	69.8%	2,894	66.7%	529
NOI return (NOI / Ave. Total Asset)	5.5%		5.3%		0.2%

Background of 3rd Period Forecasts

Properties Owned

No changes except for the newly acquired properties, Yokohama Yamashita-cho Bldg. and Beacon Hill Plaza acquired at Aug 3, 2004

Operating Revenues

Based on leasing agreements effective as of September 24, 2004

Operating Expenses

With regard to property taxes on Yokohama Yamashita-cho Bldg. and Beacon Hill Plaza, the pro rata portion as part of the acquisition cost of the properties is capitalized and is not recognized as an expense through the 3rd fiscal period.

Non-Operating Expenses

Expenses related to the add-on offering of JPY56 million is reflected. Short-term borrowings of JPY16.5 billion was repaid by the proceeds of the offering on Aug 6 and Aug 25, 2004

Estimated Balance Sheet (3rd Fiscal Period ending Jan. 05)

(in JPY mm)

ITEM	Third Period (E)	Second Period (A)	Changes
Total Assets	138,454	122,583	15,871
Current Assets	12,806	11,203	1,603
Fixed Assets	125,648	111,380	14,268
Total Liabilities	58,819	71,071	-12,252
Short-term Borrowings	8,500	25,000	-16,500
Long-term Borrowings	35,000	35,000	0
Leasehold and security deposits received	13,240	9,305	3,935
Other liabilities	2,080	1,766	314
Total Unitholders' Equity	79,635	51,512	28,123
Total Unitholders' capital	77,860	50,118	27,742
Retained earnings	1,775	1,394	381

Yokohama Yamashita-cho Bldg.	5,050
Beacon Hill Plaza	9,520

Repayment on Aug 6	-15,500
Repayment on Aug 25	-1,000

LTV at the end of fiscal period

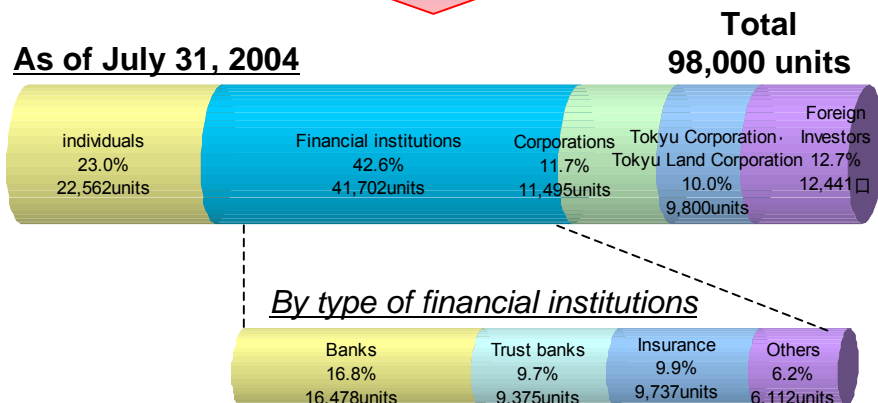
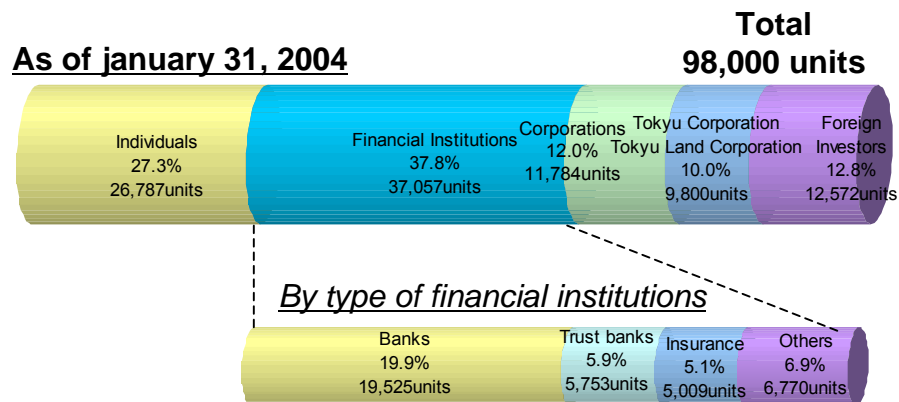
Interest bearing debt / Total asset	31.4%	48.9%	-17.5%
(Interest bearing debt + Security deposit) / Appraisal value	37.8%	53.7%	-15.9%

(Reference information)

