

TOKYU REIT

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

**Beacon Hill Plaza
(Ito-Yokado Nokendai)**



**Yokohama Yamashita-cho Bldg.
(Barneys New York Yokohama)**



Fujita Kanko Toranomon Bldg.



**Third Fiscal Period
(January, 2005)
Presentation**

- **Summary of Our Strategy**
- **Fiscal Results and Forecasts**
- **Achievements of Our Strategy and Challenges**

Appendix

TOKYU REIT

Summary of Our Strategy

1. Dissemination of cash-flow based valuation

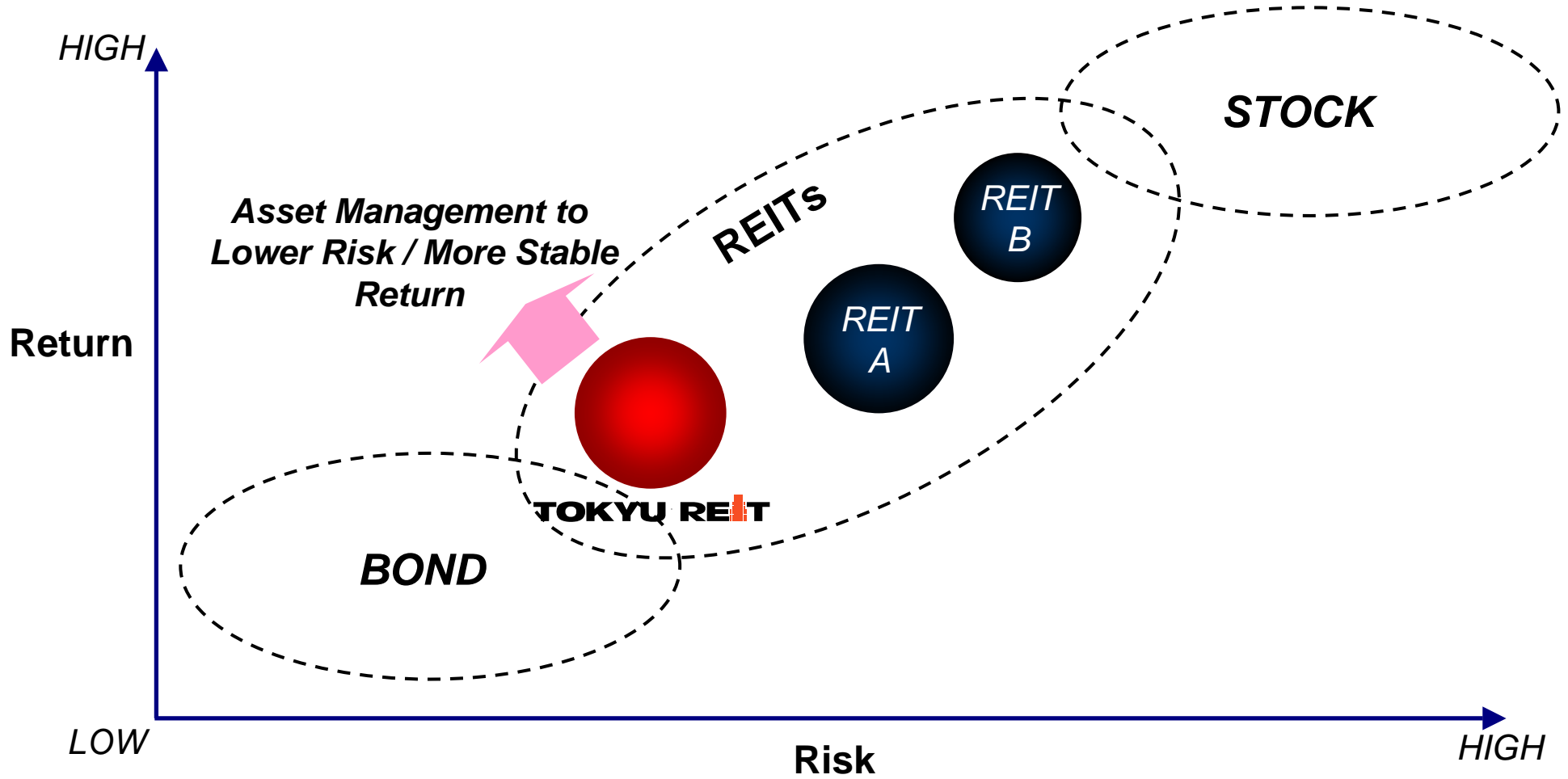
2. Polarization in three points

- (1) Tokyo vs Local Cities
- (2) Location within Tokyo
- (3) Liquidity

3. We believe low-cap rate portfolio realizes higher total return

“Low-cap rate portfolio which comprises of competitive high-quality properties” realizes higher total return in today’s circumstances with transforming supply and demand structure

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

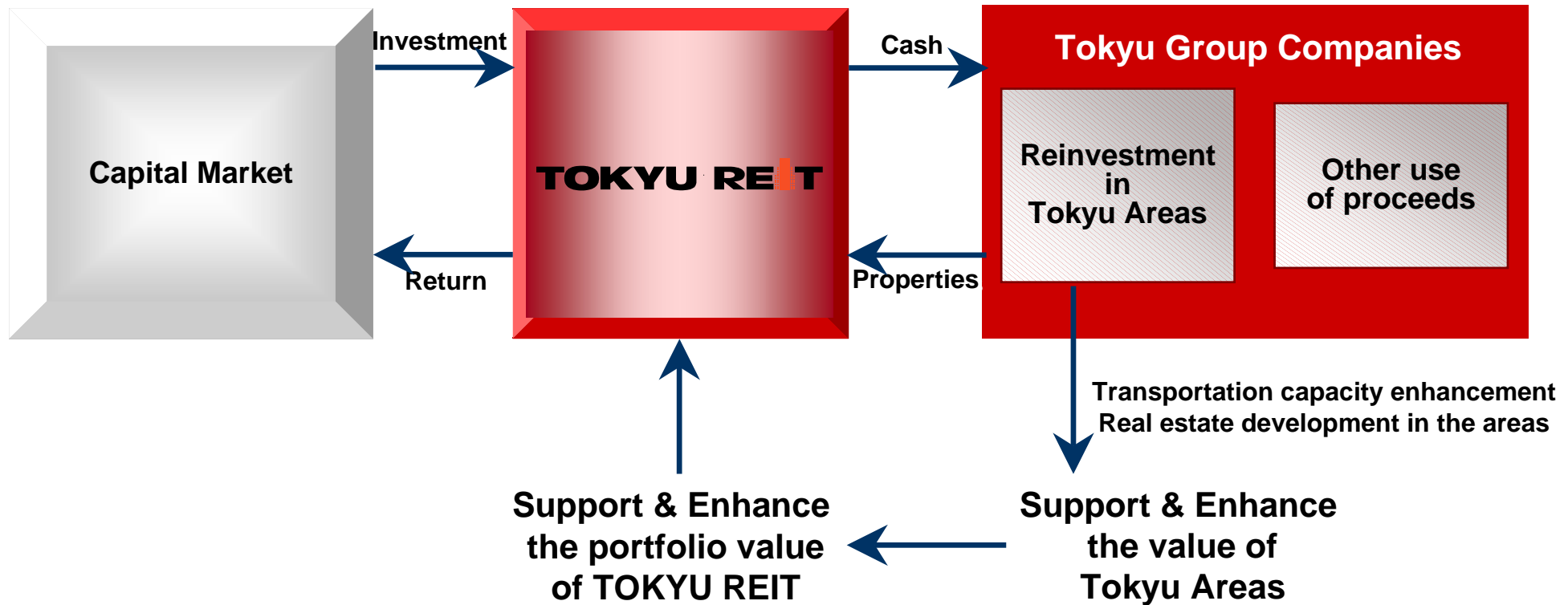
■ Monitoring by the Third-Parties with Double Check

■ Fair & Timely Disclosure



**Transparent
Structure**


Reinvestment of Capital Generated through TOKYU REIT






Financial Results and Forecasts

2005/01 Results

- Comparison with 2004/07 Results
 - Increase in Revenues and Profits driven by
 - Increased Properties (13  16)
 - Increased Occupancy (Resona Maruha Bldg., Omotesando Sq. etc.)

- EPS: JPY 13,045
 - Dilution by Add-on Offering Aug. 2004
 - Lowered Leverage
LTV: 53.7% at the end of 2nd period

LTV: 41.0% at the end of 3rd period

 - Increased Compared to Estimation of JPY 12,500 at the beginning of the 3rd period

- NOI return: 5.5%
 - Based on the Average Total Asset (Acquisition Price)

2005/07 Forecasts

- Assumption
 - 17 Properties after Acquisition of PICASSO347
 - Increased Occupancy Rate(98.7%)

- Estimated EPS: JPY 13,300
 - Increased Leverage by Short-term Borrowing for the Acquisition of PICASSO347
LTV: 46.9% at the end of 4th period

