

TOKYU REIT, Inc.

Financial Results Presentation

Investment in Highly Competitive Properties in Areas with Strong Potentials

QFRONT

Lexington Aoyama

TOKYU REIT Omotesando Square

Tokyu Saginuma Building

Tokyu Saginuma 2 Building

TOKYU REIT Shibuya Udagawa-cho Square

Beacon Hill Plaza (Ito Yokado Noukendai Store)

cocoti

Shonan Mall Fill (*sokochi*)

CONZE Ebisu



Setagaya Business Square

Tokyu Nampeidai-cho Building

Tokyu Sakuragaoka-cho Building

Tokyo Nissan Taito Building

TOKYU REIT Akasaka Hinoki-cho Building

TOKYU REIT Kamata Building

Resona Maruha Building

TOKYU REIT Toranomom Building

TOKYU REIT Hatchobori Building

Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)

9th

Fiscal Period

From August 1, 2007
to January 31, 2008

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

- **Investment Policy**
- **Financial Results and Forecast**
- **Debt Management**
- **Portfolio Overview and Risk Management**
- **Investment Unit Value and Ownership Structure**
- **Market Review**
- **Appendix**

TOKYU REIT

Investment Policy

Investment in Competitive Properties in Growth Areas

1. Target Product Profile

(1) Provide a yield product with attractiveness similar to equity

- Seek EPS growth (higher earnings quality) and enhancement of asset value

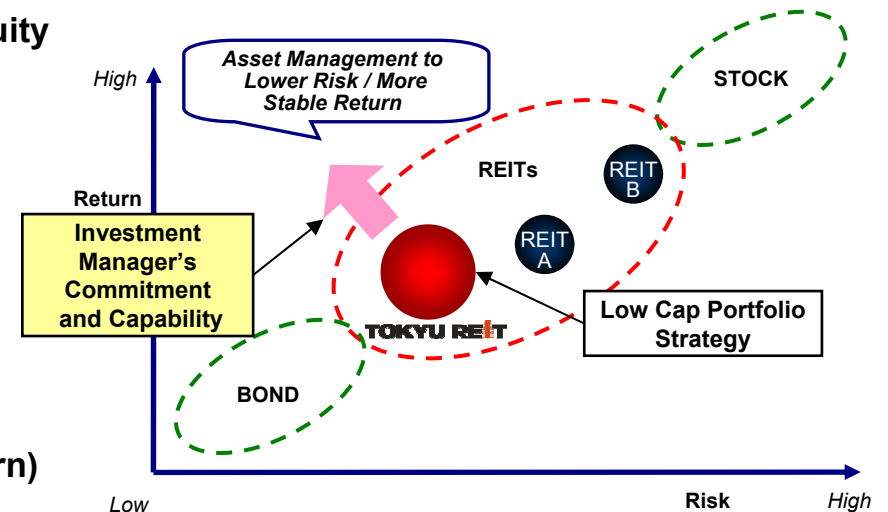
(2) Risk-Return Profile

- Build a portfolio with lower risk and more stable returns with promising future growth potential → “Low Cap Portfolio Strategy”
- In addition, strive to improve investment return while controlling risk (Focus on risk management emphasizing risk vs return)

(3) Global Product

- Provide a high quality product that meet the investment criteria of all global investors including those that invest globally for diversification purposes