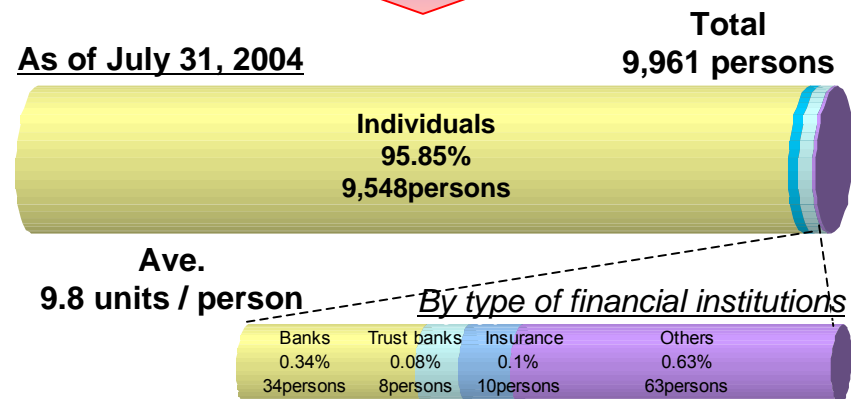
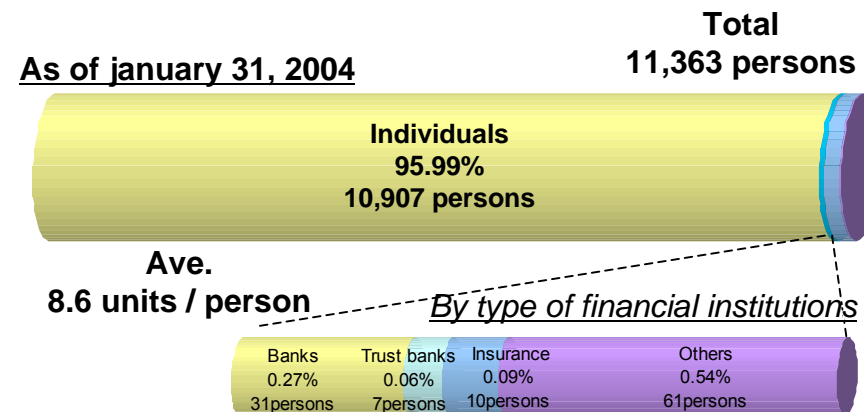
Average total asset for the period	124,572	109,108	15,464
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* Yokohama Yamashita-cho Bldg. and Beacon Hill Plaza acquired on Aug. 3, 2004