- Estimated NOI return: 5.3%

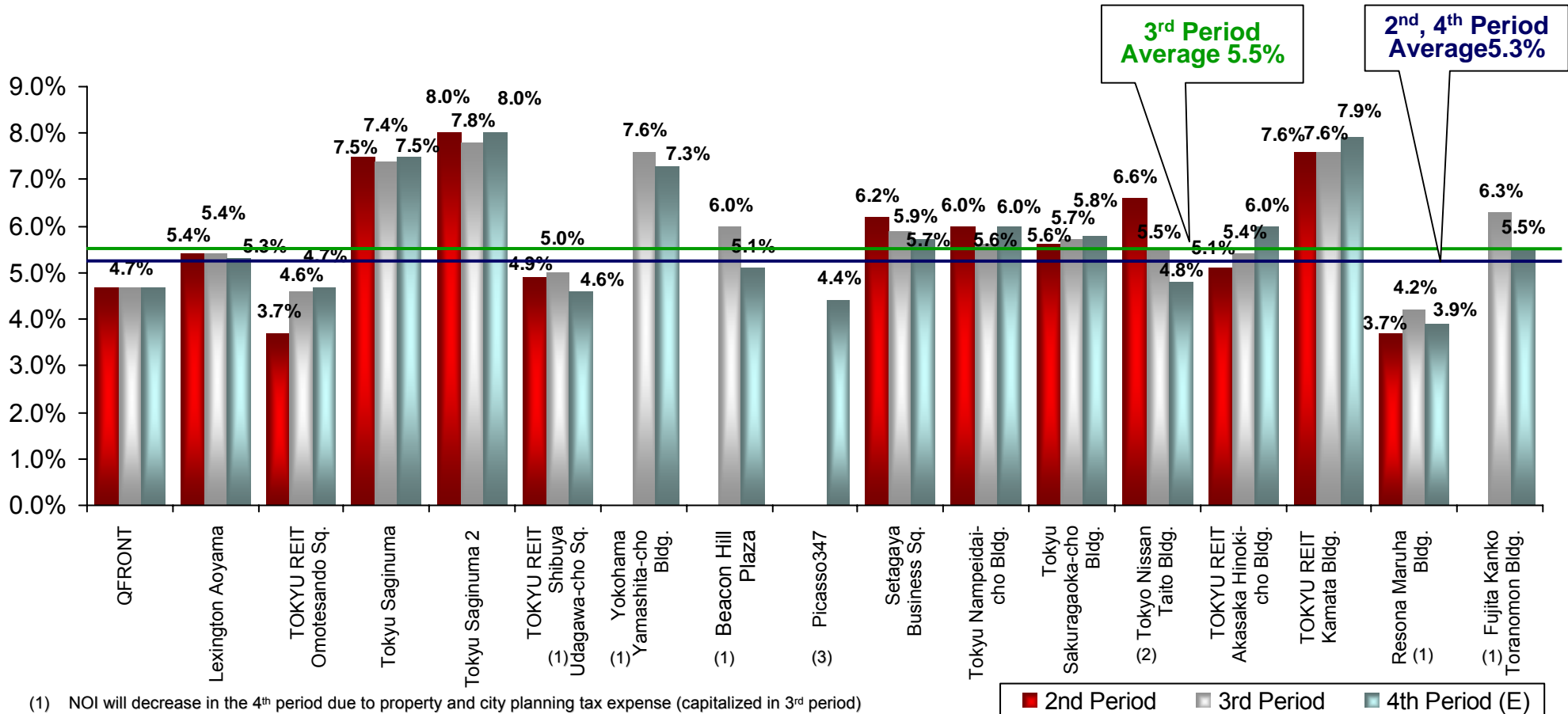
Major Financial Data

Major Financial Data (1st period – 4th period(E))

			1st Period (A)	2nd Period (A)	3rd Period (A)	4th Period (E)
Number of Investment Properties			12	13	16	17
Acquisition Price	JPY mm		103,560	110,160	133,360	148,060
Average Total Asset during the Period	JPY mm	(A)	82,738	109,108	126,822	142,862
Occupancy Rate	(%)		95.3	97.1	97.5	98.7
Operating Revenues	JPY mm		2,896	4,341	5,044	5,637
NOI	JPY mm	(B)	2,199	2,894	3,523	3,732
NOI Return	(%)	(B)/(A)	6.7	5.3	5.5	5.3
Operating Profit	JPY mm		1,486	1,771	2,210	2,230
Net Income	JPY mm	(C)	929	1,394	1,852	1,888
Total Number of Units Issued		(D)	98,000	98,000	142,000	142,000
Distribution per Unit	JPY	(E)	9,488	14,230	13,045	13,300
Payout Ratio	(%)	((D)×(E))/(C)	99.9	99.9	99.9	99.9
FFO	JPY mm	(F)	1,396	2,003	2,653	2,782
Capital Expenditures	JPY mm	(G)	46	388	68	255
AFFO	JPY mm	(H)=(F)-(G)	1,350	1,615	2,585	2,526
AFFO Payout Ratio	(%)	((D)×(E))/(H)	68.9	86.3	71.6	74.7
Total Assets	JPY mm	(I)	118,460	122,583	147,230	162,445
Net Assets	JPY mm	(J)	50,117	50,117	77,860	77,860
Net Assets per Unit	JPY	(J)/(D)	511,403	511,403	548,310	548,310
Book Value of the Properties	JPY mm	(K)	104,002	110,448	133,415	147,958
Appraisal Value as of January 31, 2005	JPY mm	(L)	103,050	111,740	136,850	151,550
Unrealized Profit/Loss	JPY mm	(M)=(L)-(K)	952	1,291	3,434	3,591
Adjusted Net Value	JPY mm	((J)+(M))/(D)	501,688	524,578	572,498	573,604
Interest Bearing Debt	JPY mm	(N)	56,700	60,000	50,500	65,500
Interest Bearing Debt + Security deposits without reserved cash		(O)	56,700	60,000	56,126	71,126
LTV(Interest Bearing Debt/Total Asset)	(%)	(N)/(I)	47.9	48.9	34.3	40.3
LTV(Modified Interest Bearing Debt/Appraisal Value)	(%)	(O)/(L)	55.0	53.7	41.0	46.9
Average Unit Price during the Period	JPY		530,828	643,097	690,705	

Summary of Our Portfolio

➤ Total Acquisition Price (At the end of 3 rd period: 16 properties)	JPY 133 bn	➤ NOI Return for 3 rd period (Ave. Acquisition Price Based)	5.5%
➤ Total Acquisition Price (17 properties)	JPY 148 bn	➤ NOI Return for 4 th period (E) (Ave. Acquisition Price Based)	5.3%



(1) NOI will decrease in the 4th period due to property and city planning tax expense (capitalized in 3rd period)
 (2) NOI will decrease in the 4th period due to the expense for repair and maintenance for the external wall
 (3) Property and city planning tax will be capitalized in the 4th period

■ 2nd Period ■ 3rd Period ■ 4th Period (E)

Adjusted Net Asset Value Calculation

		1st Period (A)	2nd Period (A)	3rd Period (E)	3rd Period (A)	4th Period (E)
Total Units Outstanding	(A)	98,000	98,000	142,000	142,000	142,000
Book Value of Net Asset at the End of the Period (JPY mm)	(B)	50,117	50,117	77,860	77,860	77,860
Net Asset per Unit (Book Value)	(C)=(B)/(A)	511,403	511,403	548,310	548,310	548,310
Total Acquisition Price (JPY mm)	(D)	103,560	110,160	124,730	133,360	148,060
Cumulated Capitalized Expenses related to Acquisition (JPY mm)	(E)	862	930	1,281	1,429	1,910
Property Tax and Others (JPY mm)	(e)	366	392	442	445	466
Cumulated Capital Expenditure (JPY mm)	(F)	46	434	591	502	758
Retirement Costs (JPY mm)	(G)	-	-	-	-	-
Depreciation (Cumulated) (JPY mm)	(H)	466	1,075	1,878	1,877	2,771
Book Value of Properties (JPY mm)	(I)=(D)+(E)+(F)-(G)-(H)	104,002	110,448	124,725	133,415	147,958
Appraisal Value at the End of the Period (JPY mm)	(J)	103,050	111,740	126,380	136,850	151,550
Unrealized Profit/Loss (JPY mm)	(K)=(J)-(I)	(952)	1,291	1,655	3,434	3,591
Unrealized Profit/Loss per Unit (JPY)	(L)=(K)/(A)	(9,715)	13,175	11,655	24,188	25,294
Net Asset per Unit after Adjustment of Unrealized Profit/Loss (JPY)	(M)=(C)+(L)	501,688	524,578	559,965	572,498	573,604



Achievements of Our Investment Strategy and Challenges

Expansion of the Portfolio

Asset Growth by 84% through 6 Properties Acquisition

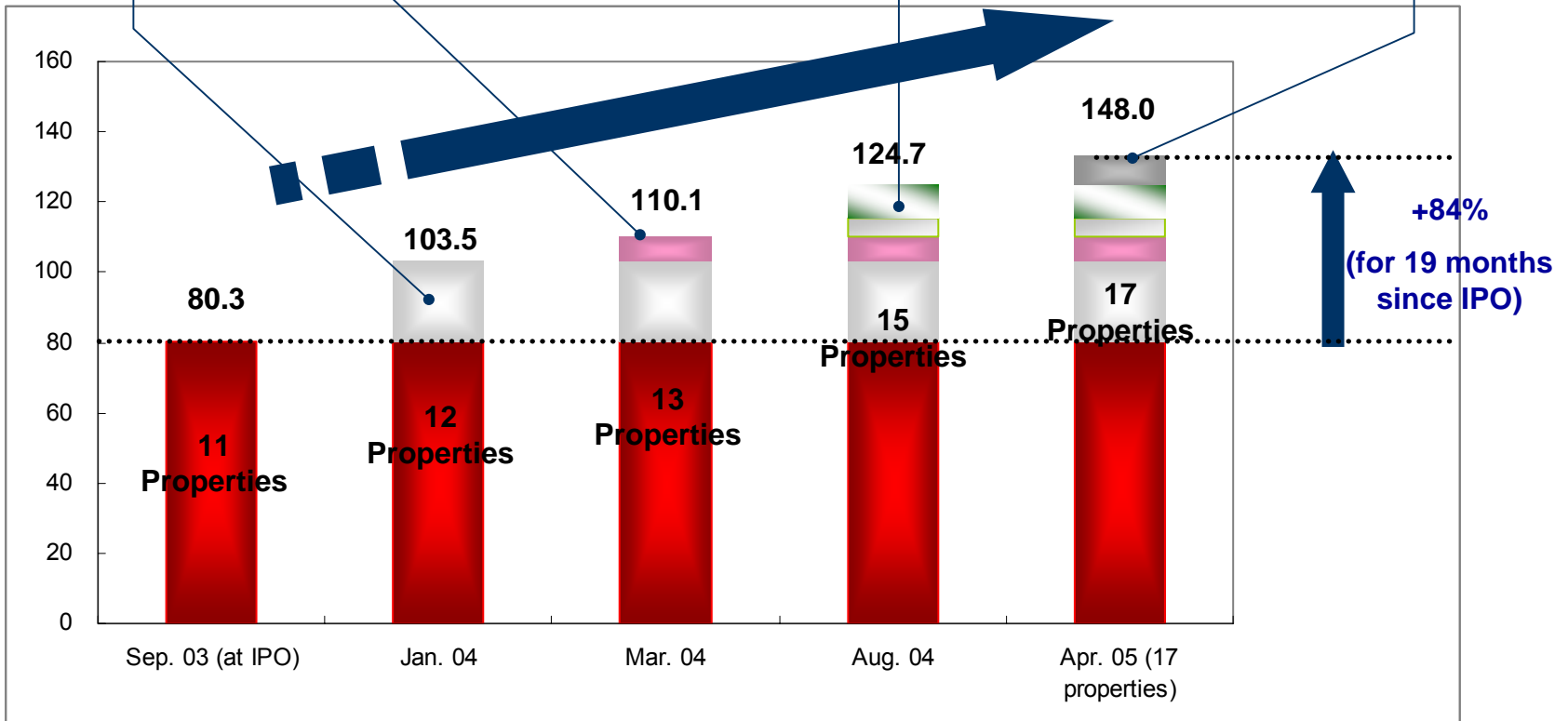
● Resona Maruha Building
(Acquisition Price: JPY23.3 billion)

● TOKYU REIT Shibuya Udagawa-cho Square
(Acquisition Price: JPY6.6 billion)

● Yokohama Yamashita-cho Building (Barneys New York Yokohama)
(Acquisition Price: JPY5.1 billion)
● Beacon Hill Plaza (Ito-Yokado Nokendai)
(Acquisition Price: JPY9.5 billion)

● Fujita Kanko Toranomon Bldg. (Acquisition Price: JPY8.6 billion)
● PICASSO 347 (Acquisition Price: JPY147.0 billion)

(JPY in billions)



Target: JPY 200 billion of total assets by the end of January 2007

New Property (Fujita Kanko Toranomon Bldg.)