Focus on unique position among REITs with medium risk/medium return profile



2. Investment Policy

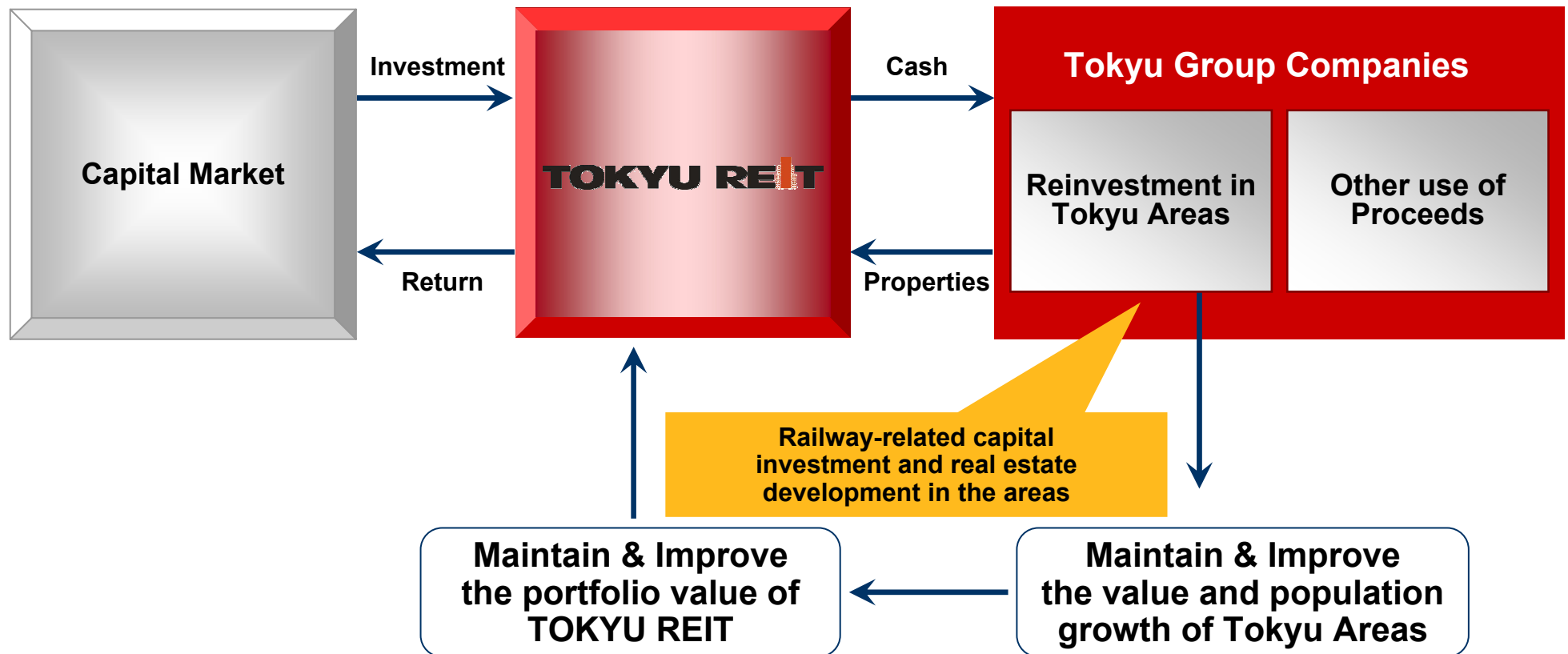
- | | |
|------------------------|--|
| (1) Target Areas | Limited to Tokyo Metropolitan Areas (5 Central Wards in Tokyo + Tokyu Areas represent over 85%) |
| (2) Sector Allocation | Office : Retail = 60%:40% (±10 points) |
| (3) Size of Properties | In principal, invest in properties over 4 billion yen (for all properties), and over 5,000m ² (for office properties) |

Striving to further improve the quality of the portfolio

- 1. Fiduciary Duties of TREIM as REIT Management Company**
 - Employment of investment stance that enables the fulfillment of “Fiduciary Duties” that are fundamental to the fiduciary Investment Manager and one that provides significant added value
- 2. Fund Structure with High Transparency and Accountability**
 - Improvement of disclosure including IR and achievement of accountable management through the addition of an independent third-party in the decision making process
- 3. Collaboration**
 - Growth and value enhancement of the Tokyu Areas to be achieved through the synergistic collaboration with the Tokyu Group companies (Capital Reinvestment Model)
- 4. Brand Strategy**
 - Leverage the “Tokyu Brand” name in leasing operations based on brand license agreement
- 5. Enhanced Measures Against Conflicts of Interest**
 - Development of self-imposed rules to secure collaboration and to maximize the advantages of such cooperation
- 6. Diversified Portfolio**
 - Diversification strategy employed to control downside risk associated with major properties and tenants
- 7. Conservative Financial Strategy**
 - Strategy focused on managing the required debt and equity risk premium while also securing availability
- 8. Investment Management Fee (See Appendix)**
 - Management fee structure linked to three performance indexes to balance the conflict of “being in the same boat as unitholders”
 - Adoption of a structure to expense and not capitalize the management fee
- 9. Resource Allocation Seeking Stability and Growth**

