

TOKYU REIT



Fourth Fiscal Period (July, 2005) Presentation

TOKYU REIT, Inc.
8957

<http://www.tokyu-reit.co.jp/>

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



Summary of Our Strategy

1. Dissemination of cash-flow based valuation

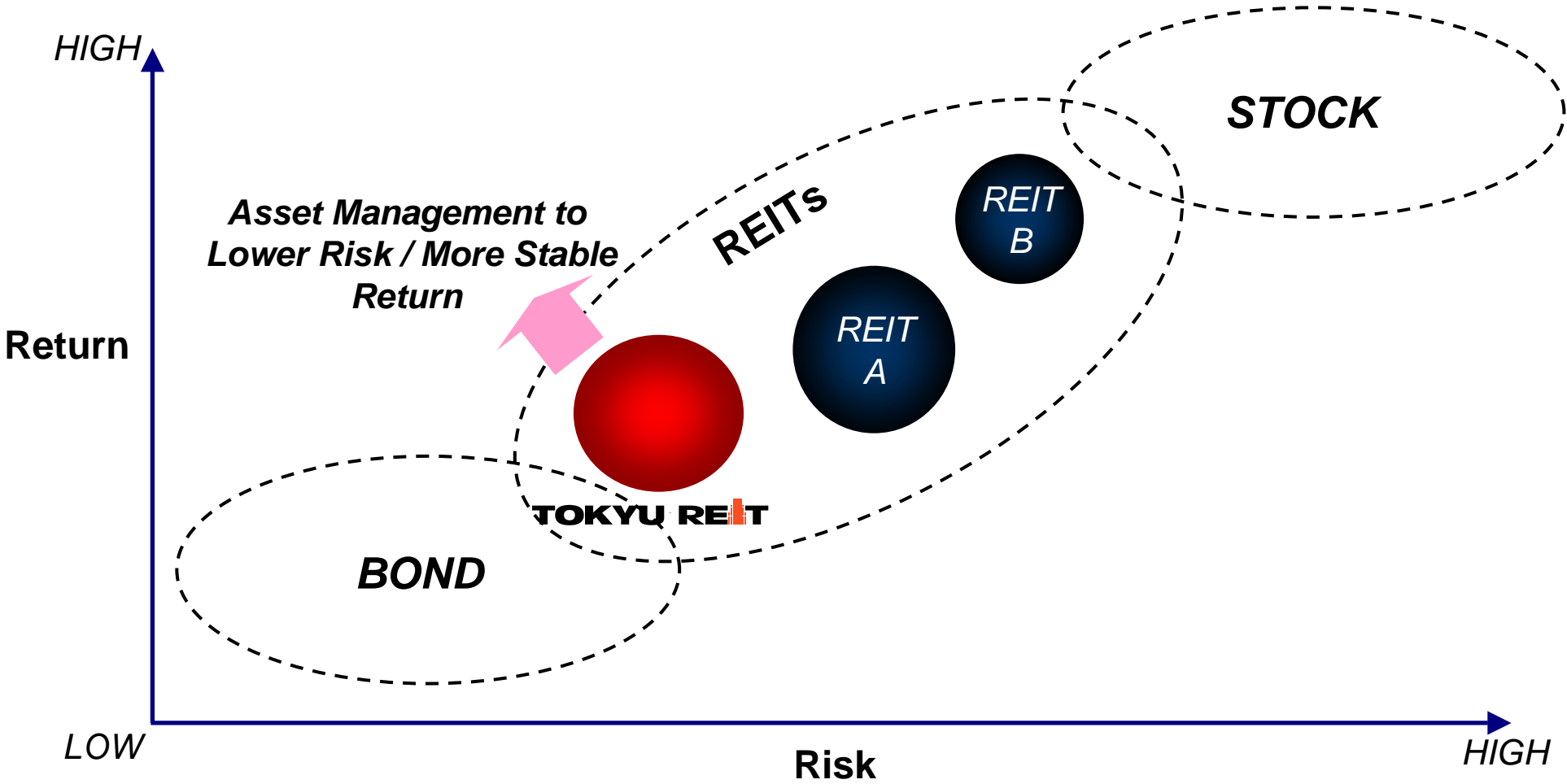
2. Polarization in three points

- (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

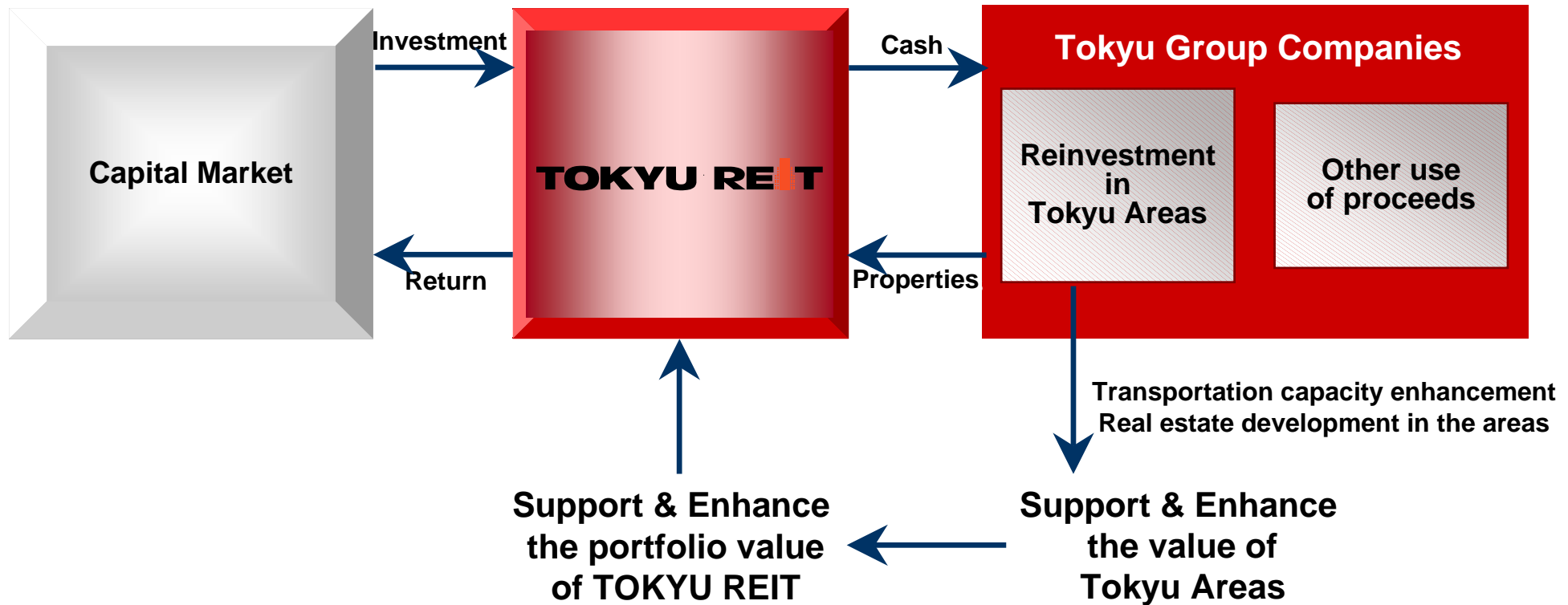
■ Monitoring by the Third-Parties with Double Check

■ Fair & Timely Disclosure



**Transparent
Structure**

Reinvestment of Capital Generated through TOKYU REIT






Fiscal Results and Forecasts

2005/07 Results

- **EPS: JPY13,798**
 - Increased 5.8% to 3rd period of JPY13,045
 - Increased from initial forecast of JPY13,300
- **Comparison to 3rd period**
 - **External Growth**
 - ✓ Full contribution of Fujita Kanko Toranomon Bldg. (Acquisition: Dec. 15, 2004)
 - ✓ Acquisition of PICASSO347 (Apr. 6, 2005)
 - **Internal Growth**
 - ✓ Increased occupancy (from 97.5% at the end of 3rd period to 99.1% at the end of 4th period)

2006/01 Forecasts

- **Estimated EPS: JPY 13,400**
 - Dilution by add-on offering (+27,380 units)
 - Lowered leverage
 - ✓ 45.3% at the end of 4th period
 - ✓ 35.6% at the end of 5th period
 - **Assumption**
 - Additional acquisition of PICASSO347 (40%)
 - Increased occupancy (99.4% at the end of 5th period)
- (Reference)
- Acquisition Capacity: Approx 45 billion as of the end of August 2005

Major Financial Data

Major Financial Data (1st period – 5th period(E))

			1st Period (A)	2nd Period (A)	3rd Period (A)	4th Period (A)	5th Period (E)
Number of Investment Properties			12	13	16	17	17
Acquisition Price	JPY mm		103,560	110,160	133,360	148,060	157,860
Average Total Asset during the Period	JPY mm	(A)	82,738	109,108	126,822	142,862	157,806
Occupancy Rate	(%)		95.3	97.1	97.5	99.1	99.4
Operating Revenues	JPY mm		2,896	4,341	5,044	5,684	6,234
NOI	JPY mm	(B)	2,199	2,894	3,523	3,835	4,262
NOI Return	(%)	(B)/(A)	6.7	5.3	5.5	5.4	5.4
Operating Profit	JPY mm		1,486	1,771	2,210	2,325	2,579
Net Income	JPY mm	(C)	929	1,394	1,852	1,959	2,269
Total Number of Units Issued		(D)	98,000	98,000	142,000	142,000	169,380
Distribution per Unit	JPY	(E)	9,488	14,230	13,045	13,798	13,400
Payout Ratio	(%)	((D)×(E))/(C)	99.9	99.9	99.9	99.9	99.9
FFO	JPY mm	(F)	1,396	2,003	2,653	2,887	3,252
Capital Expenditures	JPY mm	(G)	46	388	68	142	173
AFFO	JPY mm	(H)=(F)-(G)	1,350	1,615	2,585	2,744	3,079
AFFO Payout Ratio	(%)	((D)×(E))/(H)	68.9	86.3	71.6	71.4	73.7
Total Assets	JPY mm	(I)	118,460	122,583	147,230	162,180	171,673
Net Assets	JPY mm	(J)	50,117	50,117	77,860	77,860	98,019
Net Assets per Unit	JPY	(J)/(D)	511,403	511,403	548,310	548,310	578,697
Book Value of the Properties	JPY mm	(K)	104,002	110,448	133,415	147,819	157,115
Appraisal Value as of January 31, 2005	JPY mm	(L)	103,050	111,740	136,850	155,090	164,890
Unrealized Profit/Loss	JPY mm	(M)=(L)-(K)	952	1,291	3,434	7,270	7,774
Adjusted Net Value	JPY mm	((J)+(M))/(D)	501,688	524,578	572,498	599,513	624,595
Interest Bearing Debt	JPY mm	(N)	56,700	60,000	50,500	64,500	53,000
Interest Bearing Debt + Security deposits without reserved cash		(O)	56,700	60,000	56,126	70,183	58,683
LTV(Interest Bearing Debt/Total Asset)	(%)	(N)/(I)	47.9	48.9	34.3	39.8	30.9
LTV(Modified Interest Bearing Debt/Appraisal Value)	(%)	(O)/(L)	55.0	53.7	41.0	45.3	35.6
Average Unit Price during the Period	JPY		530,828	643,097	690,705	726,082	

Summary of Our Portfolio

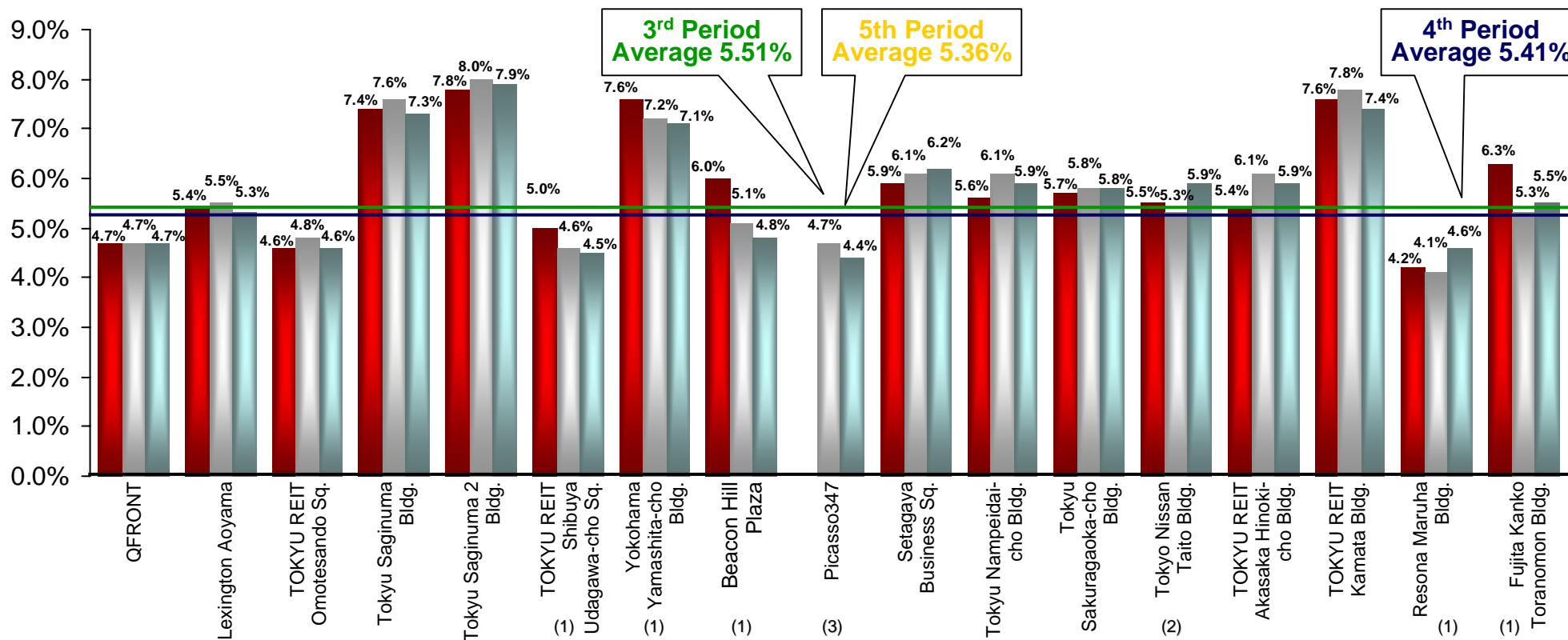
➤ Total Acquisition Price
(At the end of 4th period: 17 properties) JPY 148.0bn