Number of Units

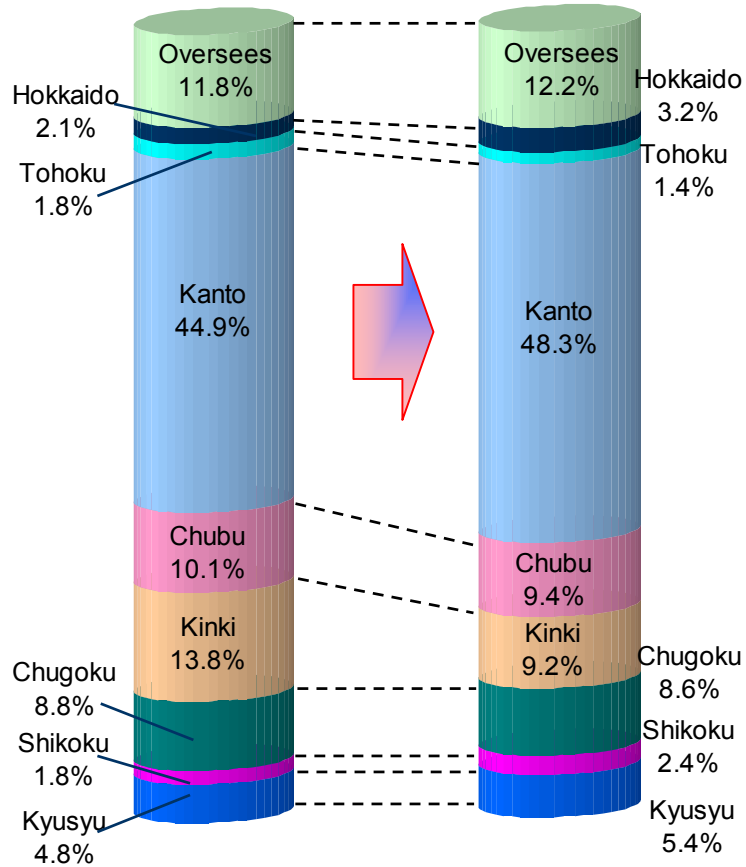


Number of Investors



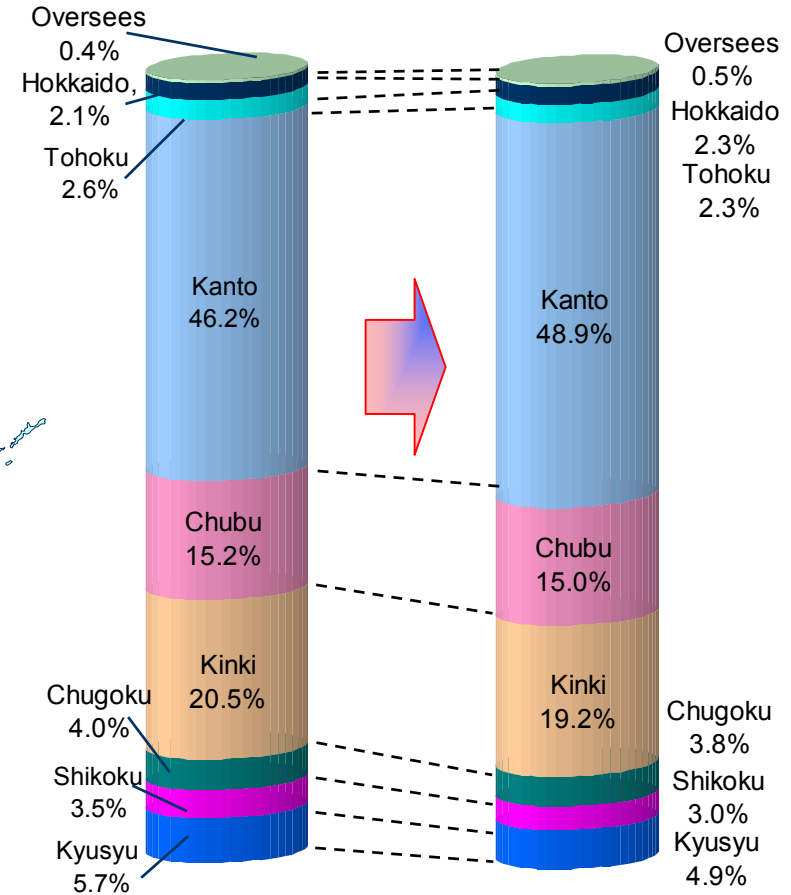
By geography

Number of Units



As of January 31, 2004 **As of July 31, 2004**

Number of Investors



As of January 31, 2004 **As of July 31, 2004**

Investor Information: Top 20 Major Investors

As of January 31, 2004

Investors	# of Unit Held	Share (%)
Tokyu Corporation	5,880	6.00
Kawasaki Gakuen	5,000	5.10
Tokyu Land Corporation	3,920	4.00
Japan Trustee Services Bank Ltd.	3,084	3.15
The Shinwa Bank Ltd.	2,794	2.85
Aozora Bank, Ltd	2,766	2.82
The Hiroshima Bank Ltd.	2,064	2.11
The Resona Bank Ltd.	2,043	2.08
Morgan Stanley Co., Inc.	2,016	2.06
The Bank of Ikeda Ltd.	1,917	1.96
The Gibraltar Life Insurance Co., Ltd.	1,534	1.57
The Chase Manhattan	1,460	1.49
AIG Star Life Insurance Co., Ltd.	1,394	1.42
Trust & Custody Services Bank, Ltd.	1,201	1.23
The Chase Manhattan Bank NA London SL	1,090	1.11
North Pacific Bank Ltd.	1,000	1.02
Bank of Bermuda (Guernsey) Limited	1,000	1.02
The Hachijuni Bank	960	0.98
American Life Insurance Co.	959	0.98
Pictet & Cie	947	0.97
TOTAL	43,029	43.91



As of July 31, 2004 (Before Add-on)

Investors	# of Unit Held	Share (%)
Tokyu Corporation	5,880	6.00
Kawasaki Gakuen	5,000	5.10
AIG Star Life Insurance Co., Ltd.	4,983	5.08
Japan Trustee Services Bank Ltd.	4,230	4.32
Tokyu Land Corporation	3,920	4.00
The Shinwa Bank, Ltd.	3,094	3.16
Trust & Custody Services Bank, Ltd.	3,008	3.07
The Gibraltar Life Insurance Co., Ltd.	2,312	2.36
North Pacific Bank, Ltd.	2,300	2.35
Goldman Sachs International	2,124	2.17
The Hiroshima Bank Ltd.	2,064	2.11
The Chase Manhattan Bank NA London SL	1,601	1.63
Morgan Stanley Co., Inc.	1,467	1.50
The Chase Manhattan Bank NA London	1,321	1.35
Nihon Tosho Fukyu Co., Ltd.	1,316	1.34
The Iyo Bank, Ltd.	1,000	1.02
Bank of Bermuda (Guernsey) Limited	1,000	1.02
The Hachijuni Bank	960	0.98
Suruga Bank Ltd.	931	0.95
The Master Trust Bank of Japan, Ltd.	927	0.95
TOTAL	49,438	50.45