Capitalize on Synergies with Tokyu Group Companies in the Tokyu Areas

Reinvestment of Capital Generated through TOKYU REIT



Overview of Investment Management Fee

	Objective (Aim)	Formula	Note
Base 1 (Linked to asset valuation)	Increase Growth	Asset value at end of previous period × 0.150% (0.125% for the portion exceeding 200 billion yen)	Encourage Asset Manager to strive for asset appreciation by linking fee to valuation, not to the amount invested
Base 2 (Linked to cash flow)		Operating cash flow in current period × 6.0% (5.0% for the portion exceeding 5 billion yen)	Operating cash flow is the amount equal to ordinary income plus depreciation and amortization of deferred assets minus profit or loss from valuation
Incentive (Linked to investment unit price)		(Average price in current period — Highest average price over all previous periods) × number of units × 0.4%	Change from 1.0% to 0.4%, approved by unitholders at general meeting on April 17, 2007
	Reduce risk premium related to investment unit		

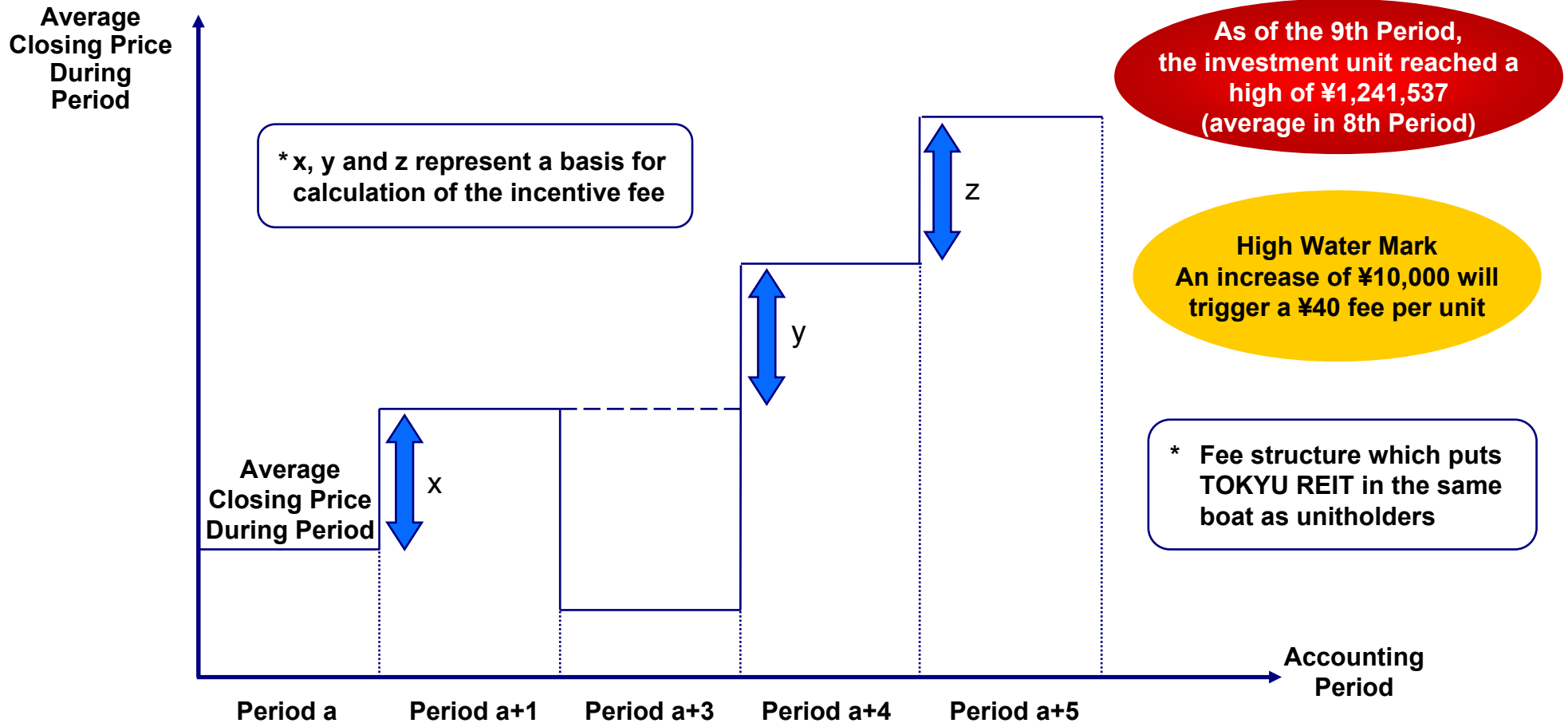
* Apart from the above fees, Tokyu REIT pays service charges to an asset custodian firm (Mitsubishi UFJ Trust and Banking Corporation), general administration firm (Mitsubishi UFJ Trust and Banking Corporation), property management firm (Tokyu Corporation as well as Tokyu Land Corporation), and accounting auditor (PricewaterhouseCoopers Aarata) among others.