➤ Total Acquisition Price
(17 properties) JPY 157.8bn

➤ NOI Return for 3rd period
(Ave. Acquisition Price Based) 5.51%

➤ NOI Return for 4th period
(Ave. Acquisition Price Based) 5.41%

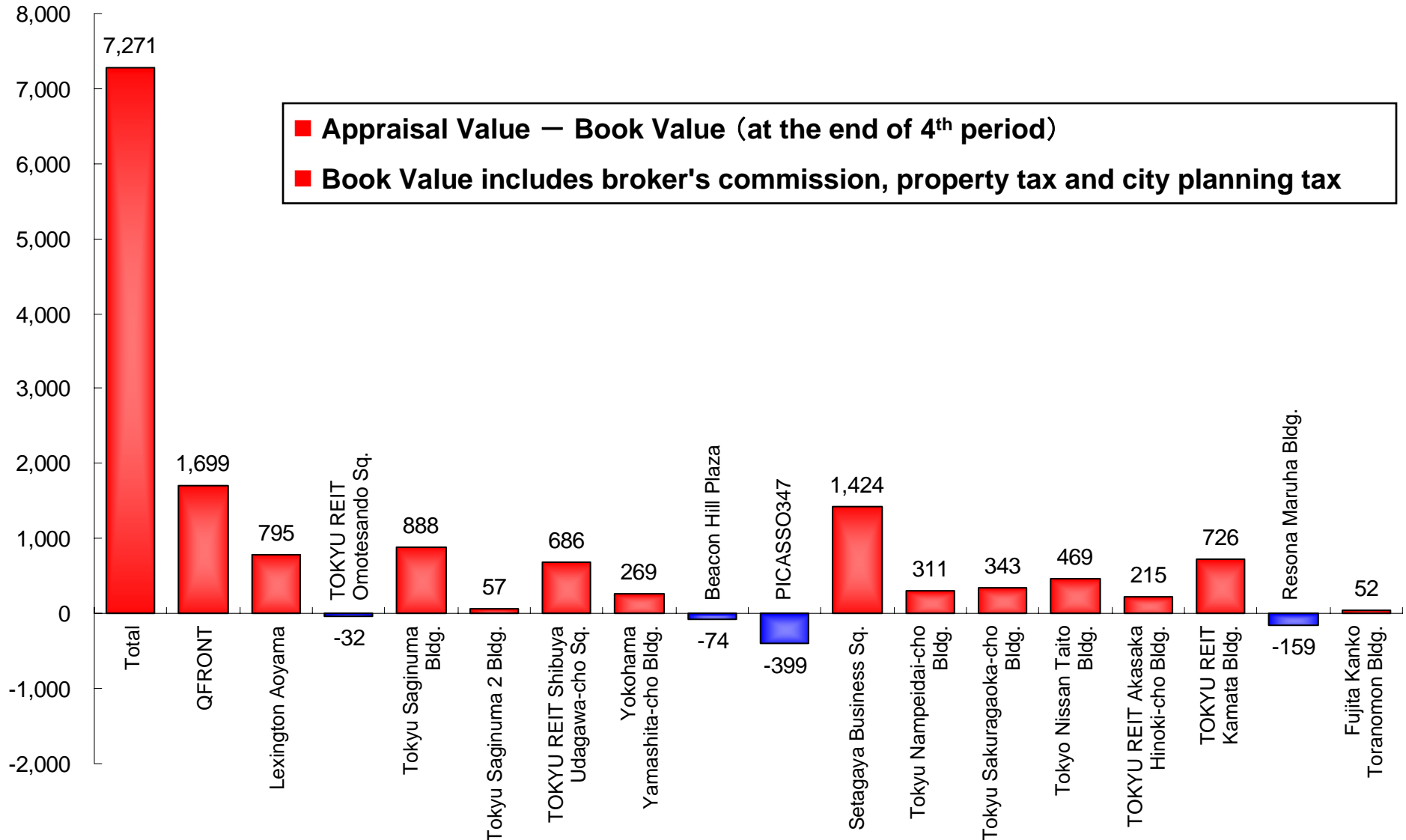
➤ NOI Return for 5th period (E)
(Ave. Acquisition Price Based) 5.36%



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

Unrealized Gain and Loss of Each Properties (at the end of 4th period)

(JPN in million)



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Adjusted Net Asset Value Calculation

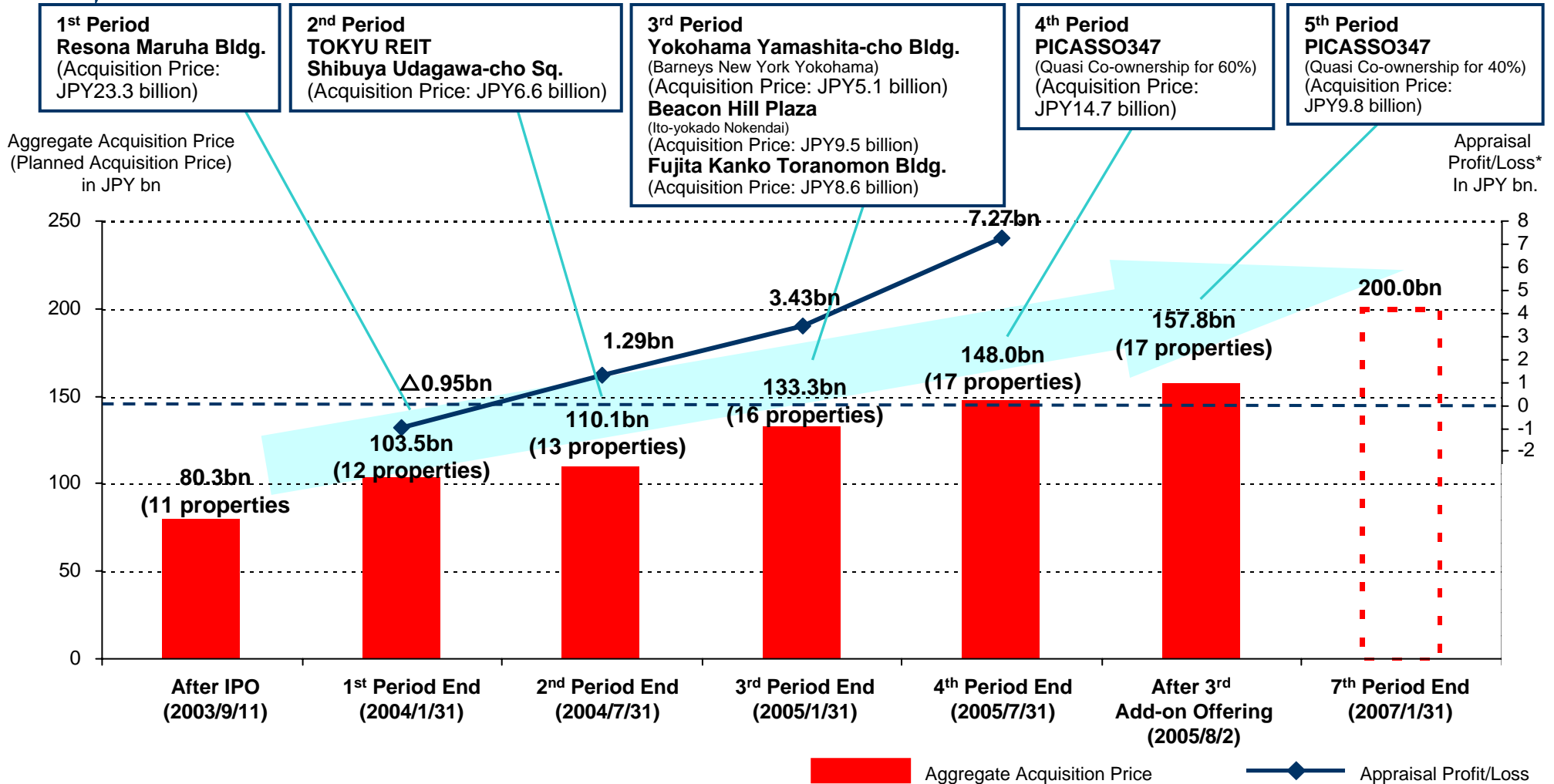
		1st Period (A)	2nd Period (A)	3rd Period (A)	4th Period (A)	5th Period (E)
Total Units Outstanding	(A)	98,000	98,000	142,000	142,000	169,380
Book Value of Net Asset at the End of the Period (JPY mm)	(B)	50,117	50,117	77,860	77,860	98,019
Net Asset per Unit (Book Value)	(C)=(B)/(A)	511,403	511,403	548,310	548,310	578,697
Total Acquisition Price (JPY mm)	(D)	103,560	110,160	133,360	148,060	157,860
Cumulated Capitalized Expenses related to Acquisition (JPY mm)	(E)	862	930	1,429	1,919	2,226
Property Tax and Others (JPY mm)	(e)	366	392	445	477	489
Cumulated Capital Expenditure (JPY mm)	(F)	46	434	502	645	818
Retirement Costs (JPY mm)	(G)	-	-	-	32	32
Depreciation (Cumulated) (JPY mm)	(H)	466	1,075	1,877	2,772	3,756
Book Value of Properties (JPY mm)	(I)=(D)+(E)+(F)-(G)-(H)	104,002	110,448	133,415	147,819	157,115
Appraisal Value at the End of the Period (JPY mm)	(J)	103,050	111,740	136,850	155,090	164,890
Unrealized Profit/Loss (JPY mm)	(K)=(J)-(I)	(952)	1,291	3,434	7,270	7,774
Unrealized Profit/Loss per Unit (JPY)	(L)=(K)/(A)	(9,715)	13,175	24,188	51,203	45,899
Net Asset per Unit after Adjustment of Unrealized Profit/Loss (JPY)	(M)=(C)+(L)	501,688	524,578	572,498	599,513	624,596



Achievements of Our Investment Strategy and Challenges

Expansion of the Portfolio

- Aggregate acquisition value (incl. planned acquisition) reaches JPY157.8bn
 - Aggregate Appraisal Value at the End of 4th Period > Total Book Value
- ➡ Appraisal Profit of JPY7.27bn



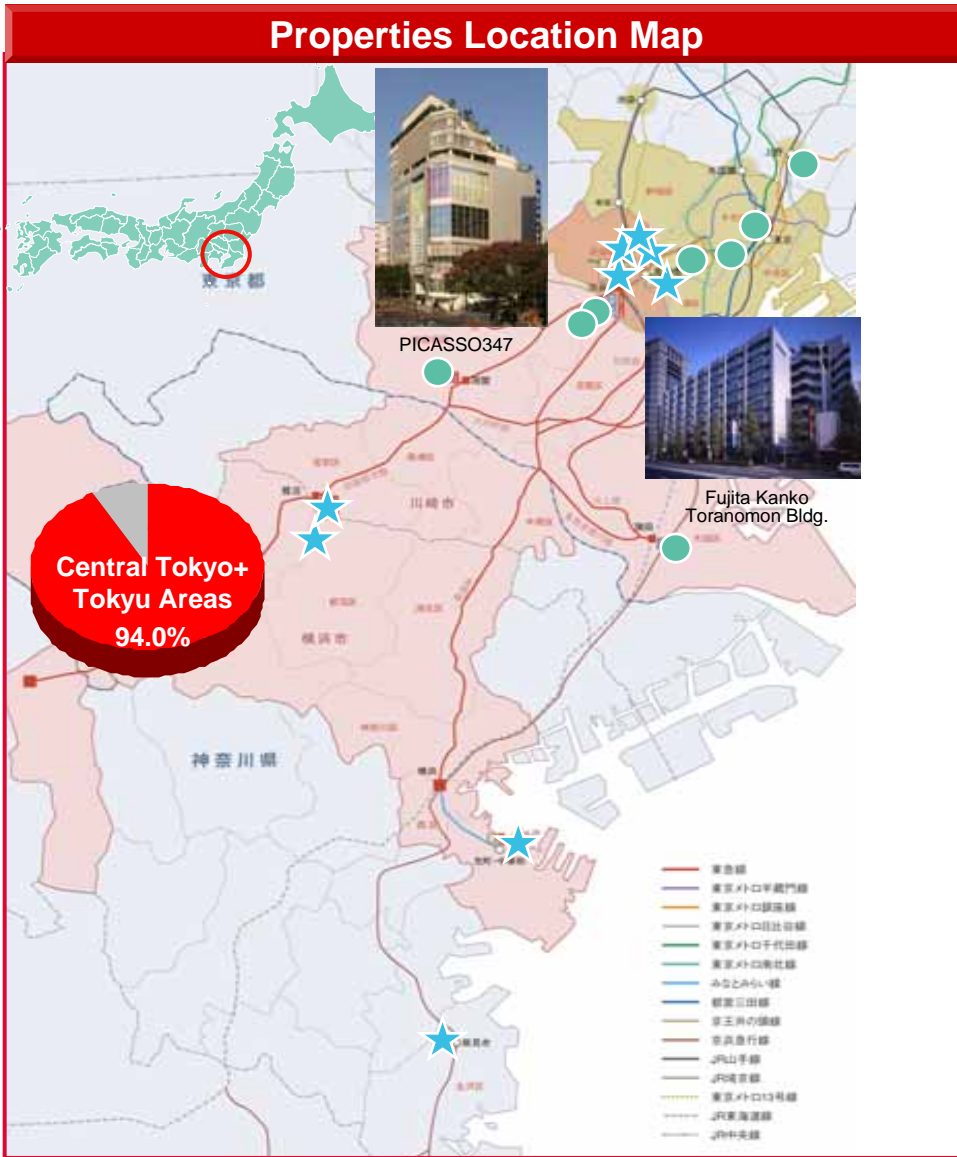
* Appraisal profit/loss means the difference between the appraisal value at the end of the period and the appraisal value at the acquisition.