Overview of Add-on Offering

Security	TOKYU REIT, Inc. A closed-end fund whose shares are non-redeemable upon demand by a unitholder
Units Offered	42,000units (42.9% of Total Units Outstanding)
Over-allotment	2,000 units (Third-party Allotment, 4.8% of offered units) / All Units Issued as Green-shoe Option
Outstanding Units after Offering	142,000 units
Total Offering Size	JPY 28,709,296,000 (Incl. Over-allotment of JPY1,304,968,000)
Allocation	Individual investors: Institutional investors = 75 : 25
Launch	July 1, 2004 (Thu)
Pricing	July 20, 2004 (Tue)
Close price at pricing	JPY 680,000
Offered price	JPY 652,484 (after subtracting JPY 14,200 of expected dividend per unit for the current, discounted for 2.00%)
Issued price	JPY 630,512
Subscription period	July 21, 2004 (Wed) - July 23, 2004 (Fri)
Closing	August 2, 2004 (Mon) (August 24, 2004 (Tue) for over-allotment)
Listing date	August 3, 2004 (Tue) / Open price as of listing date of JPY660,000 (+1.15% to offered price)

TOKYU REIT

Conclusion

Investment Policy

- Investments in Growth Potential Areas
- Lower Risks and Stable Returns Investment Criteria
- Reasonable Price and Quality Portfolio
- Collaboration with Tokyu Group Companies