*** Management fee structure linked to three performance indexes to balance the conflict of “being in the same boat as unitholders”**

*** The above fees are all booked as expenses. TOKYU REIT does not adopt any fee structure like so-called acquisition fee which is capitalized as acquisition cost and does not appear on income statement**

Incentive Fee Structure

* Incentive fee arises only when the average investment unit price during the period exceeds the past high (high water mark)



Incentive Fee = Number of Units Outstanding at the End of Previous Period x (x, y or z) x 0.4%

*Comments by Tokyu REIM



Financial Results and Forecast

Fiscal Results of January 08 Period

		9 th Period	8 th Period	Change	Change	9 th Period	Change	Change
		Actual	Actual			(%)		
		2008.1.31	2007.7.31			as of		
		(184 days)	(181 days)			2007.9.13		
Distribution per Unit	(¥)	15,364	14,427	937	6.5	14,700	664	4.5
Average LTV	(%)	31.7	33.9	-2.2	—	31.7	0.0	—
LTV at End of Period	(%)	32.7	31.8	0.9	—	34.1	-1.4	—
Acquisition Capacity by Debt	(¥ million)	84,011	81,849	2,162	2.6	73,949	10,062	13.6
Average Acquisition Price	(¥ million)	172,797	171,736	1,061	0.6	171,782	1,015	0.6
NOI Yield	(%)	5.54	5.59	-0.05	—	5.46	0.08	—
Unrealized Profit/Loss	(¥ million)	64,584	55,220	9,364	17.0			
Adjusted Net Asset Value	(¥)	959,997	904,709	55,288	6.1			
Average Unit Price during the Period	(¥)	1,000,664	1,241,537	-240,873	-19.4			

- Average LTV = (Average Balance of Interest Bearing Debt + Average Balance of Securities Deposit without Reserved Cash) / Appraisal Value at End of Period or Average Appraisal Value at Acquisition
- LTV at End of Period = (Balance of Interest Bearing Debt at End of Period+ Balance of Securities Deposit without Reserved Cash at End of Period) / Appraisal Value at End of Period or Average Appraisal Value at Acquisition
- Acquisition Capacity by Debt indicates the potential acquisition by debt only assuming maximum LTV at end of period of 50%
- NOI Yield = Leasing NOI / Average Appraisal Value of Properties during the Period (See Appendix)
- Unrealized Profit/Loss is the balance after deducting book value from appraisal value of properties at the end of period
- Adjusted net asset value per share reflecting unrealized profit/loss does not include retained earnings

Forecast for the 10th & 11th Periods

10th Period (ending July 2008) Estimates

■ **Projected EPS: 16,000 yen (change from the 9th period +636 yen)**

➤ Net Income: 2,710 million yen change from previous period +107 million yen (profit increase)

□ Leasing Operations Profit change from previous period +218 million yen (profit increase)

- ✓ Full year contribution of acquisitions in the 9th period 175 million yen
- ✓ Rent revision 46 million yen
- ✓ Miscellaneous income increase (cancellation penalty, etc.) 36 million yen
- ✓ Repair cost increase - 37 million yen , etc.

□ Asset Management Fee - 33 million yen (cost increase)

□ Non-Operating Expense - 74 million yen (cost increase), etc.