Location	<ul style="list-style-type: none">■ Office area in Central Tokyo■ Close to several subway stations (Around 1 min walk from “Kamiya-cho” station)■ Along a major national road
Major Tenants	<ul style="list-style-type: none">■ Japan Nuclear Energy Safety Organization
Description	<ul style="list-style-type: none">■ Rectangular standard floor with approx. 360 tsubo (= 1,100m²) (Next to Resona Maruha Bldg.)
Acquisition Objective	<ul style="list-style-type: none">■ Good location and access in central office area■ Stable operation track record■ Majority of compartmentalized ownership■ High credit tenants
Acquisition Channel	<ul style="list-style-type: none">■ Third party
Acquisition Date	<ul style="list-style-type: none">■ December 15, 2004
Acquisition Price	<ul style="list-style-type: none">■ JPY 8.6 bn

New Property (PICASSO347)



Location	<ul style="list-style-type: none">■ 3 min walk from Shibuya station■ District of “casual apparel brands accumulation”■ Locational advantage may be enhanced by the opening of new subway line in 2007
Major Tenants	<ul style="list-style-type: none">■ “Wowd Shibuya” (Fitness & Spa)■ “TOMORROWLAND”■ “Cassina ixc”
Description	<ul style="list-style-type: none">■ Stable cash flow based on fixed term lease■ Co-ownership with Tokyu Land Corporation’s SPC
Acquisition Objective	<ul style="list-style-type: none">■ Located in “Casual apparel brands accumulation” in Shibuya■ Location potential increased by new subway line = Directly connected to Tokyu line■ Suitability of Tokyu Group’s property management feature
Acquisition Channel	<ul style="list-style-type: none">■ Third party
Acquisition Date	<ul style="list-style-type: none">■ April 6, 2005
Acquisition Price	<ul style="list-style-type: none">■ JPY 14.7 bn



Retail Properties ★

- Lexington Aoyama
- TOKYU REIT Omotesando Sq.
- TOKYU REIT Shibuya Udagawa-cho Sq.
- QFRONT
- Tokyu Saginuma
- Tokyu Saginuma 2
- Beacon Hill Plaza (Ito Yokado Nokendai)
- Yokohama Yamashita-cho Bldg. (Barneys New York Yokohama)

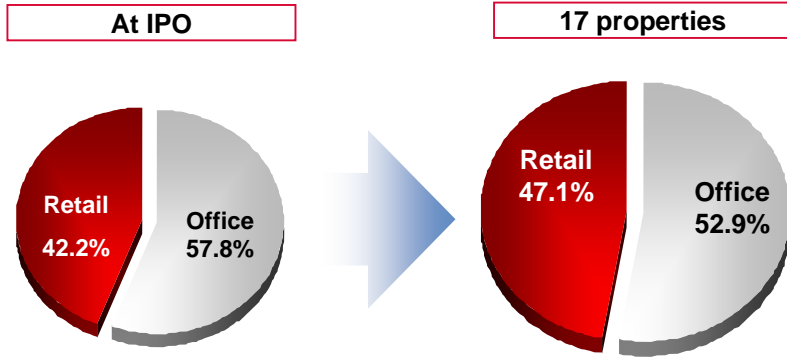
Office Properties ●

- Setagaya Business Sq.
- Tokyu Nampo-dai-cho Bldg.
- Tokyu Sakuragaoka-cho Bldg.
- Resona Maruha Bldg.
- Tokyo Nissan Taiko Bldg.
- TOKYU REIT Akasaka Hinoki-cho Bldg.
- TOKYU REIT Kamata Bldg.

Portfolio Quality Improvement (1)

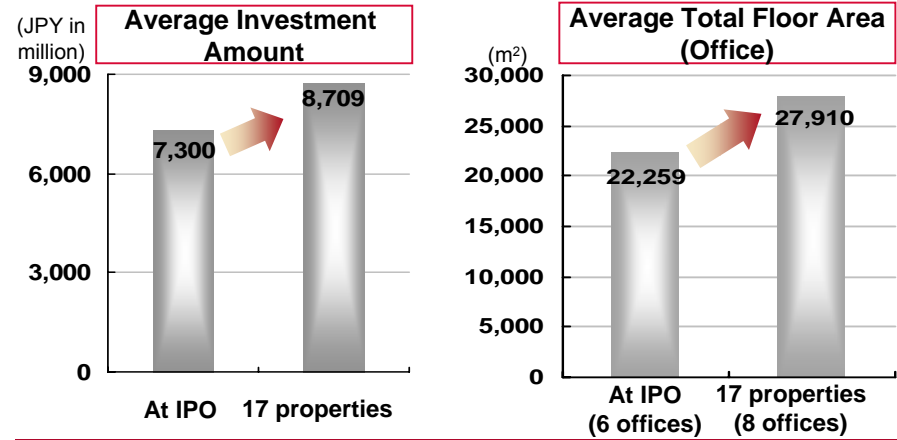
Type Allocation

(Target) Office: Retail=60:40



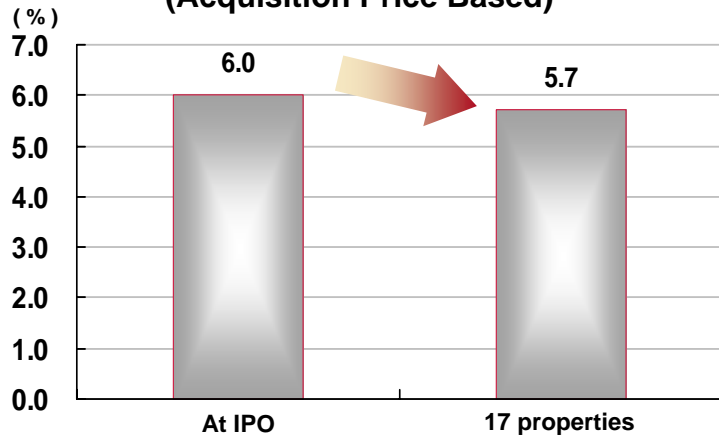
Average Investment Size

Higher Quality, Larger Size



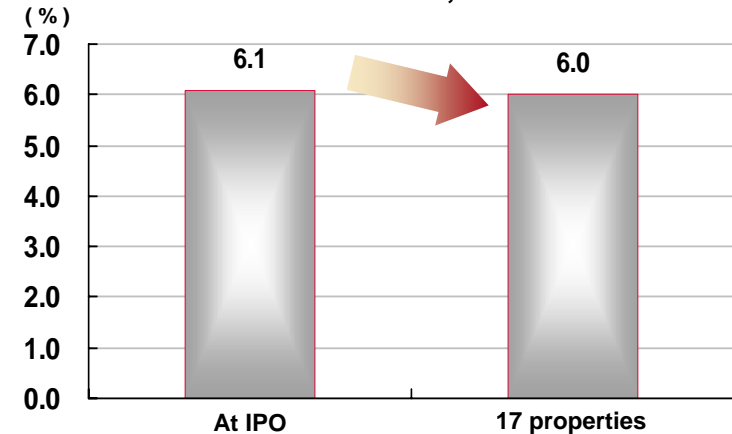
Portfolio Cap-rate

Realization of Quality Portfolio (Acquisition Price Based)



Portfolio PML

More Diversified Investment, Lower Seismic Risk



Portfolio Quality Improvement (2)

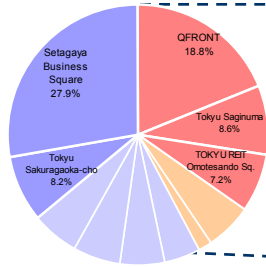
Main Properties Concentration

(Acquisition price-base)

At IPO

Top 3: 55%

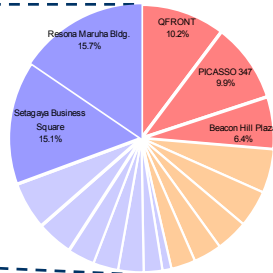
Top 5: 71%



17 properties

Top 3: 41%

Top 5: 57%

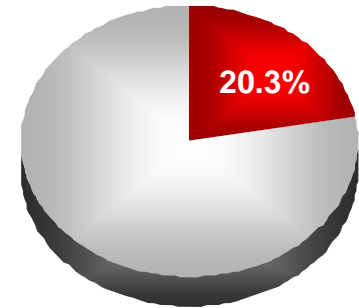
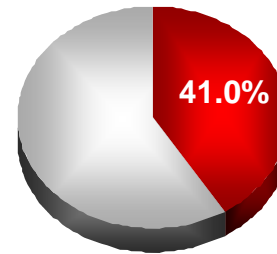


Tokyu Group Tenant Concentration

(Leased Area-base)

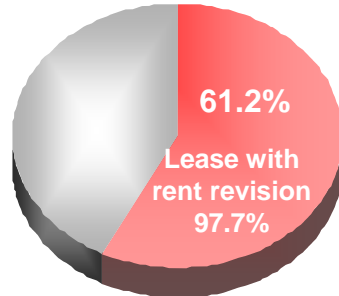
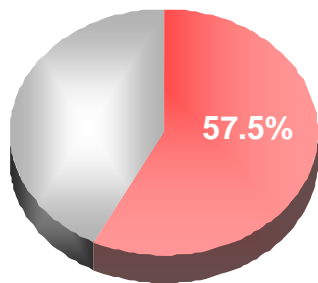
11 Properties at IPO
(As of April, 2003)