Expectation from Investors

Stable Growth of EPS/FFO

- Steady External / Internal Growth
- Stable Growth in Dividend per Unit

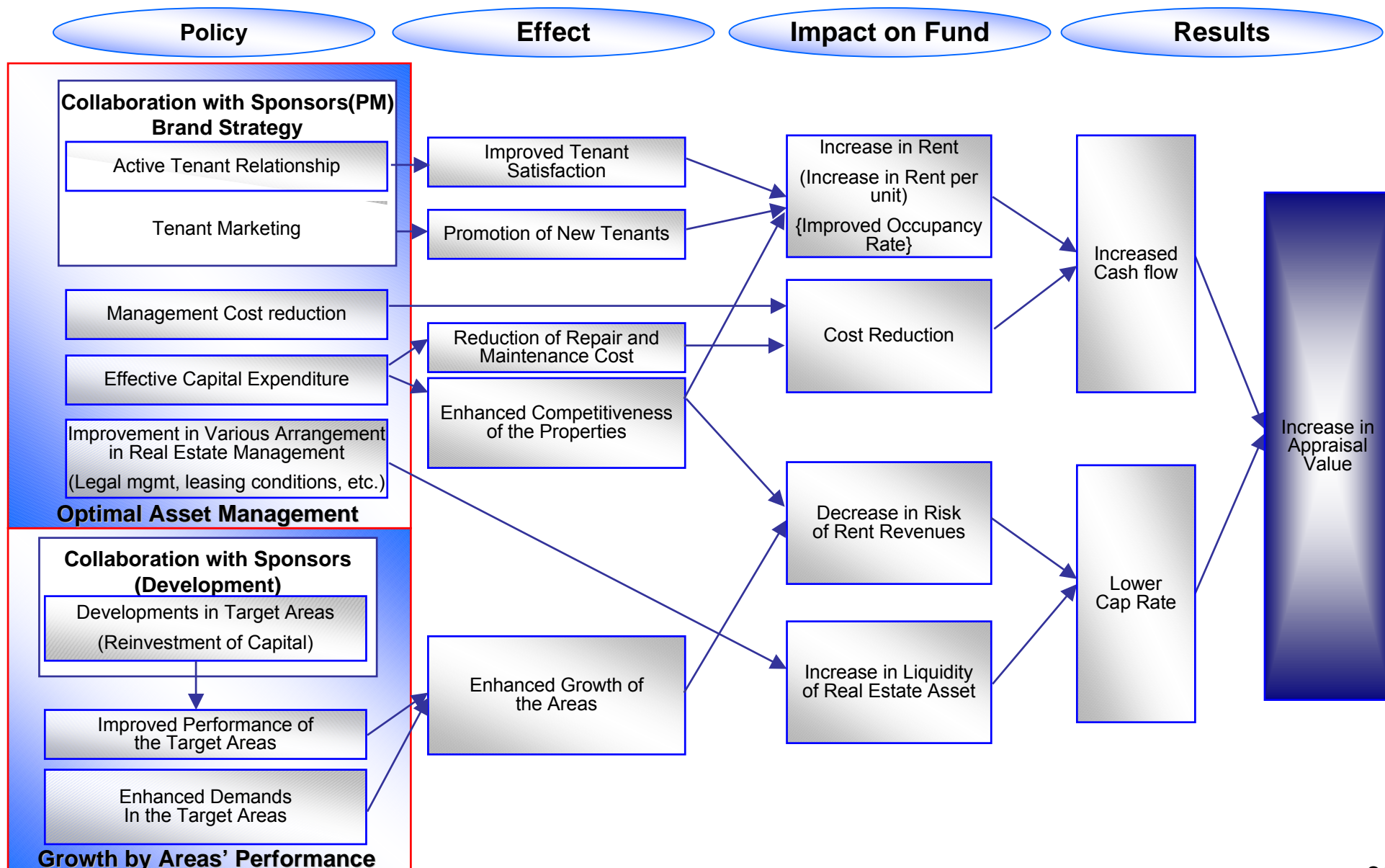
Maximize Investor Return

		Acheivements	Objectives
Growth	External Growth	<ul style="list-style-type: none"> ■ 4 properties acquired (JPY 44.4 billion) ■ Collaboration with Tokyu Group Companies <ul style="list-style-type: none"> • Group pipeline in acquisition • Ware-housing function 	<ul style="list-style-type: none"> ■ Additional acquisition of high quality properties ■ Collaboration with Tokyu Group companies
	Internal Growth	<ul style="list-style-type: none"> ■ Leasing-up in Setagaya Business Square, TOKYU REIT Omotesando Square, Resona Maruha Building, etc. ■ Promotion of percentage rent ■ Optimal cost control through CapEx control 	<ul style="list-style-type: none"> ■ Lease-up of Resona Maruha Building, Setagaya Business Sqrare, TOKYU REIT Akasaka Hinoki-cho Building ■ Increasing percentage rent system ■ Continuing cost reduction effort
Stability	Portfolio	<ul style="list-style-type: none"> ■ Improved portfolio quality <ul style="list-style-type: none"> • Increased properties in Central Tokyo • Increased large-scale high quality properties • Portfolio PML improved 	<ul style="list-style-type: none"> ■ Improving portfolio quality
	Finance	<ul style="list-style-type: none"> ■ Long-term /Fixed-rate interest and staggering maturity ■ Unsecured debt finance 	<ul style="list-style-type: none"> ■ Promotion of Long-term /Fixed-rate interest ■ Diversified finance method incl. obtaining ratings
Transparency	Governance	<ul style="list-style-type: none"> ■ Fully utilized governance system ■ Implementation of the Internal Rule for Related-party Transactions 	
	Disclosure and IR	<ul style="list-style-type: none"> ■ Web site opening ■ Active investors' meetings 	<ul style="list-style-type: none"> ■ Web site improvement ■ More investors' meetings