(Increase in the Long-Term Fixed Loan Ratio,
Increase in the Duration Period)

■ **Average LTV: 32.7% LTV/Total Asset (Period End): 38.1% Long Term Fixed Loan Ratio: 89.8%**

11th Period (ending January 2009) Estimates

■ **Projected EPS: 15,300 yen**

➤ Operating revenue: 7,046 million yen Recurring Profit: 2,592 million yen Net Income: 2,591 million yen

■ **Average LTV: 32.7% LTV/Total Asset (Period End): 38.1% Long Term Fixed Loan Ratio: 89.8%**

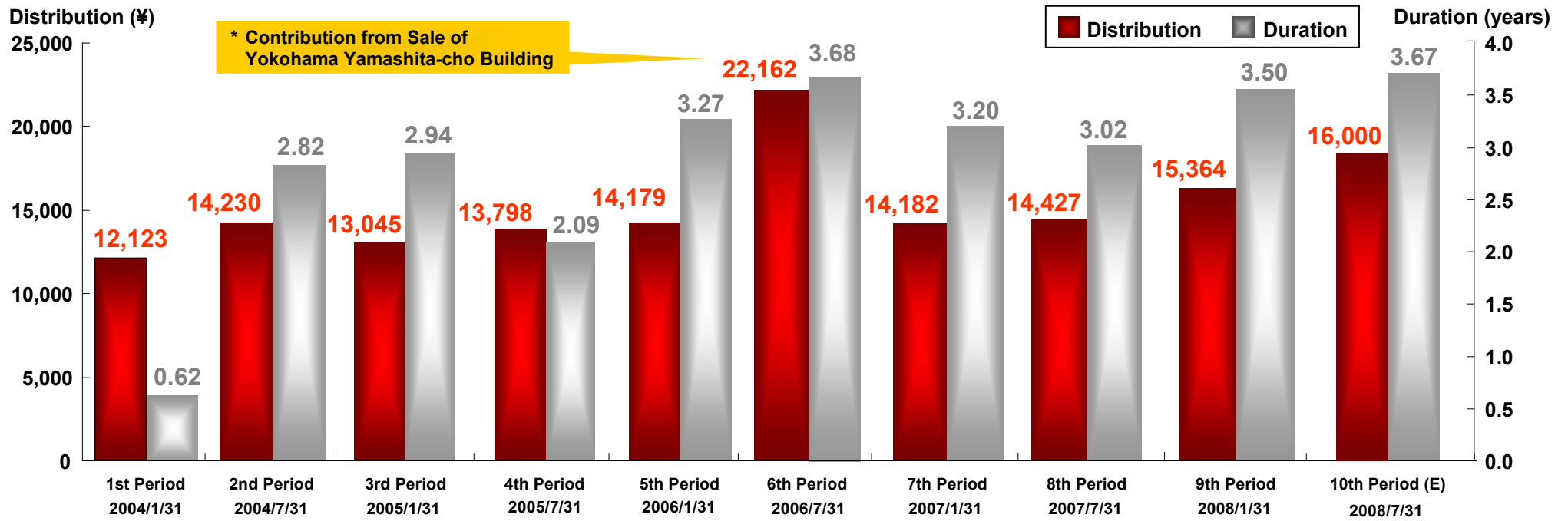
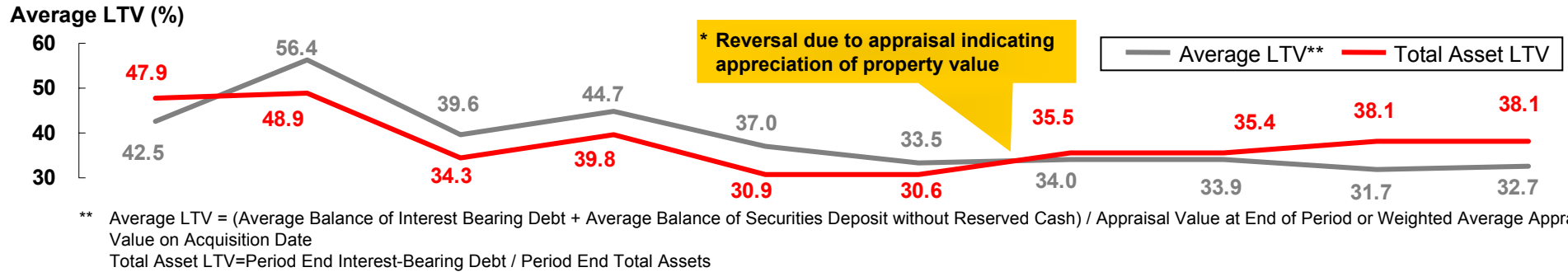
* Average LTV= (Interest bearing debt+ security deposit not backed by the corresponding bank deposit) ÷ expected asset value at period end or appraisal value at the acquisition