17 properties



Long-term Lease Ratio *

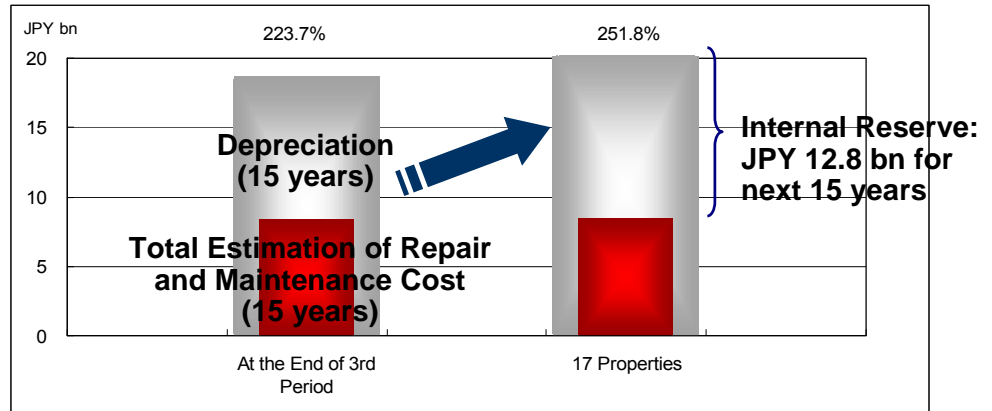
(Leasable Area-base)



11 Properties at IPO
(As of April, 2003)

17 Properties

Depreciation and Repair and Maintenance Costs



* "Long-term lease" = leases with remaining period of contracts of five years or longer from February 1st, 2005

Tenant Relationship/Tenant Leasing

Maintaining High Occupancy Rate

Occupancy Rate at the end of 3rd period: 97.5%

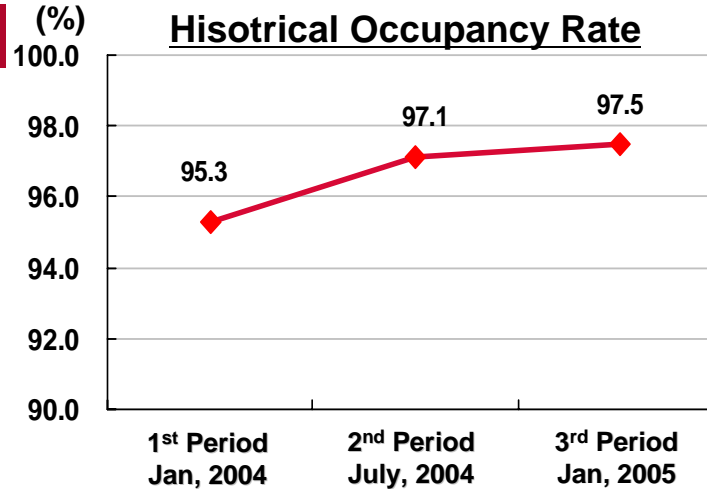
Leasing Activities

Tokyo Nissan Taito Bldg. :

TOKYU REIT Akasaka Hinoki-cho Bldg. :

Setagaya Business Square :

Resona Maruha Bldg. :



Leased-up one floor (3F)
= *Full occupancy*

Leased-up one floor (6F)
= *Full occupancy*

Leased-up one floor by new tenant
= *Expected occupancy rate: 93.5% (July 2005)*

Leased-up one floor (18F) on March 1
= *Full occupancy*

Evacuation of 8 tenants → 7 New tenant promotion or Leased-up by existing tenants

Finance Strategy

1 Flexibility

- Flexible Financing on New Property Acquisition

2 Stability

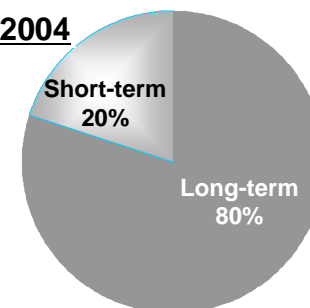
- LTV ratio⁽¹⁾ Target: 40-50% (max: 60%)
- Long-term and Fixed-interest Debt
- Diversified Financing Methodology
- Staggering Maturity

3 Efficiency

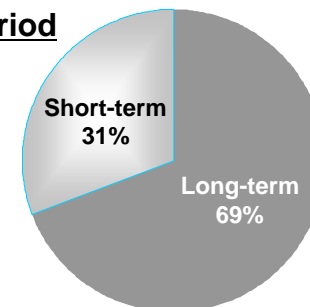
- Efficient Cash Management
- Lower Cost

Long-term Debt vs. Short-term Debt

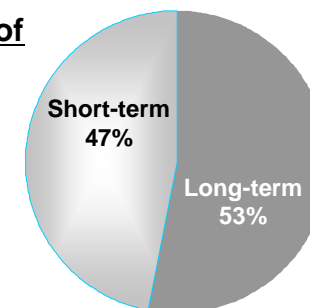
After PO in August 2004



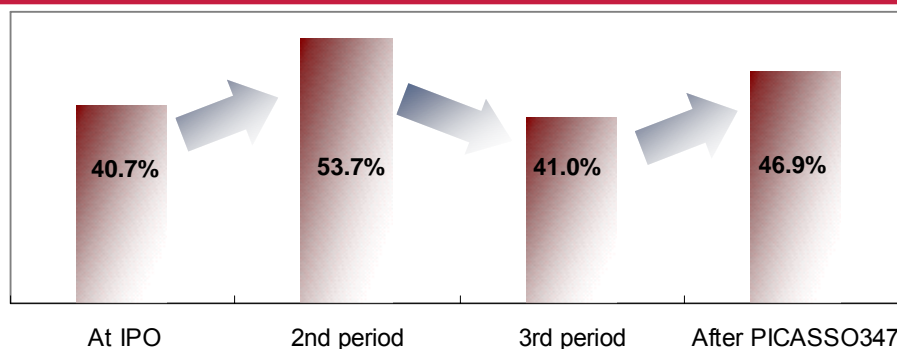
At the end of 3rd period



After the acquisition of PICASSO347



Historical Change of LTV



* LTV = (Interest-bearing Debt + JPY 5.6 bn security deposit) / Total Appraisal Value

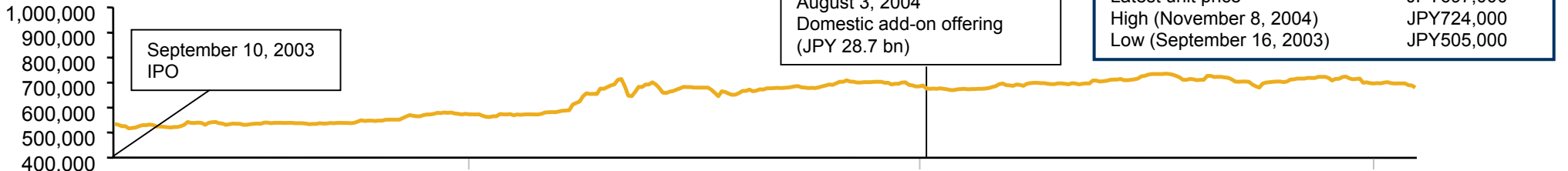
Investor Information

- Steady Increase in the number of units, its share and the number of unitholders of domestic individuals and financial institutions
- Decrease in the number of units and its share of foreign investors
- Diversification of financial institutions
- Maintaining the number of units by sponsors

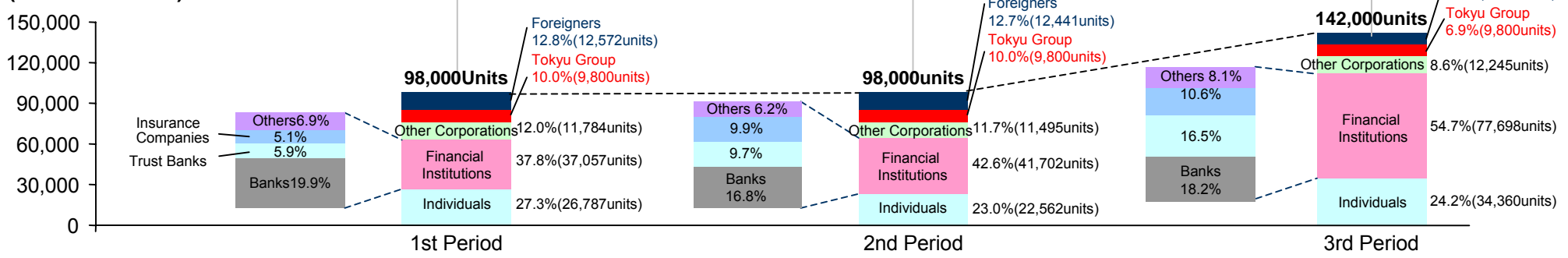
(Price, JPY) ■ Diversification of financial institutions

August 3, 2004
Domestic add-on offering
(JPY 28.7 bn)

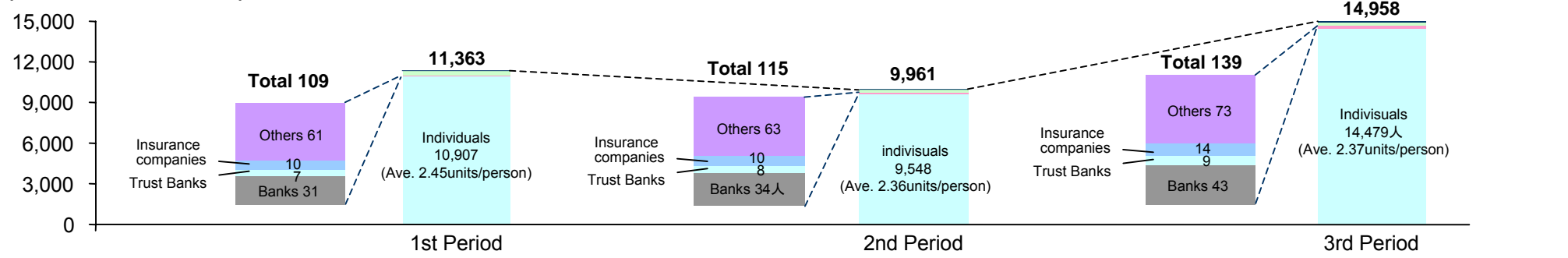
Latest unit price JPY697,000
High (November 8, 2004) JPY724,000
Low (September 16, 2003) JPY505,000



(Number of Units)



(Number of Unitholders)



		Achievements	Objectives
Growth	External Growth	<ul style="list-style-type: none"> ■ 3 properties acquired (JPY 23.2 billion) in 3rd period ■ Collaboration with Tokyu Group Companies <ul style="list-style-type: none"> • Group pipeline in acquisition • Warehouse function 	<ul style="list-style-type: none"> ■ Additional acquisition of high quality properties (JPY200 bn of total asset by the end of 2007/1) ■ Further collaboration with Tokyu Group companies
	Internal Growth	<ul style="list-style-type: none"> ■ Leasing-up in Tokyo Nissan Taito Bldg., Akasaka Hinoki-cho Bldg., Setagaya Business Square, Resona Maruha Building in 3rd period ■ Optimal cost management through CapEx control 	<ul style="list-style-type: none"> ■ Tenant Promotion in Setagaya Business Square ■ Increasing percentage rent ■ Continuing cost reduction effort
Stability	Portfolio	<ul style="list-style-type: none"> ■ Improved portfolio quality <ul style="list-style-type: none"> • 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 ■ Diversified finance method ■ Cash management utilizing security deposits 	<ul style="list-style-type: none"> ■ Keep higher ratio of of Long-term /Fixed-rate interest ■ More diversified financing method incl. bond offering and commitment line drawing
Transparency	Governance	<ul style="list-style-type: none"> ■ Fully utilized governance system ■ Implementation of the Internal Rule for Related-party Transactions 	<ul style="list-style-type: none"> ■ Further enhancement of corporate governance
	Disclosure and IR	<ul style="list-style-type: none"> ■ Web site opening/expansion ■ Active IR 	<ul style="list-style-type: none"> ■ Continuous web site improvement ■ More active IR