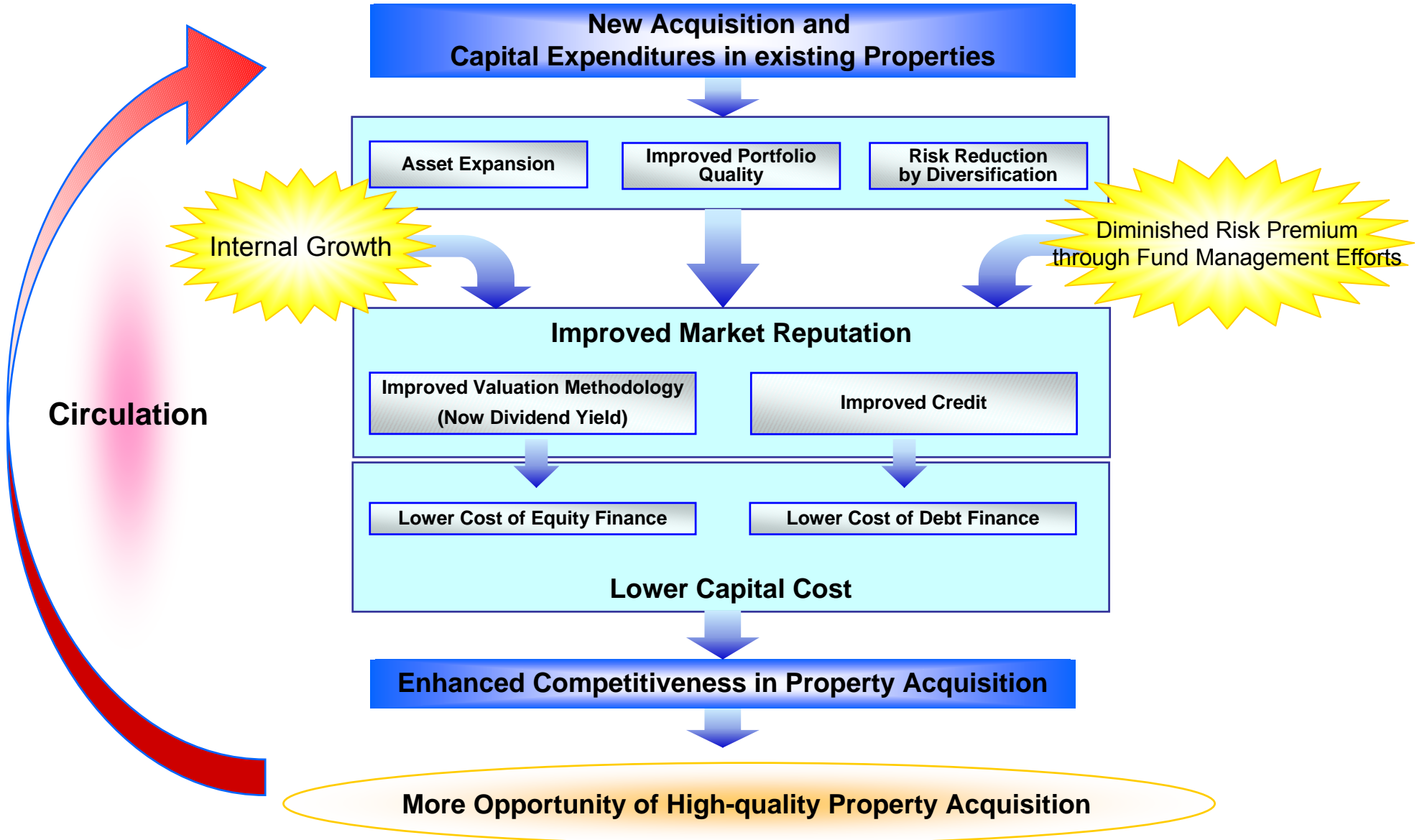
TOKYU REIT

Appendix

How to Achieve Our Internal Growth?



How to Achieve Our External Growth?



Summary of Financial Statement

ITEM			2nd Fiscal Period From 2004/2/1 To 2004/7/31(182days)	First Fiscal Period From 2003/6/20 To 2004/1/31(226days)	Change	
Results of Operations	P/L	Operating revenues	yen in millions	4,341	2,896	1,444
		Operating profit	yen in millions	1,771	1,486	285
		Recurring profits	yen in millions	1,395	930	464
		Net income	yen in millions	1,394	929	464
	Operating Activities	Revenue from property leasing	(a) yen in millions	4,341	2,896	1,444
		Operating expense	(b) yen in millions	2,055	1,163	892
		(Depreciation)	(c) yen in millions	(609)	(466)	(142)
		Net Operating Income	(a) - (b) + (c) yen in millions	2,894	2,199	694
	Financing Activities	FFO (Funds from Operation)	(2) (d) yen in millions	2,003	1,396	607
		Capital Expenditures	(e) yen in millions	388	46	341
AFFO (Adjusted Funds from Operation)		(d) - (e) yen in millions	1,615	1,350	265	
Financial Condition	B/S	Total assets	(f) yen in millions	122,583	118,460	4,122
		Interest bearing debt	(g) yen in millions	60,000	56,700	3,300
		Net assets	(h) yen in millions	51,512	51,047	464
		Total unitholders' equity	yen in millions	50,117	50,117	-
	Portfolio	Acquisition price	(3) yen in millions	110,160	103,560	6,600
		Book value of the properties	(3) yen in millions	110,448	104,002	6,446
		Appraisal value as of Jan. 31, 2004	(i) (3) yen in millions	111,740	103,050	8,690
		Number of investment properties		13	12	1
		Total rentable square meters	m ²	101,518.37	99,784.28	1,734.09
		Occupancy rate	(4) (5) %	97.1	95.3	1.8
Others	Distribution	Total amount of cash distribution	yen in millions	1,394	929	464
		Payout ratio	(6) %	99.9	99.9	-
	Per unit information	Total number of units issued	unit	98,000	98,000	-
		Net assets per unit	yen	525,634	520,891	4,743
		Distribution per unit	yen	14,230	9,488	4,742
	Financial Ratio and Others	ROA (annualized)	(5) (7) %	2.3	2.3	-
		ROE (annualized)	(5) (8) %	5.5	4.7	0.8
		Equity ratio	(h) / (f) (5) %	42.0	43.1	-1.1
		LTV (based on the total assets)	(g) / (f) (5) %	48.9	47.9	1.0
		LTV (based on the appraisal value of prop)	(g) / (i) (5) %	53.7	55.0	-1.3
	Average unit price during the period	(9) yen	643,097	530,828	112,269	

(1) Operating revenues do not include consumption tax and others.