New Property (PICASSO347:Acquisition in 4th period and the 5th period)



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"> ■ “TOMORROWLAND” ■ “Cassina ixc” ■ “Wowd Shibuya” (Fitness & Spa)
Description	<ul style="list-style-type: none"> ■ Stable cash flow based on fixed term lease
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 Date	<ul style="list-style-type: none"> ■ April 6, 2005 (beneficial interest:60%) ■ August 2, 2005
Total Acquisition Price	<ul style="list-style-type: none"> ■ JPY 24.5 bn

After acquiring 40% of the beneficial interest with the 5th add-on offerings, we have fully possessed beneficial interest, adding to 60% of the ownership already purchased on April 6th, 2005



Retail Properties

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

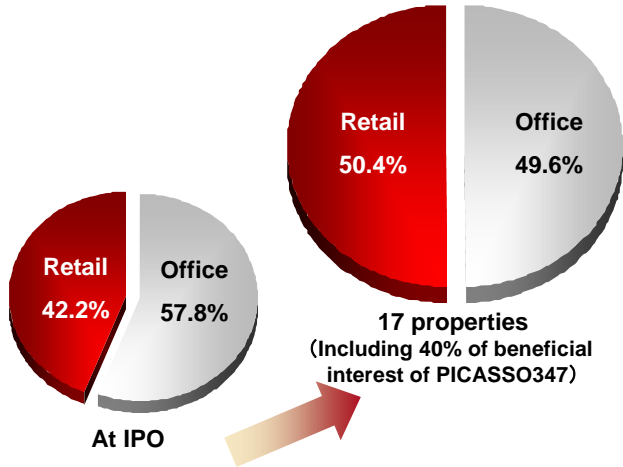
Office Properties

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

Portfolio Quality Improvement (1)

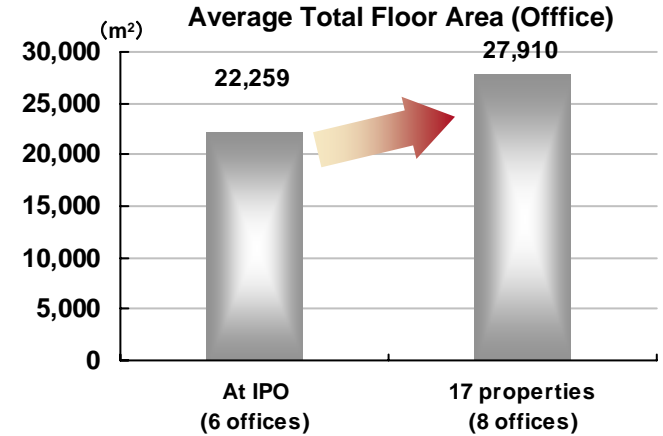
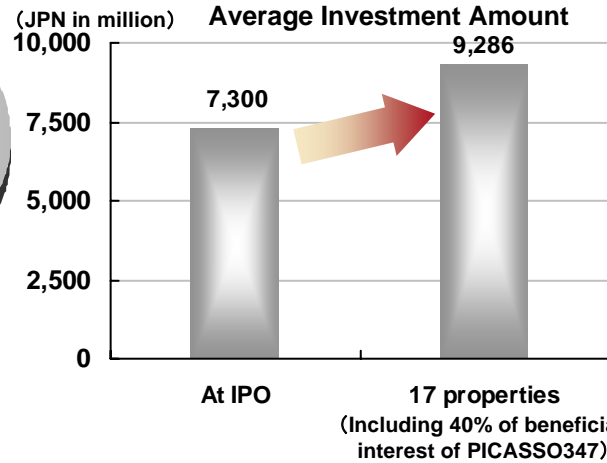
Type Allocation

(Target) Office: Retail = 60: 40



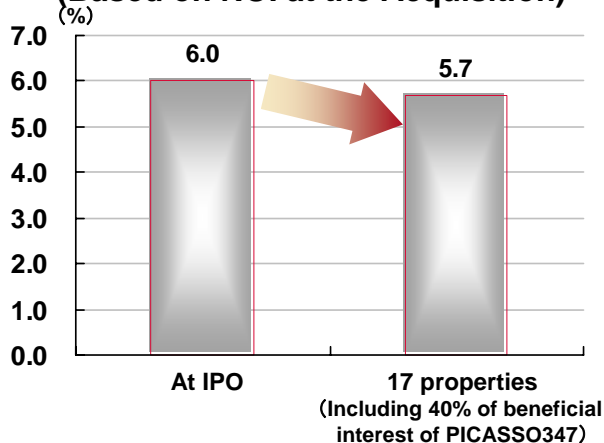
Average Investment Size

Investment in Large-size/ High-quality Properties



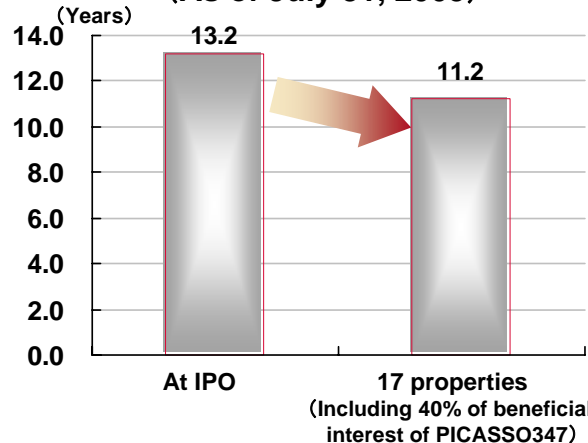
Portfolio Cap Rate

Realization of Quality Portfolio (Based on NOI at the Acquisition)



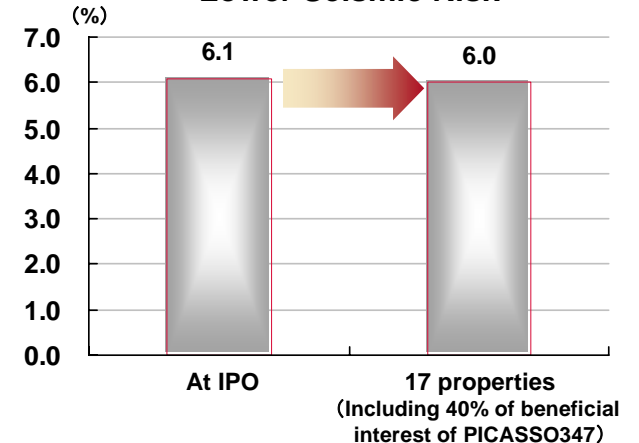
Average Years Built

Weighted Average Years Built (As of July 31, 2005)



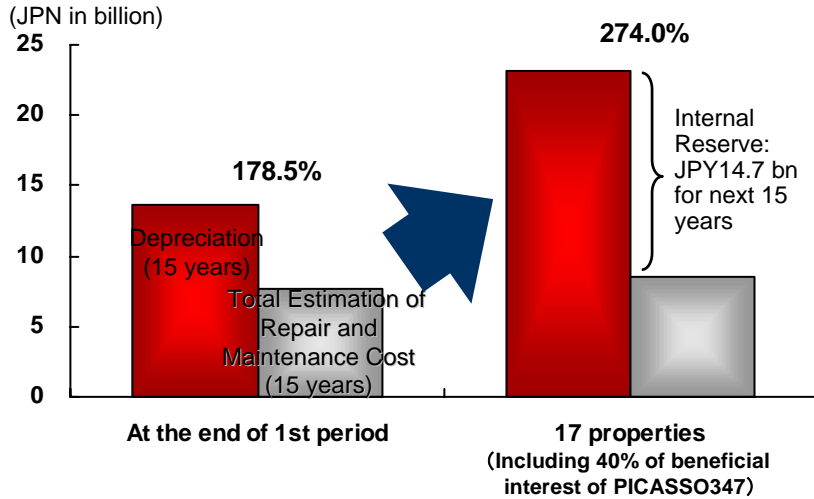
Portfolio PML

More Diversified Investment, Lower Seismic Risk

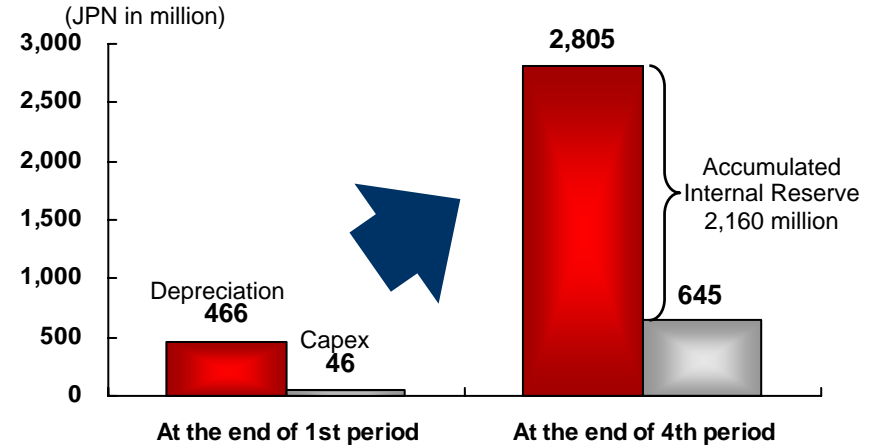


Portfolio Quality Improvement (2)

Depreciation and Repair and Maintenance Costs

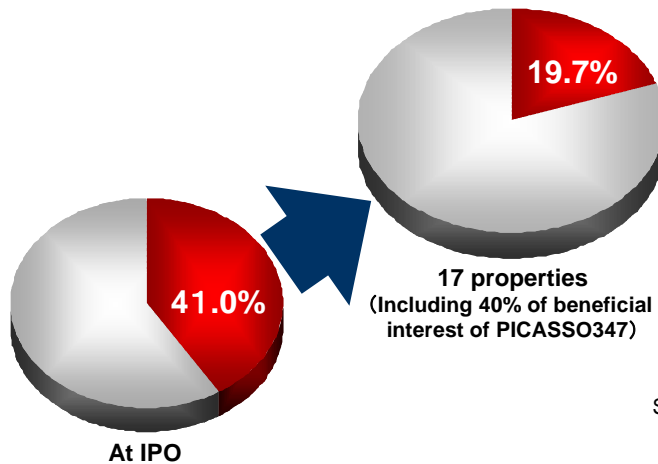


Accumulated Internal Reserve



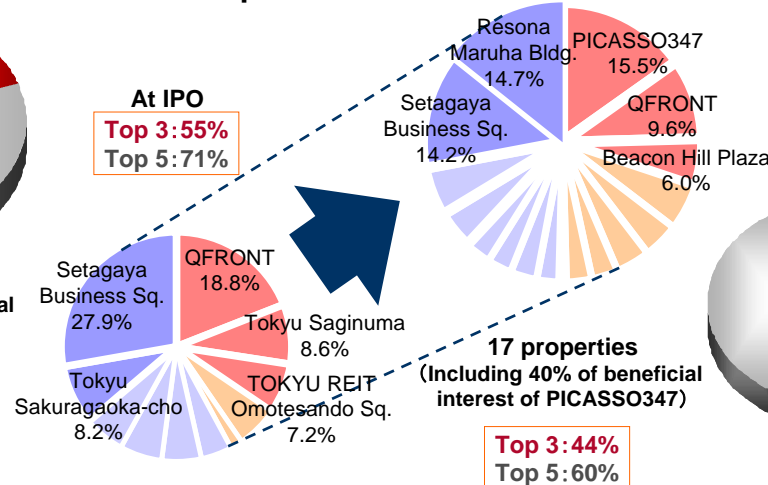
Tokyu Group Tenant Concentration

Leased Area Base



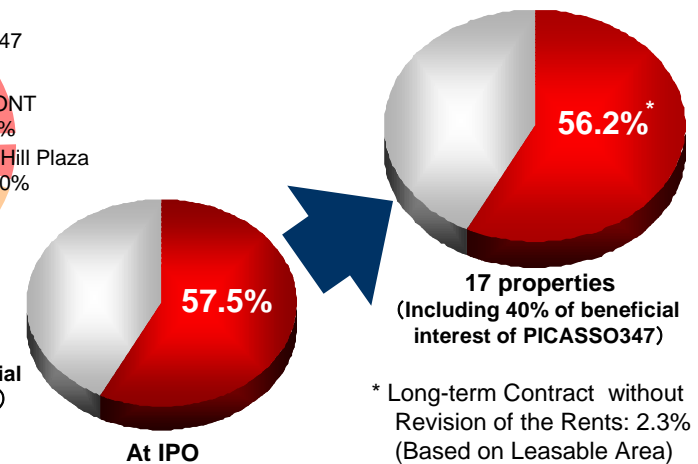
Main Properties Concentration

Acquisition Price Base



Long-term Lease Ration

Leasable Area Base



Internal Growth: Lease-up Activity

High Occupancy

As of July 31, 2005: **99.1%**

Lease-up Activity

Tokyo Nissan Taito Bldg.