TOKYU REIT

Appendix

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

(in JPY mm)

ITEM	Third Period (Jan. 2005)		Second Period (July. 2004)		Change		NOTES
	JPY mm	%	JPY mm	%	JPY mm	%	
Total Operating Revenues	5,044	100.0%	4,341	100.0%	703		
Rental revenues	4,629	91.8%	3,916	90.2%	713	1.6%	Beacon Hill Plaza 297, Yamashita-cho 239, Toranomon 99, Maruha 62
Rent	4,196	83.2%	3,483	80.2%	713	3.0%	
Parking rent	84	1.7%	83	1.9%	-	(0.2%)	
Others	347	6.9%	349	8.0%	(1)	(1.2%)	
Other revenues	415	8.2%	425	9.8%	(9)	(1.6%)	Other revenues • Air-conditioning 178 • QFRONT LED screen 129
Incidental revenues	359	7.1%	362	8.3%	(3)	(1.2%)	
Other revenues	55	1.1%	62	1.4%	(6)	(0.3%)	
Total Operating Expenses	2,322	46.0%	2,055	47.3%	267	(1.3%)	
Expenses	1,521	30.2%	1,446	33.3%	74	(3.2%)	
Utility charges	444	8.8%	447	10.3%	(3)	(1.5%)	
Building maintenance costs	380	7.5%	355	8.2%	25	(0.6%)	Yamashita-cho 40, Toranomon 11, Maruha (26)
Property management expenses	108	2.1%	95	2.2%	13	(0.0%)	
Repairs and maintenance	130	2.6%	99	2.3%	30	0.3%	Maruha 25, SBS 8, Nampeidai 7, Omotesando (16)
Property and other taxes	321	6.4%	324	7.5%	(3)	(1.1%)	
Insurance expenses	16	0.3%	14	0.3%	2	(0.0%)	
Other operating expenses	119	2.4%	109	2.5%	9	(0.2%)	
Depreciation	801	15.9%	609	14.0%	192	1.9%	Beacon Hill Plaza 95, Yamashita-cho 74, Toranomon 16
Net Operating Income	2,721	53.9%	2,285	52.6%	436	1.3%	
Administrative expenses	511	10.1%	513	11.8%	(2)	(1.7%)	Asset Mgmt Fee
Asset management fees	397	7.9%	409	9.4%	(12)	(1.6%)	3 rd Period Change Base1 167 38 Base2 183 136 Incentive 46 (63)
Operating Profits	2,210	43.8%	1,771	40.8%	438	3.0%	
Non-Operating Revenues	0	0.0%	18	0.4%	(17)	(0.4%)	
Non-Operating Expenses	357	7.1%	394	9.1%	(37)	(2.0%)	
Interest expenses	289	5.7%	252	5.8%	36	(0.1%)	
New unit-issuance expenses	59	1.2%	64	1.5%	(4)	(0.3%)	
Other non-operating expenses	8	0.2%	77	1.8%	(68)	(1.6%)	
Recurring Profits	1,853	36.7%	1,395	32.1%	458	4.6%	
Income Before Income Taxes	1,853	36.7%	1,395	32.1%	458	4.6%	
Income Taxes	1	0.0%	1	0.0%	-	(0.0%)	
Net Income	1,852	36.7%	1,394	32.1%	457	4.6%	
Dividend per Unit	13,045		14,230		(1,185)		
Operating NOI	3,523	69.8%	2,894	57.4%	628	12.5%	
NOI return (NOI / Average Total Asset)	5.5%		5.3%		0.2%		

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

(in JPY mm)

ITEM	Third period (Jan 31, 2005)	Second period (July 31, 2004)	changes
Total Assets	147,230	122,583	24,647
Current Assets	12,773	11,203	1,570
Fixed Assets	134,457	111,379	23,077
Total Liabilities	67,518	71,070	(3,552)
Short-term Borrowings	15,500	25,000	(9,500)
Long-term Borrowings	35,000	35,000	-
Leasehold and security deposits received	15,245	9,304	5,940
Other liabilities	1,772	1,765	6
Total Unitholders' Equity	79,712	51,512	28,200
Total Unitholders' capital	77,860	50,117	27,742
Retained earnings	1,852	1,394	457

Cash and bank deposits	1,400
Entrusted cash and deposits	10,828
Consumption tax receivable	380
Notes and accounts receivable	109

Buildings	2,127
Structure	1
Machinery	3
Equipment	8
Land	13,282
Entrusted buildings	32,872
Entrusted structures	585
Entrusted machinery	110
Entrusted equipment	77
Entrusted land	84,332
Entrusted leasehold and security deposit	876

Entrusted cash and deposits	729
Cash and bank deposits	452
Consumption tax receivable	380

Beacon Hill	9,854
Toranomon	8,775
Yamashita-cho	5,068
Depreciation	(801)

Short-term (Aug 6)	(15,500)
Short-term (Aug 26)	(1,000)
Short-term (Nov 25)	(1,500)
Short-term (Dec 15)	8,500

Beacon Hill	4,820
Yamashita-cho	677
Toranomon	614

New unit issuance JPY630,512 X 44,000units	
---	--

LTV at the end of fiscal period

Interest bearing debt / Total asset	34.3%	48.9%	(14.6%)
(Interest bearing debt + Security deposit) / Appraisal value	41.0%	53.7%	(12.7%)

(Reference information)

Average total asset for the period	126,822	109,108	17,714
------------------------------------	---------	---------	--------

*Acquisition of Yokohama Yamashita-cho Bldg. and Beacon Hill Plaza (Aug. 3, 2004), Fujita Kanko Toranomon Bldg. (Dec. 15, 2004)

Current Status of Debt Finance

Maturity Ladder

As of January 31, 2005

(JPY in billions)



Lenders List

As of January 31, 2005

Term	Lender	Amounts (JPY bn)	Interest Rate (%)	Maturity	Notes
Short-term	Bank of Tokyo Mitsubishi	5.0	0.51750	2005/6/25	Unsecured
	Mitsubishi Trust & Banking	2.0	0.46000		
	Sumitomo Trust Bank	4.9	0.46000	2005/12/15	
	Chuo Mitsui and Sumitomo Trust	0.9			
	Bank of Tokyo Mitsubishi	0.9			
	Mizuho Corporate Bank	0.9			
	Mitsubishi Trust & Banking	0.9			
Sub-total (5 Banks)	15.5	—	—	—	
Long-term	Development Bank of Japan	4.0	2.03000	2012/6/25	Unsecured
	Aioi Fire and Marine Insurance	1.0	1.92750	2010/6/25	
	Daido Life Insurance	1.0			
	Mitsui Sumitomo Marine and Fire	1.0	1.68875	2009/6/25	
	Mitsubishi Trust & Banking	5.0			
	Chuo Mitsui and Sumitomo Trust	5.0			
	The Norinchukin Bank	4.0	1.38875	2008/6/25	
	The Hyakugo Bank	1.0	1.23875		
	Sumitomo Trust Bank	5.0	1.11625	2007/6/25	
	Daichi Life Insurance	4.0			
	Nippon Life Insurance	4.0			
Sub-total (11 Financial Institutions)	35.0	—	—	—	
Total (13 Financial Institutions)	50.5	-	-	-	

* Average interest rate during the period: 1.255%

Cash Flow Statement (3rd Fiscal Period ending Jan. 05)

(in JPY mm)

ITEM	Third period (Jan, 2005)	Second period (July, 2004)	Change
Cash Flows from Operating Activities	2,254	3,575	(1,321)
Net income before income taxes	1,853	1,395	458
Depreciation	801	609	192
Others	(400)	1,571	(1,972)
Cash Flows from Investing Activities	(18,910)	(6,865)	(12,045)
Purchase of fixed assets	(23,768)	(7,055)	(16,712)
Proceeds from leasehold and security deposits received	5,940	48	5,892
Proceeds from entrusted leasehold and security deposits received	(96)	-	(95)
Proceed from withdrawal of entrusted deposit with usage restriction	(987)	142	(1,129)
Cash Flows from Financing Activities	16,850	2,377	14,473
Proceeds from/Repayment of long/short-term borrowings	(9,500)	3,300	(12,800)
Proceeds from issuance of units	27,742	-	27,742
Dividend payment	(1,391)	922	(468)
Net Increase in Cash and Cash Equivalents	194	(911)	1,106
Cash and Cash Equivalents at beginning of Period	2,805	3,717	(911)
Cash and Cash Equivalents at end of Period	3,000	2,805	194

Beacon Hill	9,854
Toranomon	8,775
Yamashita-cho	5,068

Beacon Hill	4,820
Yamashita-cho	677
Toranomon	614

Repayment (Aug 6)	(15,500)
Repayment (Aug 26)	(1,000)
Repayment (Nov 25)	(1,500)
Borrowing (Dec 15)	8,500