(2) Net Income + Depreciation + Other Property related Depreciation and Amortization
* In 2nd and 1st periods, other property related depreciation and amortization is not recorded.

(3) Acquisition price and book value of the properties are by deducting cash and cash equivalents in the trust account from the value of beneficially ownership of the property.

(4) Occupancy rate is calculated by dividing rented floor area by total rentable floor area at the end of the period.

(5) Rounded off to 2 decimal places

(6) Recurring profits / ((Total assets at the beginning of the period + Total assets at the end of the period) / 2) × (365 / Actual operating days)
* The book value at the beginning of the 1st period includes borrowings at September 11, 2003.
* Asset management began on September 10, 2003 so figures are adjusted on the actual operating days basis (144days).

(7) Net income / ((Net assets at the beginning of the period + Net assets at the end of the period) / 2) × (365 / Actual operating days)

(8) Average closing price at the TSE REIT market during the period

Modified Net Asset Calculations

	1st period	2nd period	Changes	Estimate as of Aug 3, 04 (*1)	Estimate of 3rd period
Total acquisition price (in JPY mm)	103,560	110,160	6,600	124,730	124,730
Cumulated capitalized expenses related to acquisition	862	929	67	1,281	1,281
Property tax and others	367	392	25	442	442
Cumulated capital expenditure	46	389	343	0	591
Retirement of property	0	0	0	0	0
Depreciation (cumulated)	467	1,076	609	1,076	1,878
Book value of properties (1)	104,002	110,448	6,446	124,936	124,725
Appraisal value at the end of the period (2) (*2)	103,050	111,740	8,690	126,380	126,380
Unrealized profit/loss (2)-(1)	-952	1,292	2,244	1,444	1,655
Total units outstanding (*3)	98,000	98,000	0	142,000	142,000
Unrealized profit/loss per unit (JPY)	-9,715	13,184	22,899	10,172	11,655
Net asset at the end of the period (book value, in JPY)	50,118	50,118	0	77,860	77,860
Net asset per unit (book value) (JPY)	511,403	511,403	0	548,310	548,310
Net asset per unit (book value) after adjustment of unrealized profit/loss (JPY)	501,688	524,587	22,899	558,482	559,965

(1) Estimate as of Aug 3, 04 is based on 15 properties and additional unit issuance by third-party allotment

(2) Appraisal value for the end of 3rd period is as of the end of July, 2004 (for new 2 properties is as of the date of acquisition).