:Vacant Floor (7F, 8F east)
= Leased-up in the 4th Period

Setagaya Business Square

:Three Floors Vacant in the Tower at the end of 3rd Period
= Leased-up for 2 Floors in the 4th Period and Continuing Leasing Activity for Remaining One Floor

Resona Maruha Bldg.

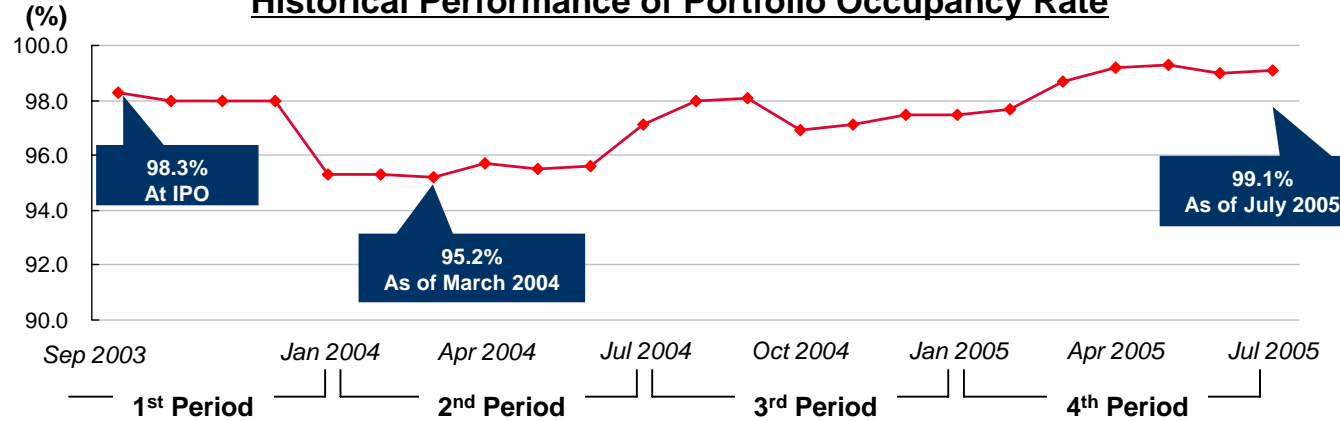
:Vacant Floor at Acquisition (17F 18F) (Occupancy 78.9%)
= 100% Occupancy by Renovation Works in June 2004

Fujita Kanko Toranomom Bldg.

:Cancel Notification for 6.7% of Leasable Area at Acquisition
= Leased-up by Expansion to 100% Occupancy

Occupancy Rate (%)

Historical Performance of Portfolio Occupancy Rate



Achievement of Our Financial Strategy: Low LTV Ratio Target and Long-term and Fixed-interest Debt

Finance Strategy

1. Flexibility

- Flexible Financing on New Property Acquisition

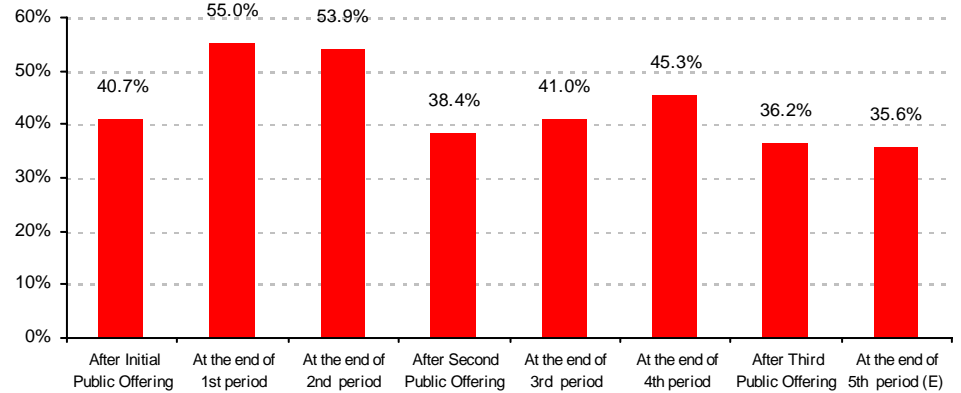
2. Stability

- LTV Ratio Target: 40-50% (max 60%)
- Long-term and Fixed-interest Debt
- Diversified Financing Methodology
- Various Repayment Term

3. Efficiency

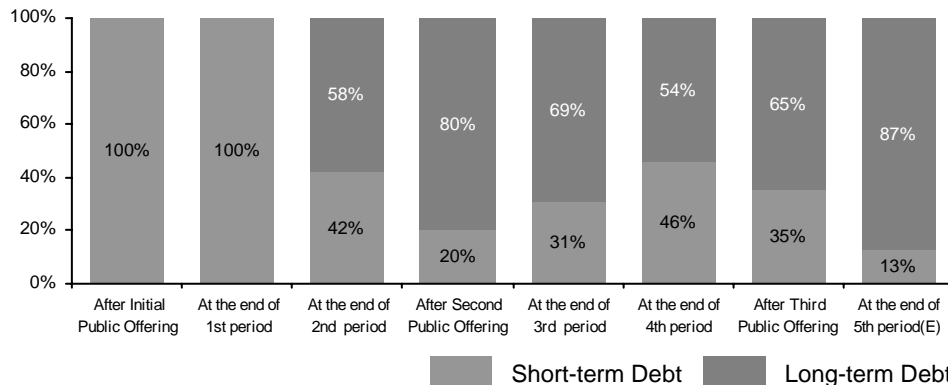
- Efficient Cash Management
- Lower Cost

Historical Change of LTV



* $LTV = (\text{Interest-bearing Debt} + \text{Security Deposit}) / \text{Total Acquisition Price or Appraisal Value}$

Long-term Debt vs. Short-term Debt



Rating

R&I

- Issuer Rating: A+ (Rating Outlook: Positive)

S&P

- Long-term Corporate Credit Rating: A (Outlook: Stable)
- Short-term Corporate Credit Rating: A-1

Moody's

- Issuer Rating: A2 (Outlook: Stable)

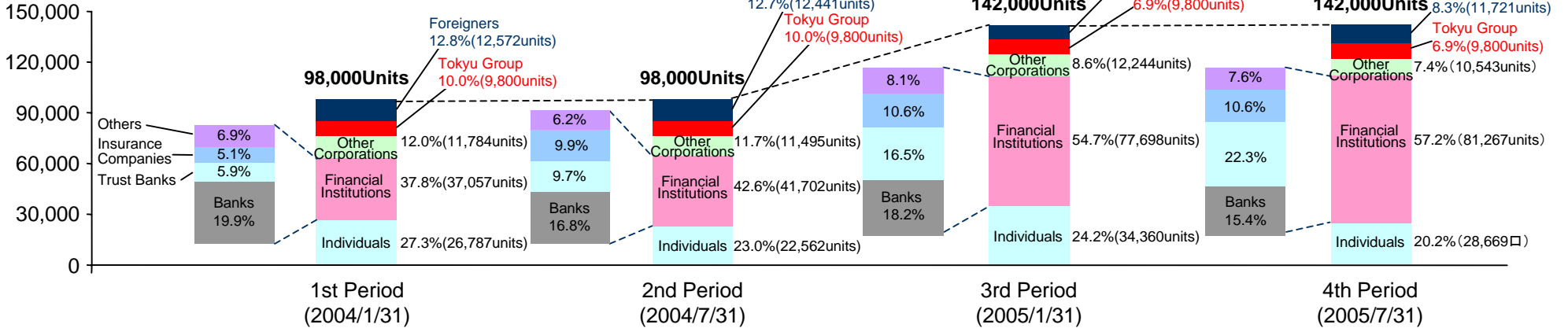
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All ratings are acquired at September 6, 2005

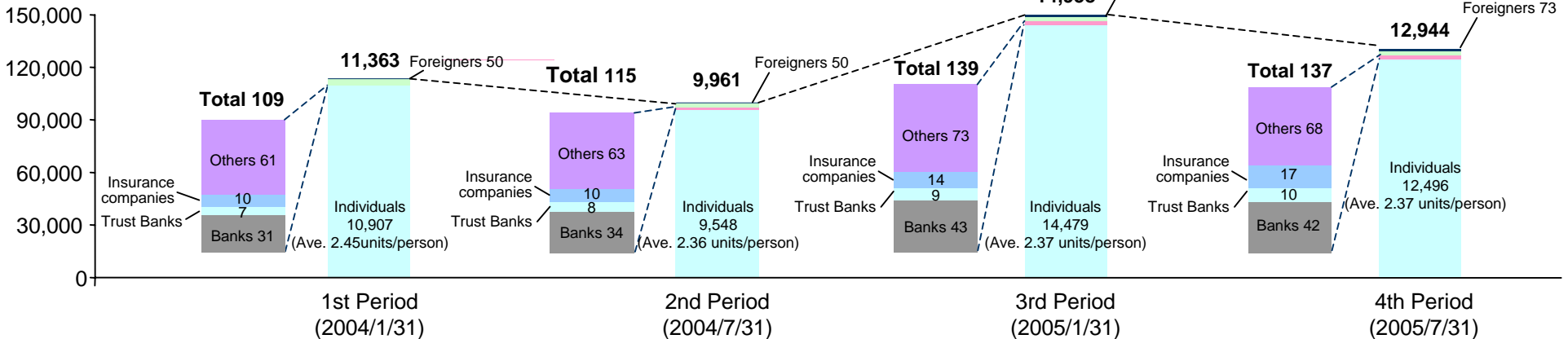
- Steady Increase in the number of units, its share and the number of unit-holders of domestic individuals and financial institutions
- Now, trust banks are holding its units the most, surpassing individual investors

- Increase in the number of units and its share of foreign investors
- Maintaining the number of units by sponsors

(Number of Units)



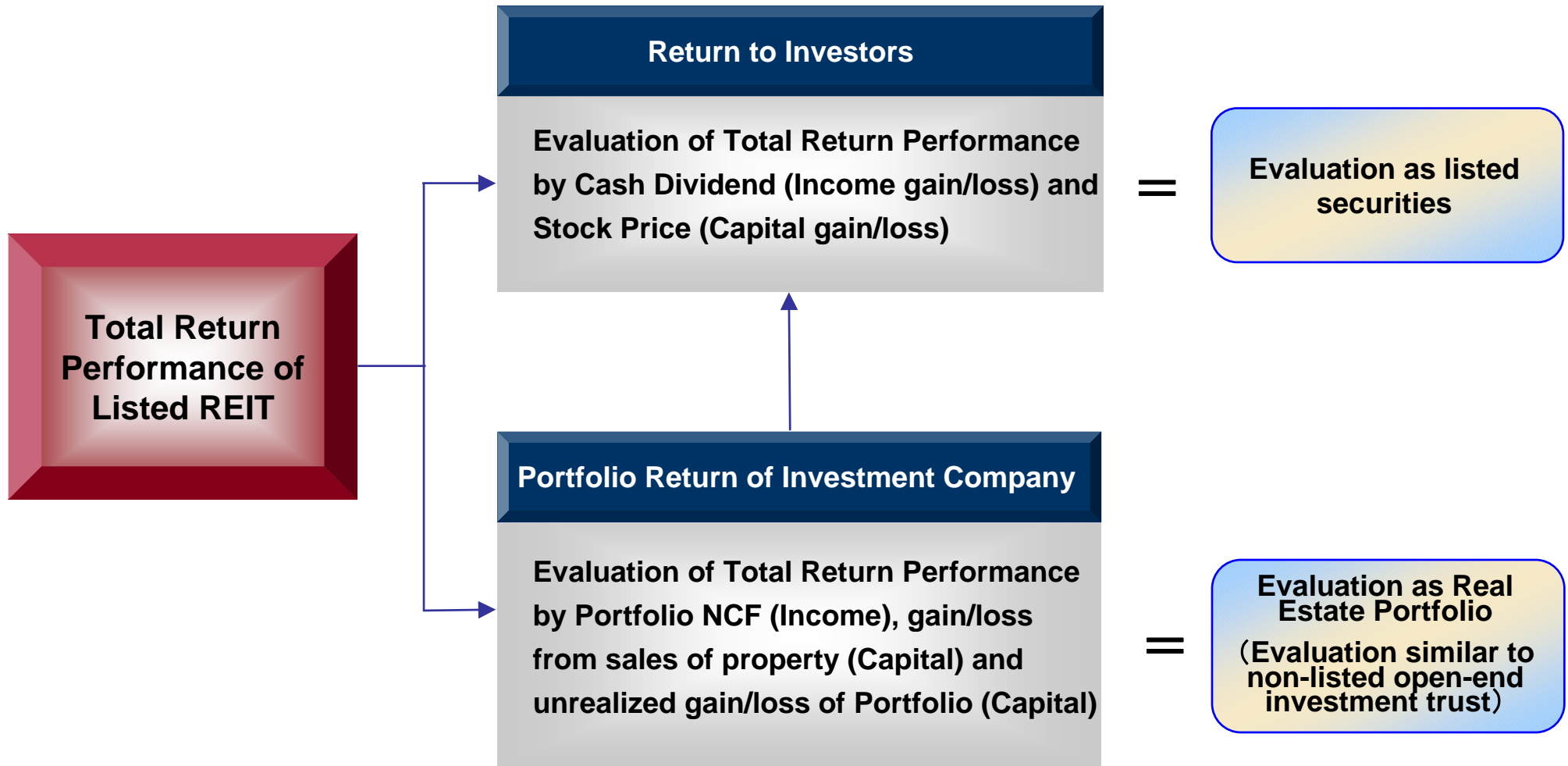
(Number of Unitholders)