Selected Financial Data by Property

	RETAIL									OFFICE									TOTAL
	Q FRONT	Lexington Aoyama	TOKYU REIT Omotesando Square	Tokyu Saginuma	Tokyu Saginuma 2	TOKYU REIT Shibuya Udagawacho Square	Yokohama Yamashita-cho Bldg.	Beacon Hill Plaza	Sub-total	Setagaya Business Square	Tokyu Nampoedai-cho Building	Tokyu Sakuragaoka-cho Building	Tokyo Nissan Taito Building	TOKYU REIT Akasaka Hinokicho Building	TOKYU REIT Kamata Building	Resona Maruha Building	Fujita Kanko Toranomon Bldg.	Sub-total	
Operating Revenues	589,370	159,031	169,355	311,638	65,101	168,324	239,269	297,037	1,999,127	1,228,386	170,851	237,774	209,366	137,240	277,384	670,105	114,647	3,045,756	5,044,884
Rental revenues	537,722	151,452	151,924	310,162	62,237	168,324	239,269	297,037	1,918,130	1,065,783	170,851	227,298	182,838	117,717	226,563	614,763	105,630	2,711,448	4,629,578
Other revenues	51,647	7,578	17,431	1,476	2,863	-	-	-	80,997	162,602	-	10,476	26,527	19,523	50,820	55,342	9,016	334,308	415,306
Operating Expenses	232,677	28,389	36,931	54,937	14,436	1,789	47,539	12,935	429,636	562,806	40,172	48,910	85,169	39,320	96,885	175,189	43,300	1,091,754	1,521,391
Utility charges	41,222	8,895	12,582	-	2,818	-	-	109	65,628	207,195	-	10,530	18,584	13,704	47,057	74,439	7,254	378,766	444,395
Building maintenance costs	63,766	4,116	4,669	15,264	1,606	-	40,743	1,403	131,570	145,337	8,979	10,375	23,121	8,518	15,650	25,182	11,873	249,036	380,607
Property management expenses	18,984	3,378	3,627	3,383	1,441	1,683	3,374	2,971	38,844	35,762	2,099	3,456	4,812	2,787	4,779	13,858	2,409	69,965	108,810
Repair and maintenance	2,997	524	6,599	7,173	1,813	-	-	921	20,028	21,743	9,463	3,532	10,414	3,266	5,569	56,316	-	110,307	130,335
Property and other taxes	41,638	8,318	7,805	27,389	6,110	-	4	4	91,268	141,589	18,132	19,786	22,271	8,148	20,140	45	-	230,114	321,383
Insurance expenses	1,413	152	227	706	144	103	1,402	1,931	6,083	5,388	803	663	1,203	296	1,216	851	229	10,652	16,735
Other operating expenses	62,655	3,003	1,421	1,020	501	2	2,014	5,593	76,212	5,789	693	565	4,760	2,598	2,473	4,496	21,533	42,910	119,122
Property Net Operating Income (NOI)	356,692	130,641	132,424	256,700	50,664	166,534	191,730	284,102	1,569,490	665,580	130,678	188,863	124,196	97,920	180,498	494,916	71,346	1,954,002	3,523,493
Depreciation	60,615	6,849	11,483	26,804	8,211	4,133	74,016	95,931	288,045	268,524	30,014	25,086	49,624	14,603	51,799	60,221	13,669	513,544	801,589
Net Operating Income (NOI)	296,077	123,792	120,941	229,895	42,453	162,400	117,713	188,170	1,281,445	397,055	100,664	163,777	74,572	83,316	128,699	434,695	57,677	1,440,458	2,721,904
Capital Expenditures	250	251	340	3,997	4,417	-	-	1,420	10,676	5,058	7,299	4,421	-	13,223	1,330	26,570	-	57,903	68,580
Acquisition price	15,100,000	4,800,000	5,770,000	6,920,000	1,290,000	6,600,000	5,050,000	9,520,000	55,050,000	22,400,000	4,660,000	6,620,000	4,450,000	3,569,590	4,720,000	23,260,000	8,630,000	78,309,590	133,359,590
Land	12,125,300	4,478,400	5,291,090	5,432,200	984,270	6,382,000	2,065,000	5,408,000	42,166,260	11,065,600	2,968,420	5,223,180	1,917,950	2,945,250	2,161,760	21,469,000	6,723,000	54,474,160	96,640,420
Building	2,974,700	321,600	478,910	1,487,800	305,730	218,000	2,985,000	4,112,000	12,883,740	11,334,400	1,691,580	1,396,820	2,532,050	624,340	2,558,240	1,791,000	1,907,000	23,835,430	36,719,170
Appraisal value at the end of the period	15,800,000	5,220,000	5,370,000	7,510,000	1,300,000	7,120,000	5,130,000	9,590,000	57,040,000	22,700,000	4,660,000	6,620,000	4,530,000	3,620,000	5,140,000	23,800,000	8,740,000	79,810,000	136,850,000
Book value at the end of the period	14,958,730	4,790,744	5,791,825	6,896,596	1,282,018	6,660,338	4,994,934	9,760,318	55,135,506	21,741,474	4,598,778	6,570,873	4,331,856	3,579,577	4,595,369	24,099,873	8,762,059	78,279,863	133,415,370
Entrusted land	12,147,079	4,485,503	5,296,945	5,446,615	988,169	6,446,436	2,071,062	5,585,737	42,467,549	11,081,787	2,974,520	5,233,294	1,922,944	2,950,298	2,165,631	21,983,090	6,835,994	55,147,563	97,615,112
Entrusted property (excl. entrusted land)	2,811,651	305,241	494,879	1,449,981	293,848	213,902	2,923,872	4,174,580	12,667,957	10,659,686	1,624,258	1,337,578	2,408,911	629,279	2,429,737	2,116,782	1,926,064	23,132,299	35,800,257

Estimated Profit and Loss Statement (4th Fiscal Period ending Jul. 05)

(in JPY mm)

ITEM	Fourth period (Forecast) (Jan. 2005)		Third period (Actual) (Jan. 2005)		Change
		%		%	
Total Operating Revenues	5,637	100.0%	5,044	100.0%	592
Rental revenues	5,200	92.2%	4,629	91.8%	570
Rent	4,758	84.4%	4,196	83.2%	561
Parking rent	92	1.6%	84	1.7%	7
Others	349	6.2%	347	6.9%	1
Other revenues	436	7.7%	415	8.2%	21
Incidental revenues	387	6.9%	359	7.1%	28
Other revenues	49	0.9%	55	1.1%	(6)
Total Operating Expenses	2,799	49.7%	2,322	46.0%	476
Expenses	1,905	33.8%	1,521	30.2%	383
Utility charges	491	8.7%	444	8.8%	46
Building maintenance costs	425	7.5%	380	7.5%	45
Property management expenses	126	2.2%	108	2.1%	17
Repairs and maintenance	117	2.1%	130	2.6%	(12)
Property and other taxes	518	9.2%	321	6.4%	196
Insurance expenses	17	0.3%	16	0.3%	1
Other operating expenses	207	3.7%	119	2.4%	88
Depreciation	893	15.8%	801	15.9%	92
Net Operating Income	2,838	50.3%	2,721	53.9%	116
Administrative expenses	608	10.8%	511	10.1%	96
Asset management fees	423	7.5%	397	7.9%	26
Operating Profits	2,230	39.6%	2,210	43.8%	19
Non-Operating Revenues	-	-	0	0.0%	0
Non-Operating Expenses	340	6.0%	357	7.1%	(16)
Interest Expense	333	5.9%	289	5.7%	44
New unit-issuance Expense	-	-	59	1.2%	(59)
Other non-operating Expense	7	0.1%	8	0.2%	(1)
Recurring Profits	1,889	33.5%	1,853	36.7%	35
Net Income Before Income Taxes	1,889	33.5%	1,853	36.7%	35
Income Taxes	1	0.0%	1	0.0%	-
Net Income	1,888	33.5%	1,852	36.7%	36

Dividend per unit	13,300		13,045		255
-------------------	--------	--	--------	--	-----

(Reference information)

Operating NOI	3,732	66.2%	3,523	69.8%	208
NOI return (NOI / Ave. Total Asset)	5.3%		5.5%		(0.2%)

Background of 4th Period Forecasts

Properties Owned

No changes except for the newly acquired property, PICASSO347 to be acquired at April 6, 2005

Operating Revenues

Based on leasing agreements effective as of March 18, 2004

Operating Expenses

With regard to property taxes on PICASSO347, the pro rata portion as part of the acquisition cost of the properties is capitalized and is not recognized as an expense through the 4th fiscal period.

Non-Operating Expenses

Short-term borrowings of JPY15 bn is expected to occur on April 6, 2005 for the acquisition of PICASSO347

Estimated Balance Sheet (4th Fiscal Period ending Jul. 05)

(in JPY mm)

ITEM	Fourth Period (A)	Third Period (A)	Changes
Total Assets	162,445	147,230	15,215
Current Assets	13,448	12,773	674
Fixed Assets	148,997	134,457	14,540
Total Liabilities	82,697	67,518	15,179
Short-term Borrowings	30,500	15,500	15,000
Long-term Borrowings	35,000	35,000	-
Leasehold and security deposits received	15,245	15,245	-
Other liabilities	1,951	1,772	179
Total Unitholders' Equity	79,748	79,712	36
Total Unitholders' capital	77,860	77,860	-
Retained earnings	1,888	1,852	36

PICASSO347 (Apr 6) 14,700

Short-term Borrowing (Apr 6) 15,500

LTV at the end of fiscal period

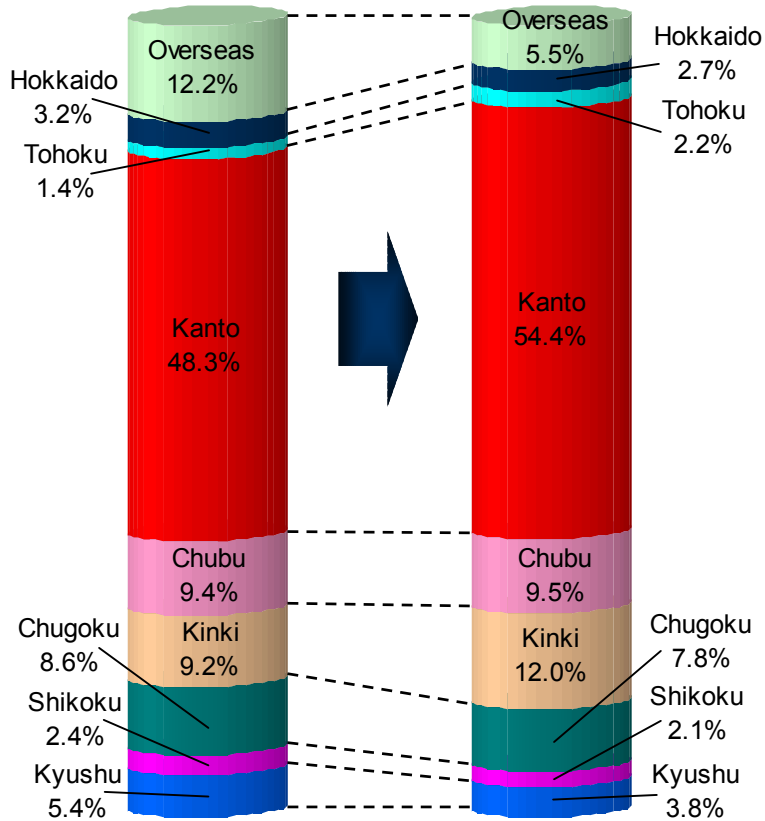
Interest bearing debt / Total asset	40.3%	34.3%	6.0%
(Interest bearing debt + Security deposit) / Appraisal value	46.9%	41.0%	5.9%