(3) After the exertion of over-allotment option

(4) Excludes retained earnings

Transparent Structure and Fiduciary Duties of REIT Mgmt Co

Fiduciary Duties of TREIM as REIT Mgmt Co

Governance System both in REIT and REIT Mgmt Co

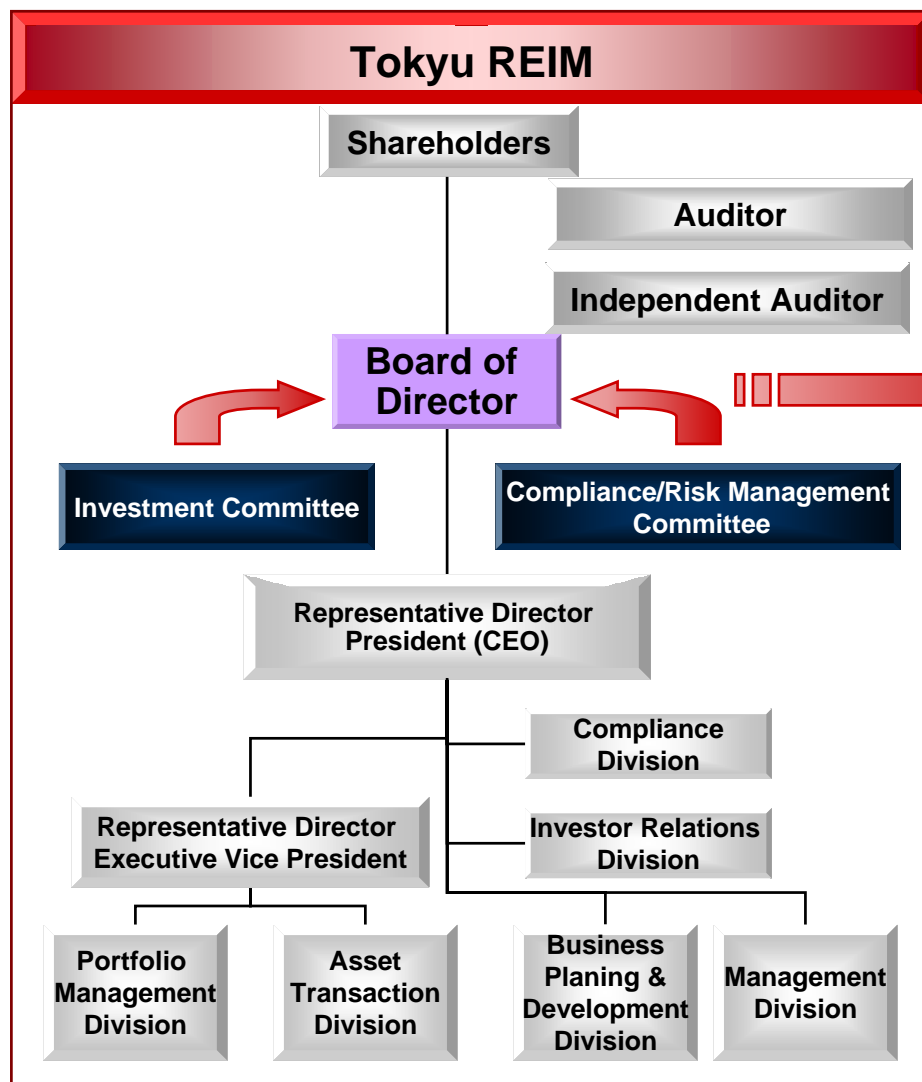
Related-party Transaction Rules

Monitoring by the Third-parties with Double Check

Fair and Timely Disclosure



Transparent Management Structure



Rules to avoid Conflicts of Interest

Rules for Transactions with Tokyu Group Companies

Acquisition / Disposition

- Acquisition Price Appraisal
- Disposition Price
- Second Opinion for the Appraisal

Property Management

- Fee opinion
- Performance check

Leasing

- Appropriate rent level
- Disclosure of Leasing Conditions



Double Checks for Due Process

Asset Manager Level

- Check by a third party (auditor)

REIT Level

- Prior Approval of the Board of Directors
 - Approval only by independent supervisory directors



Disclosure of the Transactions and Rules

Meeting Operation Situation

Number shows frequency of each organization

Organizations		2004							TOTAL
		Feb	Mar	Apr	May	Jun	Jul	Aug	
TOKYU REIT	Unitholders' Meeting	-	-	-	-	-	-	-	0
	Board of Directors Meeting	4	3	2	2	2	3	1	17
Tokyu REIM	Board of Directors Meeting	4	3	1	2	3	3	1	17
	Investment Committee	-	2	-	2	2	2	2	10
	Risk Management and Compliance Committee	3	2	1	2	2	2	1	13
	Third-party evaluation whether each related-party	1 (1 property)	-	-	1 (1 property)	-	4 (1 property)	-	6

* () show the number of items checked in the meeting

Resolution by the Board of Directors Relating to Related-Party Transactions

Items for resolution by the Board of Directors relating to internal rules regarding related-party transactions with the aim of avoiding conflicts of interest

Item	Month	Agenda
1	Feb	1. Amendment of the internal rule of related-party transactions
2		2. Property management agreement for TOKYU REIT Shibuya Udagawa-cho Square
3		3. Memorandum concerning amendment of purchase agreement for TOKYU REIT Shibuya Udagawa-cho Square
4		4. Settlement of the account regarding Setagaya Business Square
5	Mar	1. Filing to claim to Kamata Asset Funding TMK
6		2. Settlement of title arrangement relating to the defect of TOKYU REIT Kamata Building
7	May	1. Leasing agreement with Tokyu Community
8	Jun	1. Implementation of train board advertising program
9		3. Outsourcing of renewal/repairment designing of Lexington Aoyama and other 2 properties
10	Jul	1. The acquisition of beneficial ownership of Yokohama Yamashita-cho Building
11		2. Property management agreement for Yokohama Yamashita-cho Building
12		3. Asset management fee during 2nd period for Tokyu REIM
13		4. Outsourcing to a related-party of construction work in Setagaya Business Square
14		5. Construction management fee for air-conditioning system upgrading of TOKYU REIT Omotesando Square
15		6. Settlement of the account regarding Yokohama Yamashita-cho Building and Beacon Hill Plaza
16	Aug	1. Amendment of property management fee and formulation of internal rules relating to the updating of PM agreement