		Achievements	Objectives
Growth	External Growth	<ul style="list-style-type: none"> ■ Acquisition of PICASSO347 (40% of beneficial interest in trust) in 4th period ■ Collaboration with Tokyu Group Companies <ul style="list-style-type: none"> • Group pipeline in acquisition • Warehouse function 	<ul style="list-style-type: none"> ■ Selective Property Acquisition with maintaining our investment policies ■ 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 Setagaya Business Square, Tokyo Nissan Taito Bldg., Resona Maruha Building in 4th period ■ Optimal cost management through CapEx control ■ Reducing Outsourcing Commission ■ Introduction of Revenue-based Rents 	<ul style="list-style-type: none"> ■ Tenant Promotion in Setagaya Business Square and PICASSO347 ■ Sales Promotion in PICASSO347 ■ Continuing cost reduction effort ■ Increasing Revenue-based Rents
Stability	Portfolio	<ul style="list-style-type: none"> ■ Lowered Portfolio Cap Rate ■ Maintaining low Portfolio PML level ■ Accumulated Internal Reserve(2,160 million) ■ Reduction in Dependence on major properties and tenants 	<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 ■ Arrangement of Commitment line in April 2005 ■ Acquiring Credit Rating in September 2005 	<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

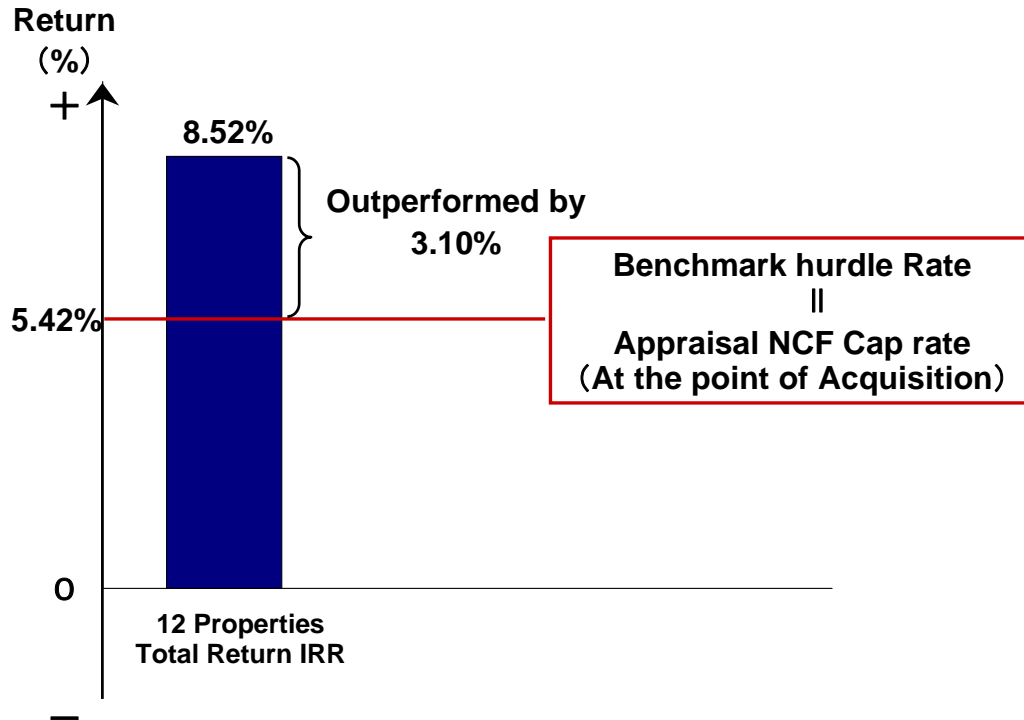
TOKYU REIT

Our Principles





In the previous two years, total return of our 12 properties outperformed our benchmark by 3.10%



- Targeting at 12 properties that have passed 4 fiscal terms (2 years)
(Total acquisition price: JPY103,560 million)
- Property prices as of the end of each fiscal term are used to calculate IRR as deemed disposal price (sale price).
- Acquisition price doesn't include capitalized expense like broker's commission, property and city planning tax of the first year and rewards for agents.
- Cash flow of leasehold and security deposits are not included.

TOKYU REIT

Appendix

Overview of Add-on Offering

	August 2004 offering	August 2005 offering
Units Offered	44,000units	28,000units
Dilution	12.00% 14,200→12,500 (DPU)	1.50% 13,500→13,100 (DPU)
DPU after Offering	JPY12,500	JPY13,100
Newly Acquired Properties	2 properties / JPY14.6bn	1 property / JPY9.8bn
LTV(After Offering)	38.40%	37.30%
LTV(Before Offering)	53.90%	46.30%
Long-term Ratio after Offering	80%	78.90%
Ave. Interest Rate	1.31%	1.18%
Acquisition Capacity	JPY29.3bn	JPY40.9bn
Over-allotment	2,000 units (Third-party Allotment, 4.8% of offered units) / 2,000 Units Issued as Green-shoe Option	1,300 units (Third-party Allotment, 4.7% of offered units) / 680 Units Issued as Green-shoe Option
Outstanding Units after Offering	147,000 units	169,380 units
Total Offering Size	JPY 228,709,296,000 (Incl. Over-allotment of JPY ,304,968,000)	JPY 21,346,060,000 (Incl. Over-allotment of JPY990,535,000)
Allocation	Individual investors: Institutional investors = 75: 25	Individual investors: Institutional investors = 65: 35
Launch	July 1, 2005 (Thu)	July 6, 2005 (Wed)
Pricing	July 20, 2005 (Tue)	July 20, 2005 (Wed)
Offered price	JPY 652,484 (after subtracting JPY 14,200 of expected dividend per unit for the current, discounted for 2.00%)	JPY 761,950 (after subtracting JPY 13,500 of expected dividend per unit for the current, discounted for 2.00%)
Issued price	JPY630,512	JPY 736,292
Closing	August 2, 2005 (Mon)	August 1, 2005 (Mon)
Listing date	August 3, 2005 (Tue)	August 2, 2005 (Tue)
Issuance Cost	JPY123mm JPY2,811 per newly issued unit JPY871 per outstanding unit	JPY81mm JPY2,889 per newly issued unit JPY476 per putstanding unit

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

(in JPY mm)

ITEM	4th Period (July. 2005)		Third Period (Jan. 2005)		Change	NOTES
	JPY mm	%	金額	%	JPY mm	
Total Operating Revenues	5,684	100.0%	5,044	100.0%	639	
Rental revenues	5,232	92.0%	4,629	91.8%	602	
Rent	4,768	83.9%	4,196	83.2%	571	Toranomon 276 PICASSO 244 Maruha 50
Parking rent	97	1.7%	84	1.7%	12	
Others	366	6.5%	347	6.9%	18	
Other revenues	452	8.0%	415	8.2%	36	
Incidental revenues	397	7.0%	359	7.1%	38	
Other revenues	54	1.0%	55	1.1%	△1	
Total Operating Expenses	2,777	48.9%	2,322	46.0%	454	
Expenses	1,848	32.5%	1,521	30.2%	327	
Utility charges	473	8.3%	444	8.8%	29	
Building maintenance costs	421	7.4%	380	7.5%	41	Toranomon 35 PICASSO 16 SBS △8
Property management expenses	129	2.3%	108	2.2%	20	
Repairs and maintenance	90	1.6%	130	2.6%	△39	Maruha △34 SBS △12 Nampeidai △8 Toranomon 15 Maruha 92 Beacon Hill Plaza 49 Toranomon 25
Property and other taxes	516	9.1%	321	6.4%	195	Udagawa-cho 15 Yamashita-cho 11
Insurance expenses	17	0.3%	16	0.3%	0	
Other operating expenses	198	3.5%	119	2.4%	79	Toranomon 62 Maruha 11
Depreciation	895	15.8%	801	15.9%	93	PICASSO 64 Toranomon 27
Net Operating Income from Property Leasing	2,907	51.1%	2,721	54.0%	185	
Administrative expense	581	10.2%	511	10.1%	70	
Asset management fees	454	8.0%	397	7.9%	56	
Operating Income	2,325	40.9%	2,210	43.8%	114	
Non-Operating Revenues	4	0.1%	0	0.0%	4	
Non-Operating Expenditure	370	6.5%	357	7.1%	12	
Interest expense	317	5.6%	289	5.7%	28	
New unit-issuance expenses	42	0.7%	59	1.2%	△16	
Other non-operating expenses	2	0.0%	1	0.0%	1	
Recurring Profits	1,960	34.5%	1,853	36.7%	106	
Income Before Income Taxes	1,960	34.5%	1,853	36.7%	106	
Income Taxes	1	0.0%	1	0.0%	△0	
Net Income	1,959	34.5%	1,852	36.7%	106	

Asset Mgmt Fee	4th Period	Change
Base1	205	37
Base2	198	15
Incentive	50	3

Dividend per Unit	13,798		13,045		753
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(Reference Information)

NOI	3,835	67.5%	3,523	69.8%	312
NOI return (NOI / Average Total Asset)	5.41%		5.51%		△ 0.10%

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

(in JPY Mm)

Cash and bank deposits	1,624
Entrusted cash and deposits	11,436
Consumption tax receivable	140
Notes and accounts receivable	66

Buildings	2,141
Structure	1
Machinery	2
Equipment	11
Land	13,295
Entrusted buildings	36,342
Entrusted structures	634
Entrusted machinery	421
Entrusted equipment	92
Entrusted land	94,862
Leasehold and security deposit	105
Entrusted leasehold and security deposit	876

ITEM	4th period (July 31, 2005)	Third period (Jan 31, 2005)	changes
Total Assets	162,180	147,230	14,949
Current Assets	13,318	12,773	544
Fixed Assets	148,861	134,457	14,404
Total Liabilities	82,360	67,518	14,842
Short-term Borrowings	29,500	15,500	14,000
Long-term Borrowings	35,000	35,000	-
Leasehold and security deposits	15,777	15,245	531
Other liabilities	2,083	1,772	310
Total Unitholders' Equity	79,819	79,712	106
Total Unitholders' capital	77,860	77,860	-
Retained earnings	1,959	1,852	106

• Entrusted cash and deposits	608
• Cash and bank deposits	224
• Consumption tax receivable	△314

• PICASSO 347 acquisition(60%)	15,163
• Depreciation	△895

• Borrowing for PICASSO	15,000
2005/4/6	
• Repayment (cash in hands)	
2005/5/25	△1,000

• PICASSO	434
• SBS	111
• Taito Bldg.	△71

LTV at the end of fiscal period

Interest bearing debt / Total asset	39.8%	34.3%	5.5%
(Interest bearing debt + Security deposit) / Appraisal value	45.3%	41.0%	4.3%

(Reference information)