(Reference information)

Average total asset for the period	142,862	126,822	16,039
------------------------------------	---------	---------	--------

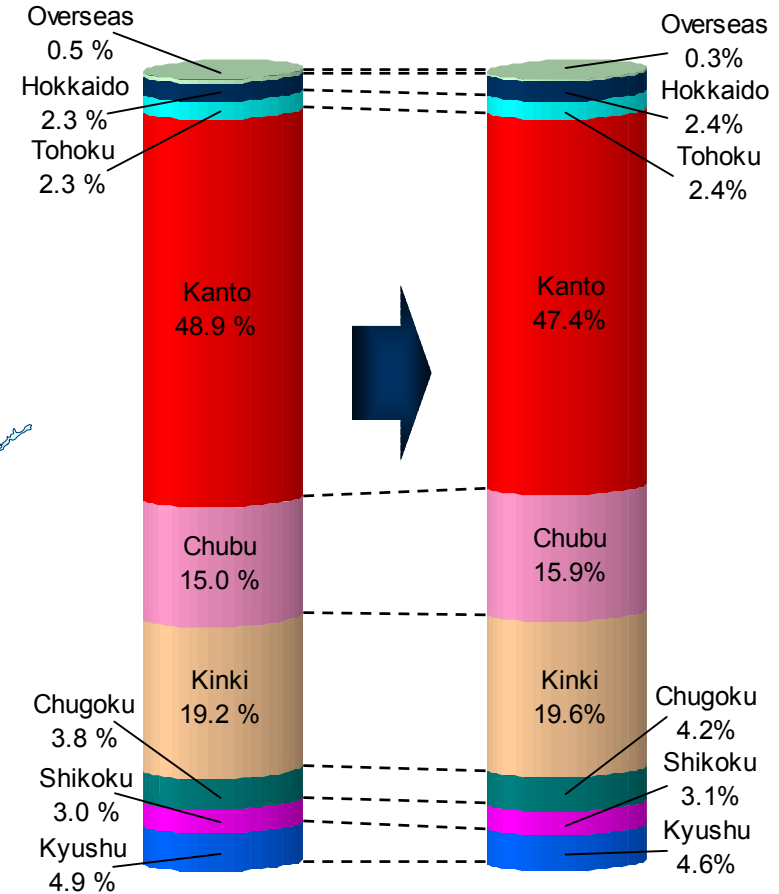
* PICASSO347 to be acquired on April 6, 2005

Number of Units

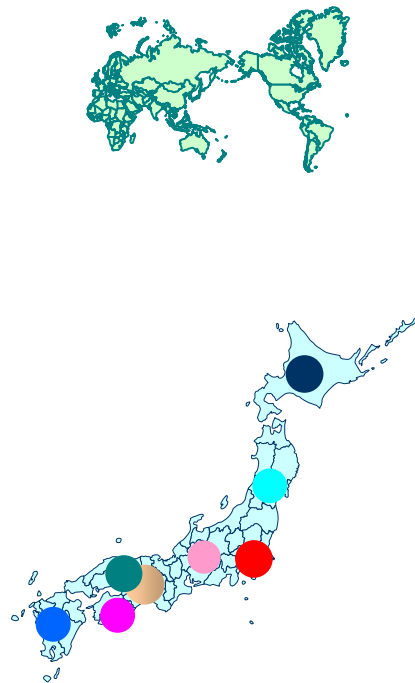


As of July 31, 2004 **As of January 31, 2005**

Number of Unitholders



As of July 31, 2004 **As of January 31, 2005**



Investor Information: Top 20 Major Investors

As of July 31, 2004

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



As of January 31, 2005

Investors	# of Unit Held	Share (%)
Japan Trustee Services Bank Ltd.	12,211	8.60
Tokyu Corporation	5,880	4.14
Kawasaki Gakuen	5,000	3.52
AIG Star Life Insurance Co., Ltd.	4,633	3.26
Trust & Custody Services Bank, Ltd.	4,138	2.91
The Gibraltar Life Insurance Co., Ltd.	3,952	2.78
Tokyu Land Corporation	3,920	2.76
The Master Trust Bank of Japan, Ltd.	3,788	2.67
The Hiroshima Bank Ltd.	3,511	2.47
The Fuji Fire and Marine Insurance	2,903	2.04
North Pacific Bank, Ltd.	2,450	1.73
Kansai Urban Banking Corporation	2,000	1.41
The Shinwa Bank, Ltd.	1,794	1.26
The Hokuto Bank, Ltd.	1,638	1.15
Aozora Bank Ltd.	1,623	1.14
Nomura Securities	1,441	1.01
The National Mutual Insurance Federation of Agricultural Cooperatives	1,434	1.01
The Chukyo Bank, Limited.	1,344	0.95
The Chase Manhattan Bank NA London SL	1,294	0.91
NikkoCiti Trust and Banking Corporation	1,193	0.84
TOTAL	66,147	47.99

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

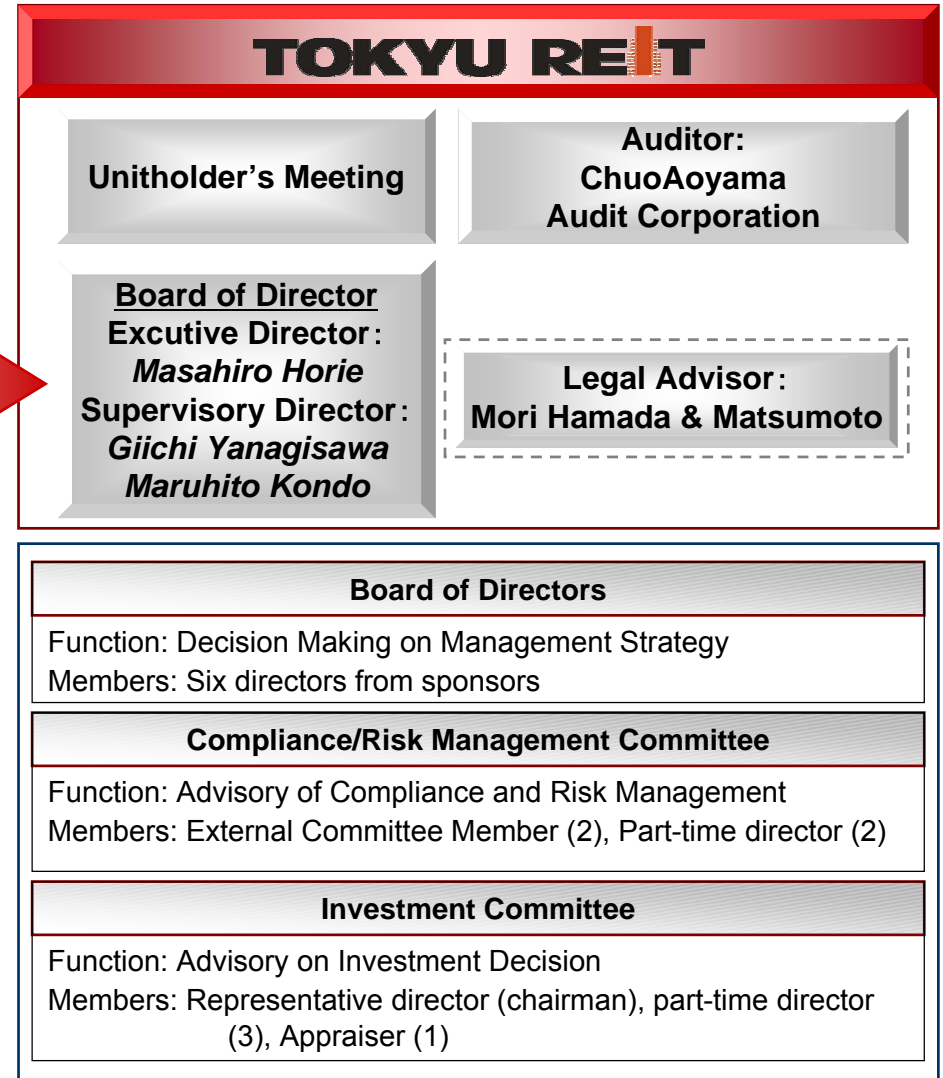
Related-party Transaction Rules

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	Property Management	Leasing
<ul style="list-style-type: none">➤ Acquisition Price \leq Appraisal \leq Disposition Price➤ Second Opinion for the Appraisal	<ul style="list-style-type: none">➤ Fee opinion➤ Performance check	<ul style="list-style-type: none">➤ Appropriate rent level➤ Disclosure of Leasing Conditions



Double Checks for Due Process

Asset Manager Level	REIT Level
<ul style="list-style-type: none">■ Check by a third party (auditor)	<ul style="list-style-type: none">■ Prior Approval of the Board of Directors<ul style="list-style-type: none">➤ Approval only by independent supervisory directors



Disclosure of the Transactions and Rules

Meeting Operation Situation

Number shows frequency of each organization

Organizations		2004					2005		Total
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	
TOKYU REIT	Unitholders' Meeting	-	-	-	-	-	-	-	0
	Board of Directors Meeting	1	2	2	2	2	2	2	13
Tokyu REIM	Board of Directors Meeting	1	1	1	1	2	1	1	8
	Investment Committee	2	1	1	1	-	2	2	9
	Risk Management and Compliance Committee	1	2	2	2	2	2	1	12
	Third party evaluation whether each related-party transaction complies with the rule	-	-	1 (1 property)	-	1 (1 property)	-	-	2

*() 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	August-04	Amendment of property management fee and formulation of internal rules to updating of PM agreement
2	September-04	Asset management fee (base fee type 2) during 2nd period
3		Asset management fee (incentive fee) during 2nd period
4		Settlement of the account (utility expenses) regarding Yokohama Yamashita-cho Bldg. and Beacon Hill Plaza
5	October-04	Payment of repairment works of the defect on a rooftop structure TOKYU REIT Kamata Bldg.
6		Formulation of internal procedures regarding AUP for construction works outsourcing to Tokyu Group companies
7		Outsourcing to a related party of repairment works of Tokyu Nampeidai-cho Bldg.
8		Outsourcing to a related-party of emergency works of Setagaya Business Square
9	November-04	Formulation of internal rules regarding the amendment of property management agreement for more efficient asset management operation (Periodic implementation of PM performance measurement)
10		Memorandum concerning amendment of property management agreement
11	December-04	Property management agreement of Fujita Kanko Totanomom Bldg.
12		Succession of the title as a lessor from Tokyu Community to Tokyu Bus in the underground compartment of Setagaya Business Square
13	January-05	Asset management fee (base fee type 1) during 3rd period

* Statutory matter provided in the Investment Trust Law

1. Overview

(1) Current Board Members

3 Members: 1 Executive Director and 2 Supervisory Directors

(2) CEO of TOKYU REIM, our Asset Manager, also serves as our Executive Director (approved by FSA)

(3) Our directors receive only monthly compensation. Since they are not involved in investment decisions, we don't plan to pay them bonus at the moment in order to maximize return to investors.