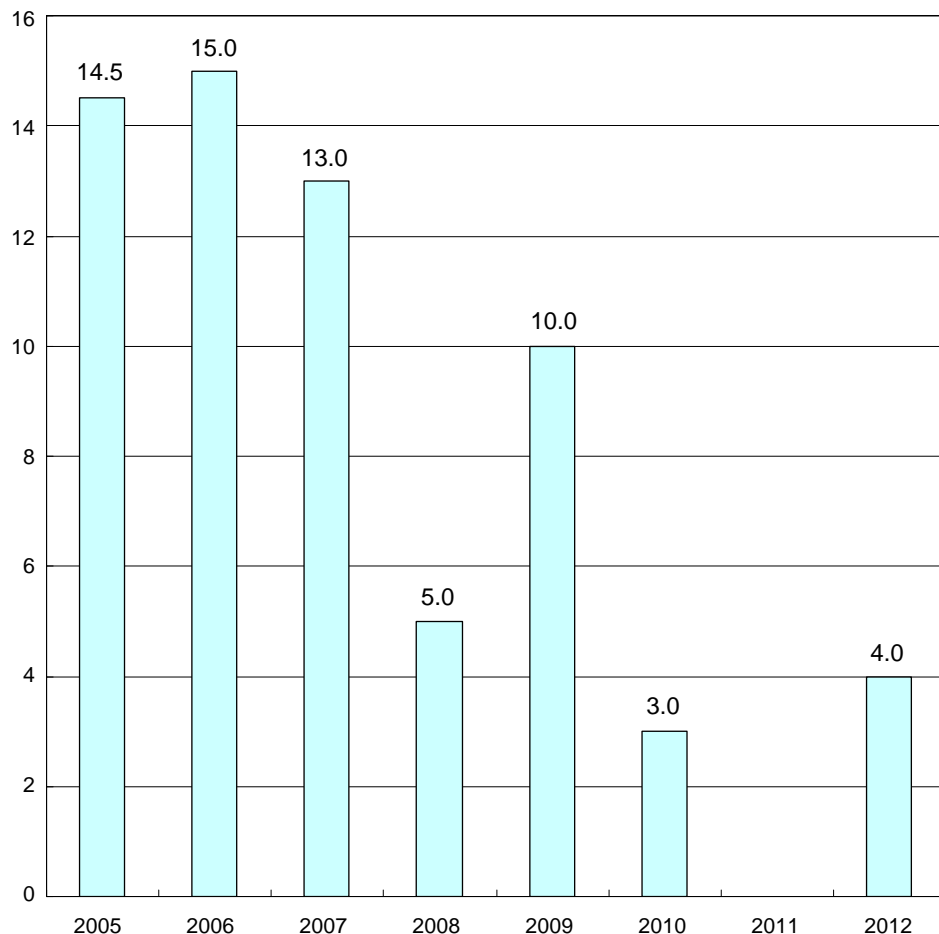
Average total asset for the period	142,862	126,822	16,039
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*Acquisition of 60% of PICASSO374(Apr. 6th, 2005)

Current Status of Debt Finance

Maturity Ladder

(JPY in billion) (As of July 31, 2005)



Lenders List

(As of July 31, 2005)

Term	Lender	Amounts (JPY in billion)	Interest Rate (%)	Maturity	Notes
Short-term	Mitsubishi Trust & Banking	10	0.47000	2005/8/25	Unsecured
	Bank of Tokyo-Mitsubishi	50		2005/9/25	
	Sumitomo Trust Bank	49	0.48000	2005/12/15	
	Chuo-Mitsui Trust Bank	9			
	Bank of Tokyo-Mitsubishi	9			
	Mizuho Corporate Bank	9			
	Mitsubishi Trust & Banking	9			
	Sumitomo Trust Bank	15			
	Chuo-Mitsui Trust Bank	90		2006/4/6	
	Bank of Tokyo-Mitsubishi	15			
	Mizuho Corporate Bank	15			
	Mitsubishi Trust & Banking	15			
Sub-total		295	-	-	-
Long-term	Sumitomo Trust Bank	50	1.11625	2007/6/25	Unsecured
	Daichi Life Insurance	40			
	Nippon Life Insurance	40			
	The Norinchukin Bank	40	1.38875	2008/6/25	
	The Hyakugo Bank	10			
	Chuo-Mitsui Trust Bank	50	1.68875	2009/6/25	
	Mitsubishi Trust & Banking	50			
	Aioi Insurance Company, Limited	10	1.92750	2010/6/25	
	Daido Life Insurance Company	10			
	Mitsui Sumitomo Insurance	10			
	Development Bank of Japan	40	2.03000	2012/6/25	
Sub-total		350	-	-	-
Total		645	-	-	-

* Average rate during 4th period: 1.06932%

Cash Flow Statement (4th Fiscal Period ending Jul. 05)

(in JPY mm)

ITEM	4th period (July, 2005)	3rd period (Jan., 2005)	Change
Cash Flows from Operating Activities	3,480	2,254	1,225
Net income before income taxes	1,960	1,853	106
Depreciation	928	801	126
Others	591	400	992
Cash Flows from Investing Activities	15,275	18,910	3,635
Purchase of fixed assets	15,332	23,768	8,435
Proceeds from leasehold and security deposits received	531	5,940	5,408
Proceeds from entrusted leasehold and security deposits received	-	95	95
Proceed from withdrawal of entrusted deposit with usage restriction	474	987	512
Cash Flows from Financing Activities	12,153	16,850	4,697
Proceeds from/Repayment of long/short-term borrowings	14,000	9,500	23,500
Proceeds from issuance of units	-	27,742	27,742
Dividend payment	1,846	1,391	454
Net Increase in Cash and Cash Equivalents	358	194	164
Cash and Cash Equivalents at beginning of Period	3,000	2,805	194
Cash and Cash Equivalents at end of Period	3,359	3,000	358

•PICASSO347 acquisition(60%)
15,163
•Depreciation Δ 895

•borrowing for PICASSO347
2005/4/6 15,000
•repayment (cash on hand)
2005/5/25 Δ 1,000

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 Yamashitacho Bldg.	Beacon Hill Plaza	PICASSO 347	Sub-total	Setagaya Business Square	Tokyu Nampoedai-cho Building	Tokyu Sakuragao-cho Building	Tokyo Nissan Taito Building	TOKYU REIT Akasaka Hinokicho Building	TOKYU REIT Kamata Building	Resona Maruha Building	Fujita Kanko Toranomom Bldg.	Sub-total	
Operating Revenues	583,883	158,578	169,891	310,162	64,999	168,324	241,870	300,266	273,194	2,271,169	1,219,391	170,870	237,446	209,219	143,743	270,443	722,813	439,579	3,413,509	5,684,678
Rental revenues	534,152	151,452	152,452	310,162	62,337	168,324	241,870	300,266	244,674	2,165,692	1,063,565	170,870	227,298	187,536	124,423	226,516	665,245	401,423	3,066,880	5,232,573
Other revenues	49,730	7,125	17,439	-	2,661	-	-	-	-	105,476	155,825	-	10,148	21,682	43,926	57,568	38,156	346,628	452,105	
Operating Expenses	289,667	35,638	43,731	76,146	22,505	53,952	134,388	154,441	118,469	928,941	815,232	60,573	72,836	141,754	51,061	140,511	312,645	253,651	1,848,267	2,777,209
Utility charges	39,150	8,706	12,760	-	2,707	-	-	92	19,611	83,029	204,136	-	10,203	17,058	13,129	42,072	73,959	30,075	390,635	473,664
Building maintenance costs	61,150	4,136	4,705	15,264	1,602	-	40,876	1,419	16,518	145,673	136,353	8,967	10,103	21,483	8,173	15,588	28,443	46,975	276,088	421,762
Property management expenses	18,926	3,442	3,547	3,200	1,460	1,683	3,451	3,002	5,554	44,268	41,925	1,708	3,512	4,813	2,913	4,799	16,014	9,729	85,417	129,686
Repair and maintenance	5,197	1,600	2,132	2,130	1,415	-	1,807	238	72	14,594	9,224	704	3,793	21,008	2,509	2,195	21,530	15,309	76,274	90,868
Property and other taxes	40,786	8,178	7,841	27,032	6,179	15,186	11,642	49,544	-	166,391	146,355	17,736	18,829	21,497	7,870	20,211	92,405	25,336	350,242	516,634
Insurance expenses	1,304	140	209	652	133	95	1,309	1,803	1,247	6,896	4,970	741	612	1,110	273	1,121	785	836	10,452	17,348
Other operating expenses	60,637	6,858	11,514	26,846	8,500	36,984	74,016	95,959	64,448	385,766	268,626	30,069	25,199	49,667	14,894	51,799	60,641	41,659	542,556	928,323
Property Net Operating Income (NOI)	62,514	2,574	1,020	1,020	505	3	1,283	2,381	11,016	82,320	3,641	646	582	5,115	1,298	2,722	18,864	83,728	116,600	198,920
Depreciation	294,215	122,939	126,160	234,015	42,493	114,371	107,482	145,824	154,725	1,342,228	404,158	110,297	164,609	67,465	92,682	129,931	410,168	185,928	1,565,241	2,907,469
Net Operating Income (NOI)	354,853	129,797	137,674	260,862	50,994	151,355	181,499	241,784	219,173	1,727,995	672,784	140,366	189,809	117,132	107,576	181,731	470,810	227,587	2,107,798	3,835,793
Capital Expenditures	3,379	1,251	1,577	1,870	9,130	280	-	-	-	17,489	3,516	-	1,551	18,898	-	-	19,971	81,332	125,270	142,759
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	14,700,000	69,750,000	22,400,000	4,660,000	6,620,000	4,450,000	3,570,000	4,720,000	23,260,000	8,630,000	78,310,000	148,060,000
Land	12,125,300	4,478,400	5,291,090	5,432,200	984,270	6,382,000	2,065,000	5,408,000	10,216,800	52,383,060	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	106,857,220
Building	2,974,700	321,600	478,910	1,487,800	305,730	218,000	2,985,000	4,112,000	4,483,200	17,366,940	11,334,400	1,691,580	1,396,820	2,532,050	624,750	2,558,240	1,791,000	1,907,000	23,835,840	41,202,780
Appraisal value at the end of the period	16,600,000	5,580,000	5,750,000	7,760,000	1,340,000	7,310,000	5,190,000	9,590,000	14,700,000	73,820,000	22,900,000	4,880,000	6,890,000	4,770,000	3,780,000	5,270,000	23,900,000	8,880,000	81,270,000	155,090,000
Book value at the end of the period	14,901,472	4,785,137	5,781,888	6,871,620	1,282,647	6,623,634	4,920,917	9,664,358	15,098,671	69,930,349	21,476,364	4,568,709	6,547,226	4,301,086	3,564,683	4,543,569	24,059,203	8,827,955	77,888,799	147,819,148
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	10,529,986	52,997,535	11,081,787	2,974,520	5,233,294	1,922,944	2,950,298	2,165,631	21,983,090	6,848,971	55,160,540	108,158,076
Entrusted property (excl. entrusted land)	2,754,392	299,634	484,943	1,425,005	294,478	177,198	2,849,855	4,078,620	4,568,684	16,932,813	10,394,576	1,594,188	1,313,931	2,378,142	614,384	2,377,938	2,076,112	1,978,983	22,728,258	39,661,072

Estimated Profit and Loss Statement (5th Fiscal Period ending Jan. 06)

(in JPY mm)

ITEM	5th period(E)		4th period(A)		Change
		%		%	
Total Operating Revenues	6,234	100.0%	5,684	100.0%	550
Rental revenues	5,729	91.9%	5,232	92.0%	496
Rent	5,261	84.4%	4,768	83.9%	493
Parking rent	108	1.7%	97	1.7%	10
Others	359	5.8%	366	6.5%	7
Other revenues	505	8.1%	452	8.0%	53
Incidental revenues	437	7.0%	397	7.0%	39
Other revenues	68	1.1%	54	1.0%	13
Total Operating Expenses	2,955	47.4%	2,777	48.9%	178
Expenses	1,972	31.6%	1,848	32.5%	123
Utility charges	514	8.3%	473	8.3%	41
Building maintenance costs	443	7.1%	421	7.4%	21
Property management expenses	139	2.2%	129	2.3%	9
Repairs and maintenance	122	2.0%	90	1.6%	31
Property and other taxes	508	8.2%	516	9.1%	8
Insurance expenses	18	0.3%	17	0.3%	1
Other operating expenses	225	3.6%	198	3.5%	26
Depreciation	983	15.8%	895	15.8%	87
Net Operating Income	3,279	52.6%	2,907	51.1%	371
Administrative expenses	699	11.2%	581	10.2%	117
Asset management fees	542	8.7%	454	8.0%	88
Operating Profits	2,579	41.4%	2,325	40.9%	253
Non-Operating Revenues	65	1.0%	4	0.1%	60
Non-Operating Expenses	373	6.0%	370	6.5%	3
Interest Expense	331	5.3%	317	5.6%	14
New unit-issuance Expense	25	0.4%	42	0.7%	16
Other non-operating Expense	16	0.3%	10	0.2%	6
Recurring Profits	2,270	36.4%	1,960	34.5%	310
Net Income Before Income Taxes	2,270	36.4%	1,960	34.5%	310
Income Taxes	1	0.0%	1	0.0%	-
Net Income	2,269	36.4%	1,959	34.5%	310
Dividend per unit	13,400		13,798		398

(Reference information)

Operating NOI	4,262	68.4%	3,835	67.5%	426
NOI return (NOI / Ave. Total Asset)	5.36%		5.41%		0.05%

Background of 5th Period Forecasts

Properties Owned

No changes except for the newly acquired property at Aug. 2, 2005, PICASSO347.

Operating Revenues

Based on leasing agreements effective as of Sep. 16, 2005

Operating Expenses

Property taxes on PICASSO347 is not recognized as an expense through the 5th 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 (5th Fiscal Period ending Jan. 06)

(in JPY mm)

ITEM	5th period(E)	4th period(A)	Changes
Total Assets	171,673	162,180	9,493
Current Assets	13,510	13,318	191
Fixed Assets	158,163	148,861	9,301
Total Liabilities	71,384	82,360	10,976
Short-term Borrowings	7,000	29,500	22,500
Long-term Borrowings	46,000	35,000	11,000
Leasehold and security deposits received	15,777	15,777	-
Other liabilities	2,606	2,083	523
Total Unitholders' Equity	100,289	79,819	20,469
Total Unitholders' capital	98,019	77,860	20,159
Retained earnings	2,269	1,959	310

LTV at the end of fiscal period

Interest bearing debt / Total asset	30.9%	39.8%	8.9%
(Interest bearing debt + Security deposit) / Appraisal value	35.6%	45.3%	9.7%

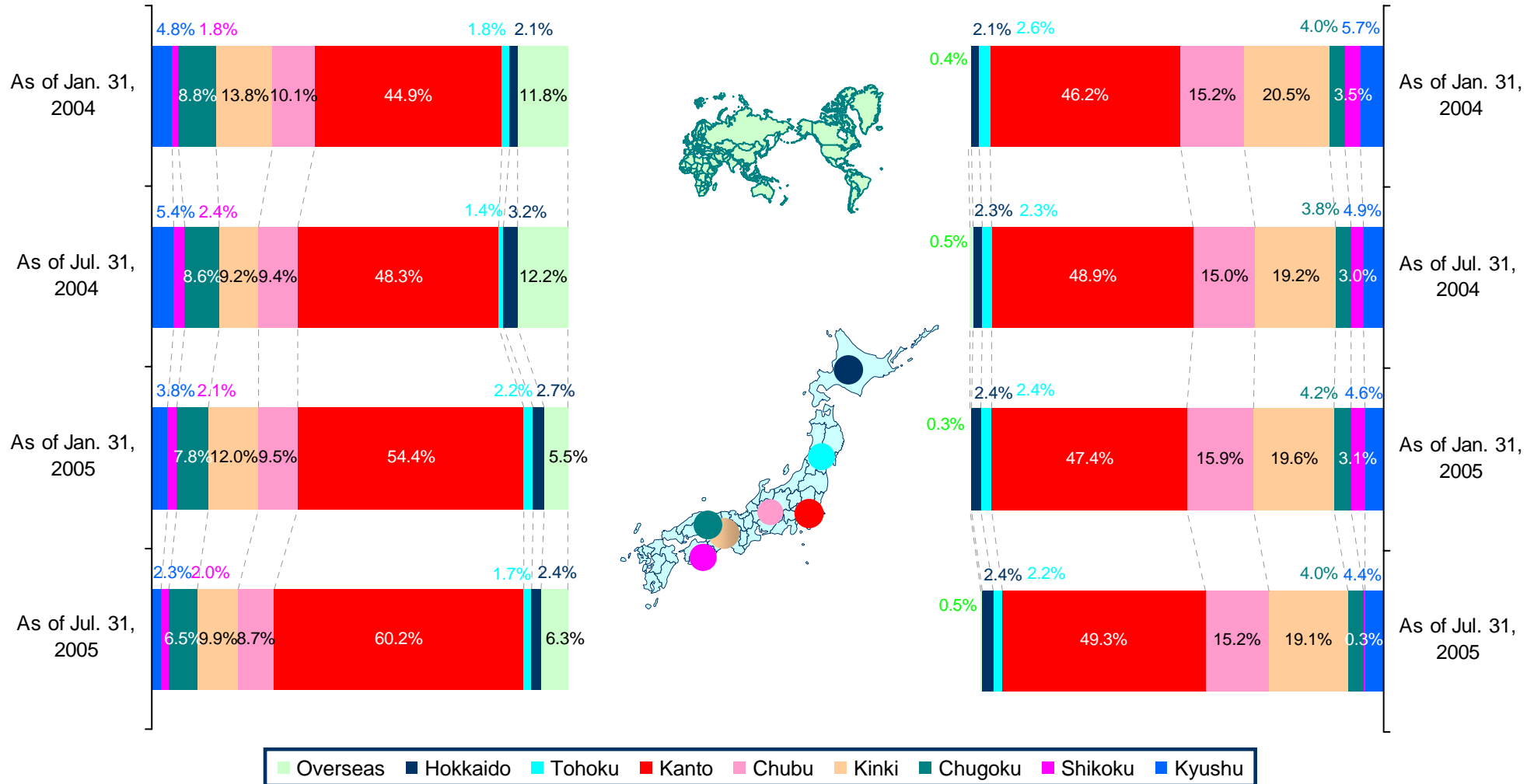
(Reference information)

Average total asset for the period	157,806	142,862	14,944
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* PICASSO347 acquired on Aug. 2 2005

Number of Units

Number of Unitholders



Investor Information: Top 20 Major Investors

As of Jan. 31, 2005

As of July 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.	3,344	0.95
The Chase Manhattan Bank NA London SL	1,294	0.91
NikkoCiti Trust and Banking Corporation	1,193	0.84
TOTAL	68,147	47.99



Investors	# of Unit Held	Share (%)
Japan Trustee Services Bank Ltd.	12,333	8.69
The Master Trust Bank of Japan, Ltd.	7,732	5.45
Tokyu Corporation	5,880	4.14
Trust & Custody Services Bank, Ltd.	5,773	4.07
kawasaki Gakuen	5,000	3.52
AIG Star Life Insurance Co., Ltd.	4,633	3.26
The Gibraltar Life Insurance Co., Ltd.	4,052	2.85
Tokyu Land Corporation	3,920	2.76
NikkoCiti Trust and Banking Corporation	3,203	2.26
American Life Insurance Company	2,556	1.80
North Pacific Bank, Ltd.	2,450	1.73
The National Mutual Insurance Federation of Agricultural Cooperatives	2,164	1.52
Kansai Urban Banking Corporation	2,030	1.43
The Fuji Fire and Marine Insurance	1,903	1.34
The Hachijuni Bank, Ltd.	1,500	1.06
The Chukyo Bank, Limited.	1,344	0.95
Aozora Bank Ltd.	1,263	0.89
The Hiroshima Bank Ltd.	1,229	0.87
SIS Sega intersettle AG	1,176	0.83
The Gunma Bank Ltd.	1,096	0.77
TOTAL	71,237	50.19

Transparent Structure and Fiduciary Duties of REIT Management Company

Fiduciary Duties of TREIM as REIT Mgmt Co

Governance System both in REIT and REIT Mgmt Co

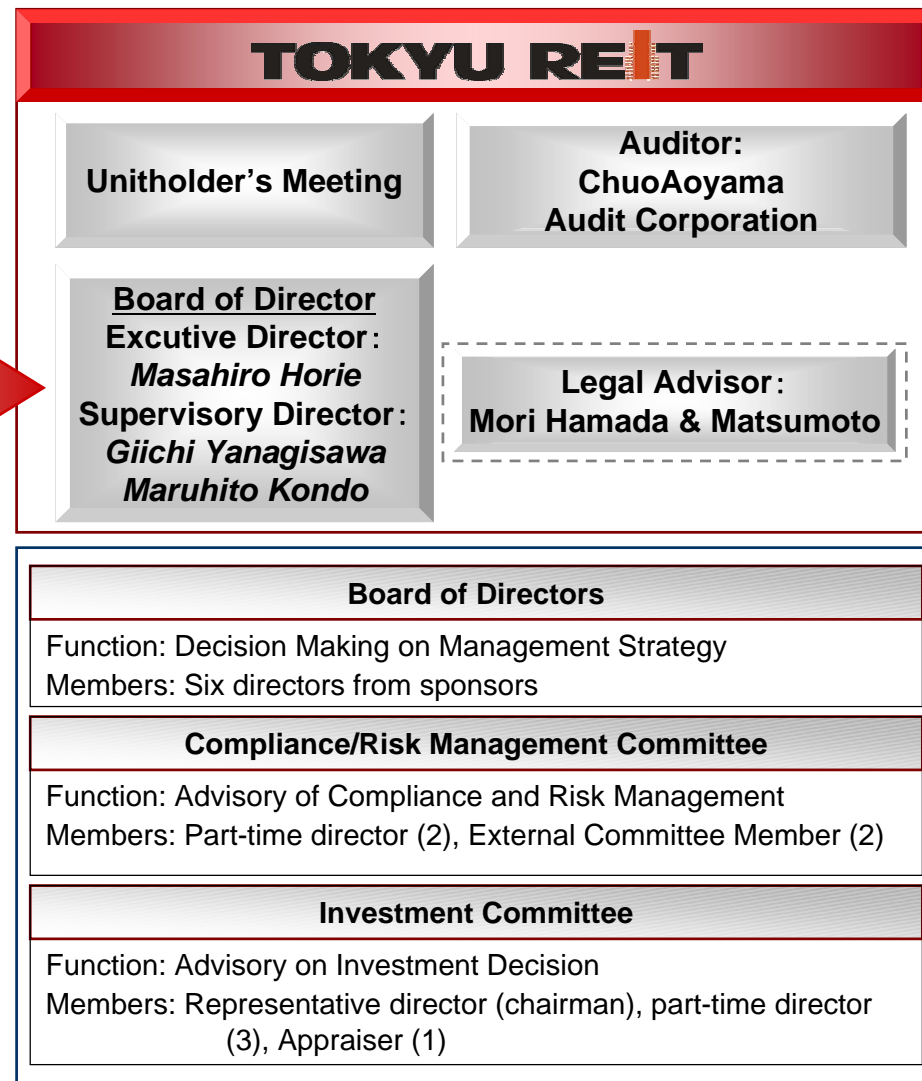
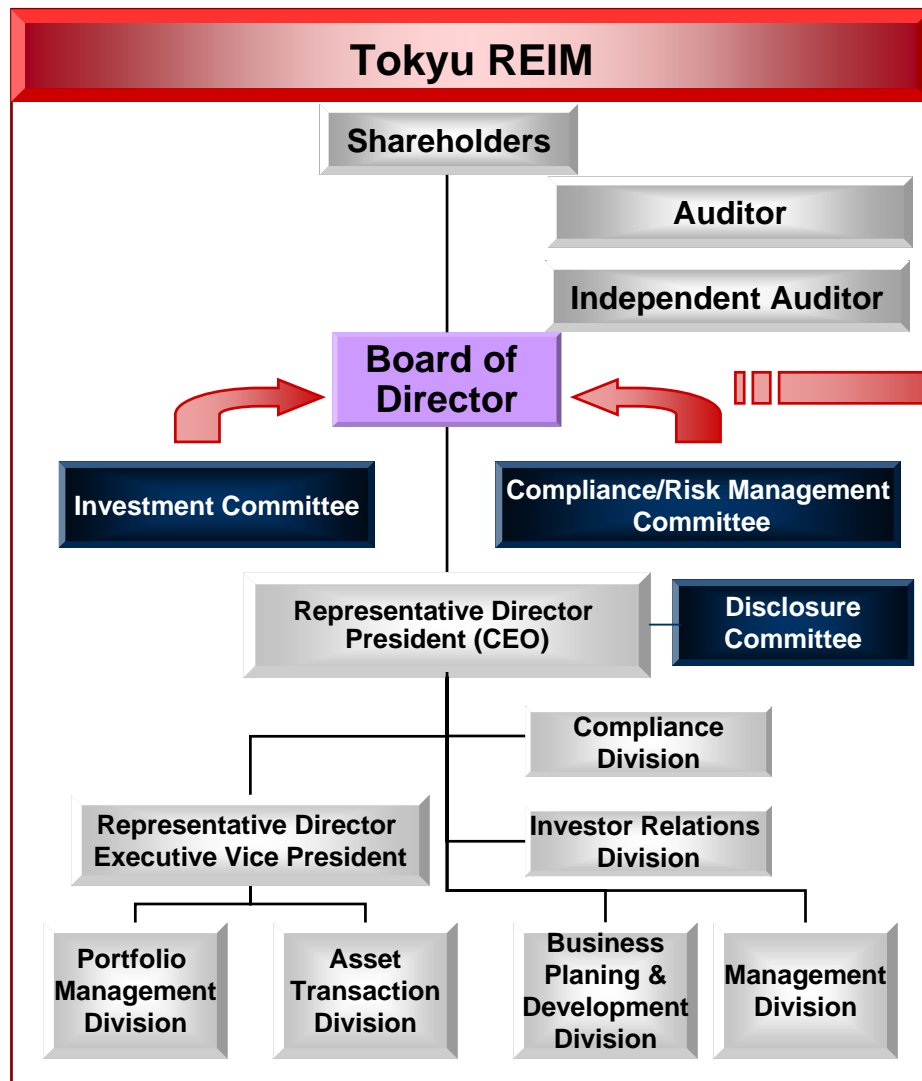
Related-party Transaction Rules

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	-	-	1	-	-	-	-	1
	Board of Directors Meeting	2	3	5	1	2	3	1	17
Tokyu REIM	Board of Directors Meeting	1	3	3	0	3	4	1	15
	Investment Committee	2	3	1	1	3	4	1	15
	Risk Management and Compliance Committee	2	3	2	2	2	1	1	13
	Third party evaluation whether each related-party transaction complies with the rule	-	-	1	-	1	-	-	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	March-05	Usage of the meeting room of Excel Hotel TOKYU for unitholders meeting
2		Expansion and relocation of Tokyu Community and Japan Intelligence at SBS.
3		Property management agreement of PICASSO 347
4		Asset management fee (base fee type 2 and incentive fee) during 4th period
5	July-05	Additional acquisition of beneficial interest in trust of PICASSO347
6		Implementation of Transportation Advertisement
7		Asset management fee (base fee type 1) during 4th period

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.