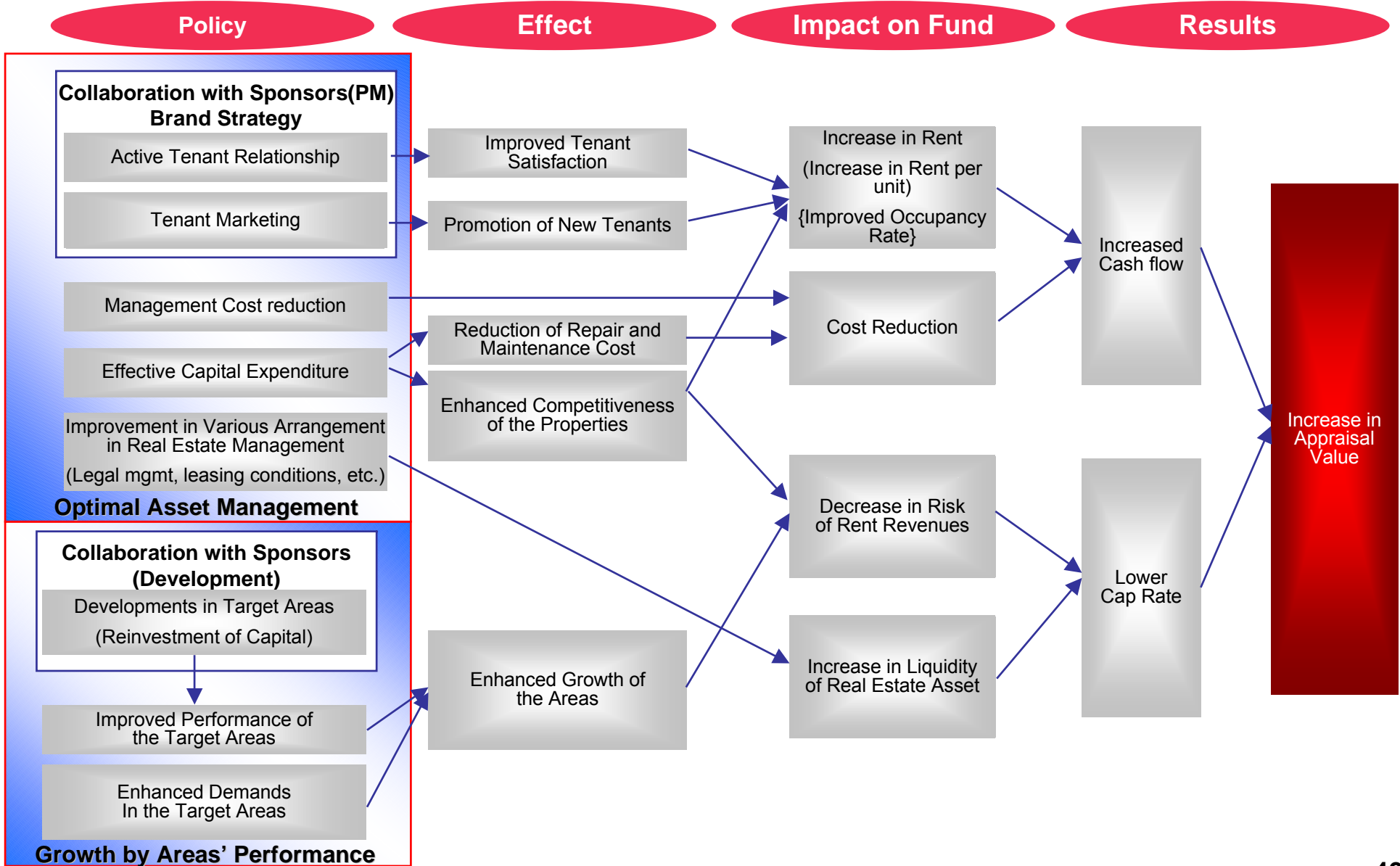
(4) A Supervisory Director is paid JPY400,000 (max. JPY 500,000 stipulated in the article of incorporation) a month considering the frequency of Board meeting held twice a month and the amount of work responsibility. Executive Director currently receives no payment (max. JPY1.0 million) because he also serves as CEO of Asset Manager.

2. Historical Payment and Forecast

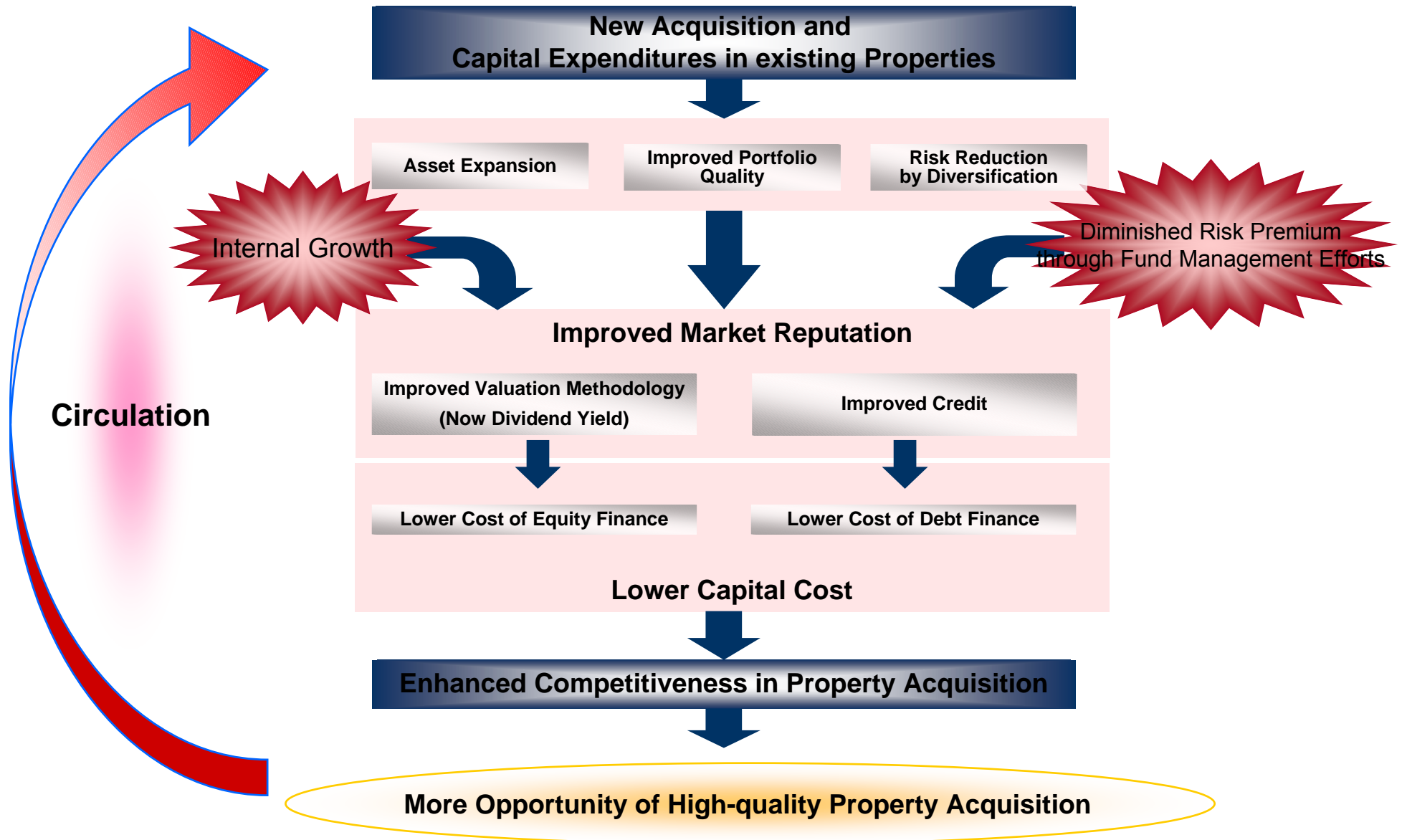
Remuneration of Directors

		1st Period A	2nd Period A	3rd Period E	Total
Executive Director: Masahiro Horie	¥1,000	0	0	0	0
Supervisory Director: Giichi Yanagisawa	¥1,000	3,200	2,400	2,400	8,000
Supervisory Director: Maruhito Kondo	¥1,000	3,200	2,400	2,400	8,000
Total	¥1,000	6,400	4,800	4,800	16,000
Remuneration per Unit	¥	65	49	34	148
(Reference)					
Distribution per Unit	¥	9,488	14,230	13,045	36,763
Remuneration per Unit as % of above	%	0.7	0.3	0.3	0.4

How to Achieve Our Internal Growth?



How to Achieve Our External Growth?



Acquisition

■ Pipeline Support

- 2 Contributed from Tokyu Group / 6 Developed by Tokyu Group at IPO
- Udagawa-cho Sq. : 2nd period / JPY6.6bn
 - Contributed and Developed by Tokyu Group

■ Warehousing

- 3 properties acquired through warehousing by Tokyu Group
- Yokohama Yamashita-cho Bldg. : 3rd period / JPY5.1bn
- Beacon Hill Plaza: 3rd period / JPY9.5bn
- PICASSO 347: 4th period / JPY14.7bn

■ Reference by Tokyu Land Corporation (Resona Maruha Bldg./ Beacon Hill Plaza)

■ Future Pipeline Potential

- Huge redevelopment projects in the Tokyu Areas such as Shibuya

■ PM by Tokyu Corporation/Tokyu Land Corporation

■ Community-based tenant promotion capability and cost reduction potential by scale of economy

- Leasing up of Resona Maruha Bldg. and Omotesando Sq. etc.

■ “TOKYU” brand licensing

- “TOKYU REIT” name
- Building name change to “TOKYU REIT” brand

PM (Property Mgmt.)

Brand License

REIT market focuses on higher immediate return

- Incentive to higher risk property (conscious of retail investors' expectation)
 - Bias towards small-size, local, aged properties



Basic Strategy of TOKYU REIT: "REIT = Yield + Equity"

- Expensive valuation and unstable cssh flow in the mid-term of small-size properties
 - Hidden burden of repair and maintenance costs by age-old properties
Consideration on the balance between long-term depreciation and CapEx
- "Low cap portfolio comprised of quality properties" leads higher total return



**Improve portfolio quality and asset size
Reduce risk and achieve higher return of existing portfolio as well as increase NCF**