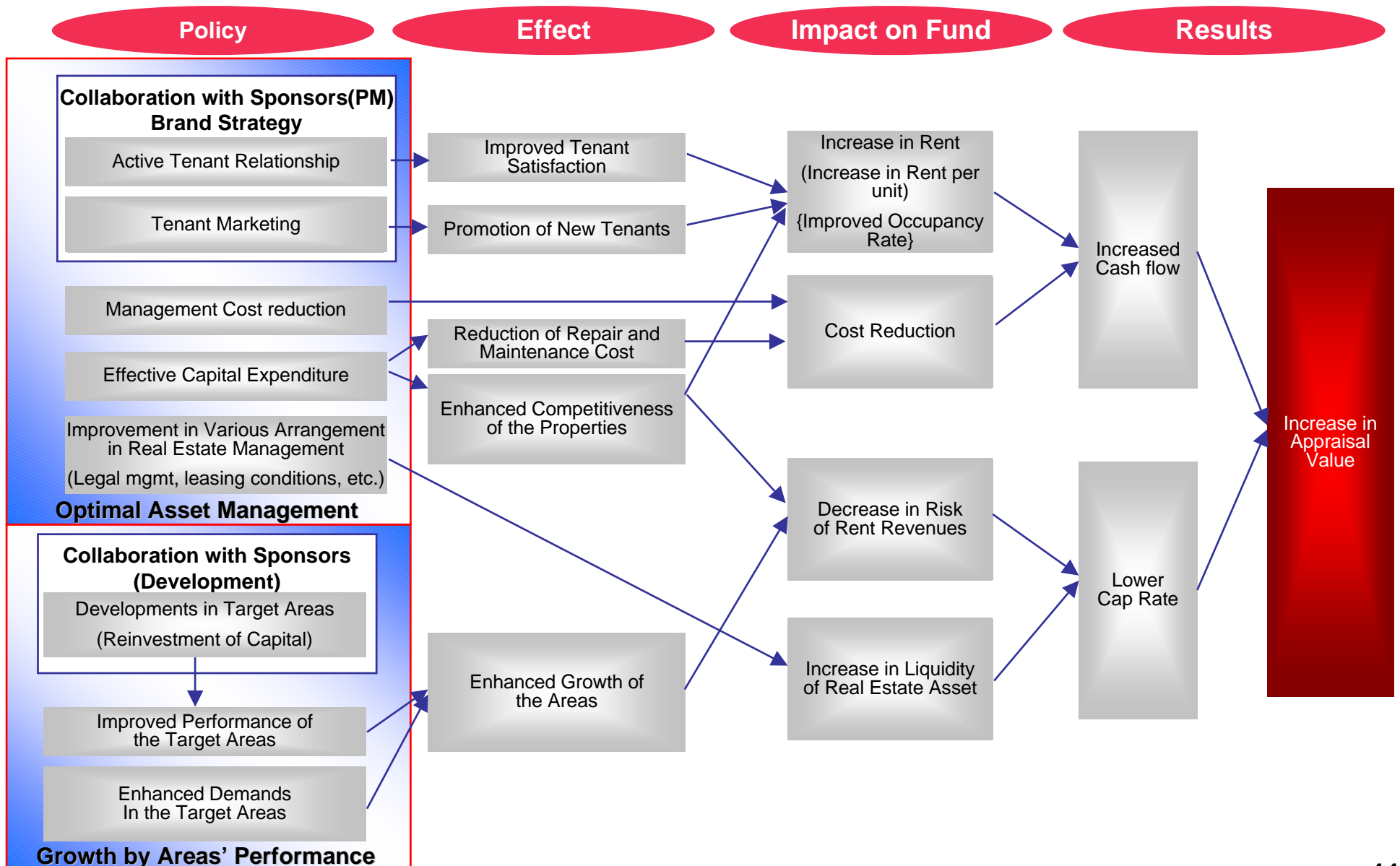
(4) A Supervisory Director is paid JPY400,000 (max. JPY 500,000 stipulated in the article of incorporation) a month considering the frequency of Board meeting held twice a month and the amount of work responsibility. Executive Director currently receives no payment (max. JPY1.0 million) because he also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

2. Historical Payment and Forecast

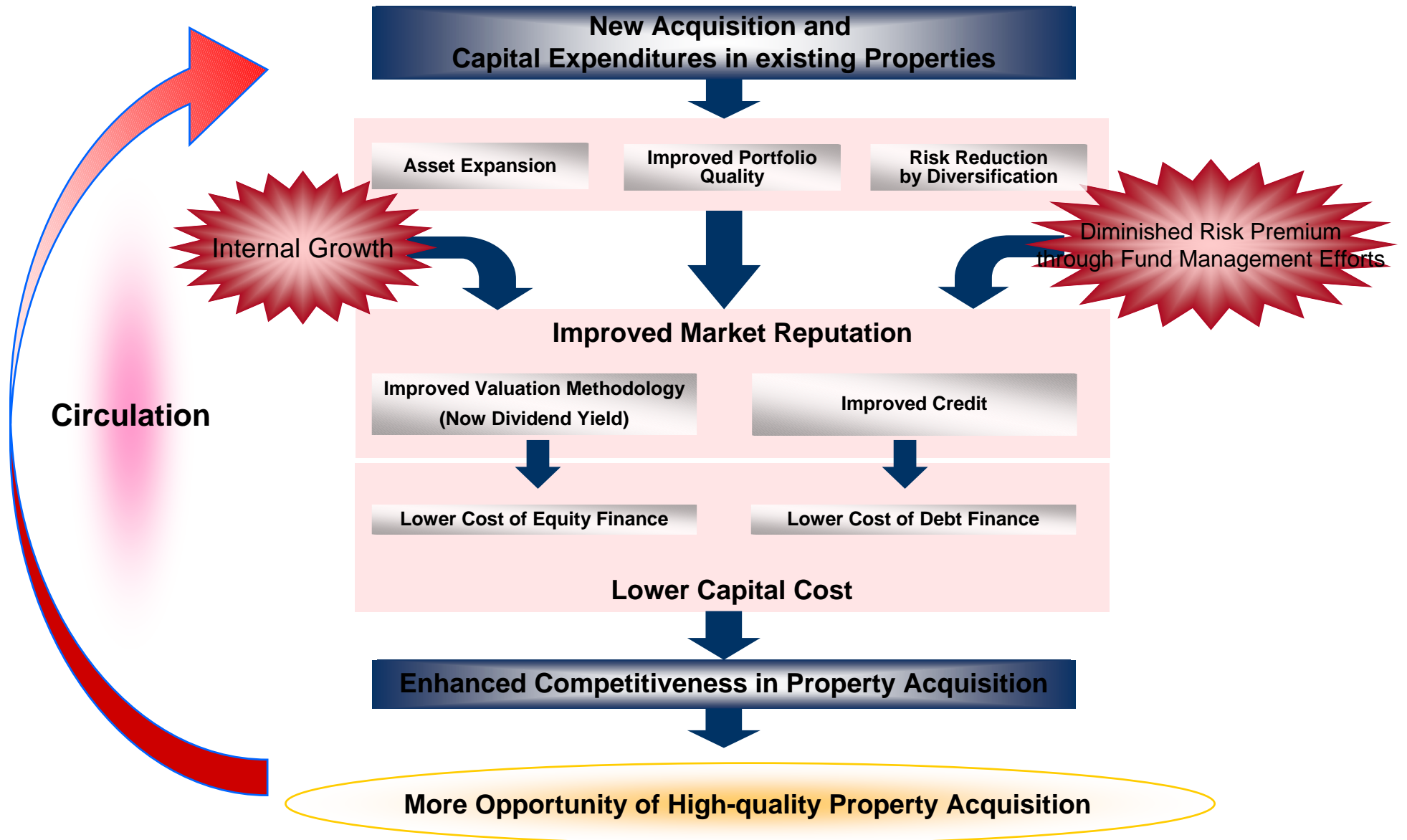
Remuneration of Directors

		1st Period A	2nd Period A	3rd Period E	4th Period X	Total
Executive Director: Masahiro Horie	¥1,000	0	0	0	0	0
Supervisory Director: Giichi Yanagisawa	¥1,000	3,200	2,400	2,400	2,400	10,400
Supervisory Director: Maruhito Kondo	¥1,000	3,200	2,400	2,400	2,400	10,400
Total	¥1,000	6,400	4,800	4,800	4,800	20,800
Remuneration per Unit	¥	65	49	34	34	182
(Reference)						
Distribution per Unit	¥	9,488	14,230	13,045	13,798	50,561
Remuneration per Unit as % of above	%	0.7	0.3	0.3	0.2	0.4

How to Achieve Our Internal Growth?



How to Achieve Our External Growth?



Acquisition

- Pipeline Support
 - 6 Developed by Tokyu Group at IPO
 - 2 Contributed from Tokyu Group ar IPO
 - Udagawa-cho Sq. : 2nd period / JPY6.6bn
: Contributed and Developed by Tokyu Group
- Warehousing
 - 3 properties acquired through warehousing by Tokyu Group : JPY14.1bn
 - Yokohama Yamashita-cho Bldg. : 3rd period / JPY5.1bn
 - Beacon Hill Plaza : 3rd period / JPY9.5bn
 - PICASSO347(40%) : 5th period / JPY9.8bn
- Reference by Tokyu Land Corporation
 - Resona Maruha Bldg.
 - Beacon Hill Plaza

PM (Property Mgmt.)

- PM by Tokyu Corporation/Tokyu Land Corporation
- Community-based tenant promotion capability and cost reduction potential by scale of economy

Brand License

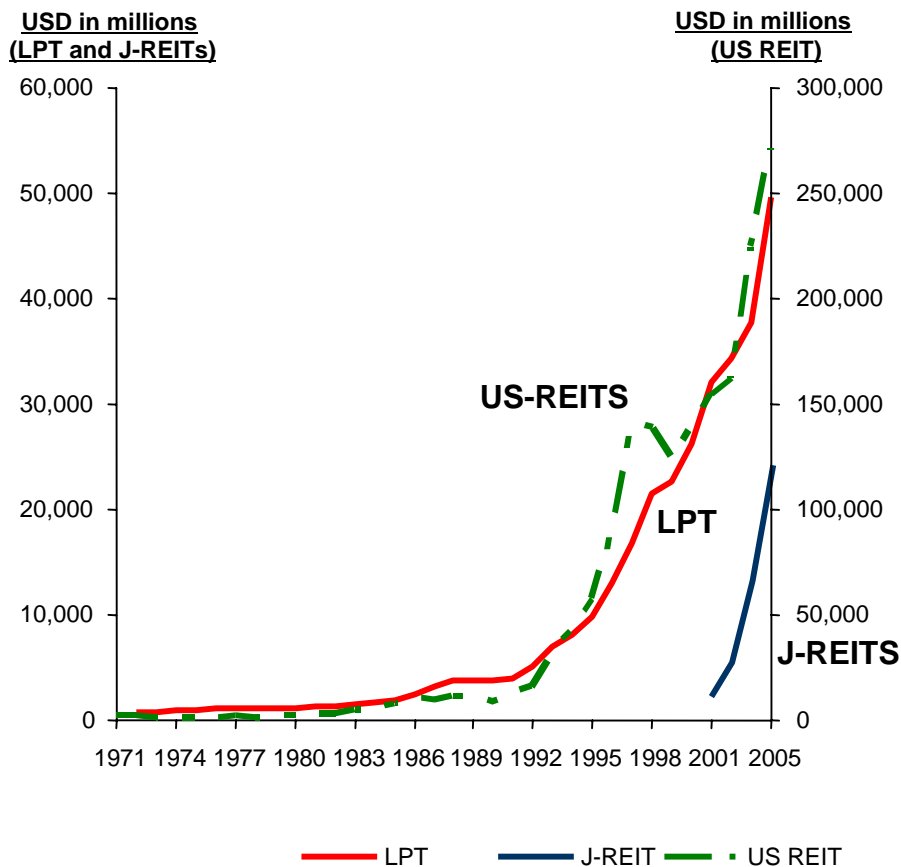
- “TOKYU” brand licensing
 - “TOKYU REIT” name
 - Building name change to “TOKYU REIT” brand

Comparison of J-REITs, LPT, and US REITs

Rapid Growth of J-REIT Market

J-REIT market growth

Historical Performance



	J-REITS	LPT	US-REITs
Market Cap	JPY 2,593.4 bn (USD 23,576mm) (as of August 31, 2005)	AUS 72,347 mm (USD 55,707 mm) (as of August 31, 2005)	USD 333,355 mm (as of August 31, 2005)
# of funds	22	51	198
History	Since 2001	Since 1971	Since 1961
% of Equity Market	0.6%	9.2%	2.2%
Growth (since 2001/9)	1,053%	169%	215%
Yield	3.67% (TSE REIT Index as of August 31, 2005)	7.20% (S&P ASX 200 Property Trust, as of August 31, 2005)	5.01% (NAREIT Index, as of August 31, 2005)
10 yrs Bond	1.35%	5.05%	4.01%

J-REIT Historical Market Cap