* LTV against the total asset (period end)=expected interest bearing debt ÷ expected total asset

* Duration = Average years to maturity of debt

Improvement of Profit Quality

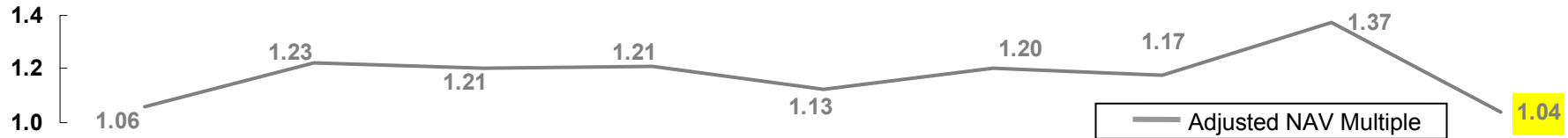
Lower LTV and extended duration (higher long-term fixed interest ratio) will steadily improve profit quality



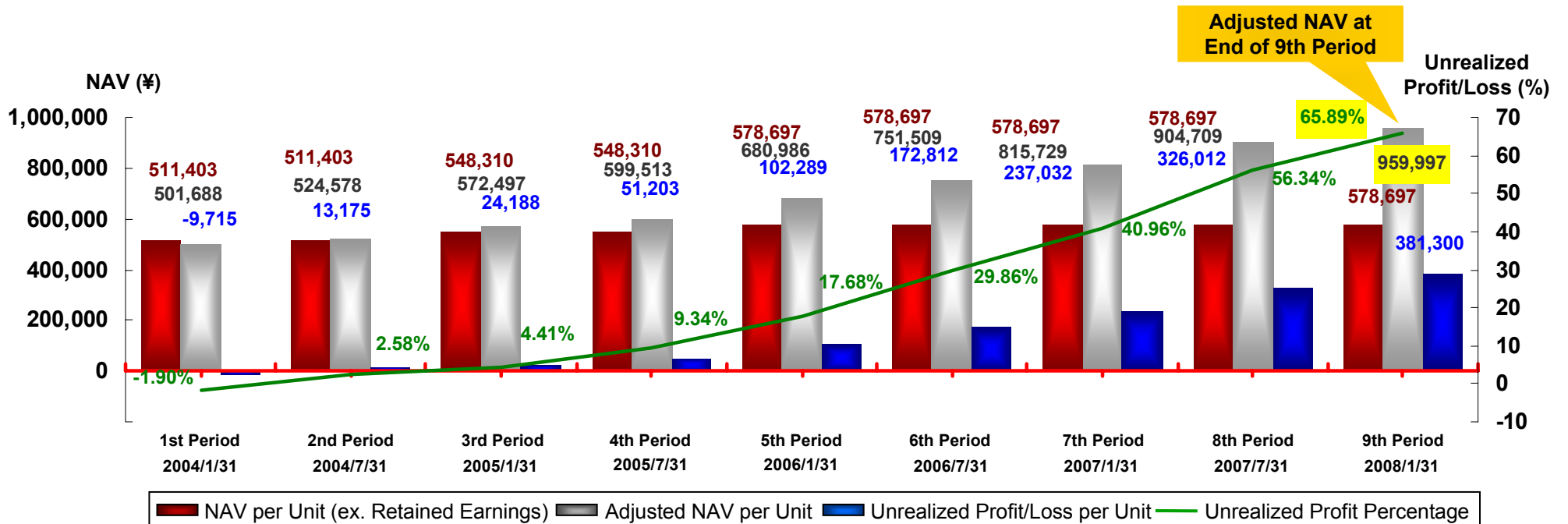
* Official distribution in 1st Period was ¥9,488 based on the actual operating days of 144 days, but the recalculated distribution of ¥12,123 based on 184 operating days is used in the above graph for the sake of comparison with figures from 2nd Period onwards

Improvement of Asset Value (Adjusted NAV)

Adjusted NAV Multiple



Adjusted NAV Multiple = Average Price of Investment Unit (Closing) / Adjusted NAV per Unit Reflecting Unrealized Profit/Loss (End of Period)

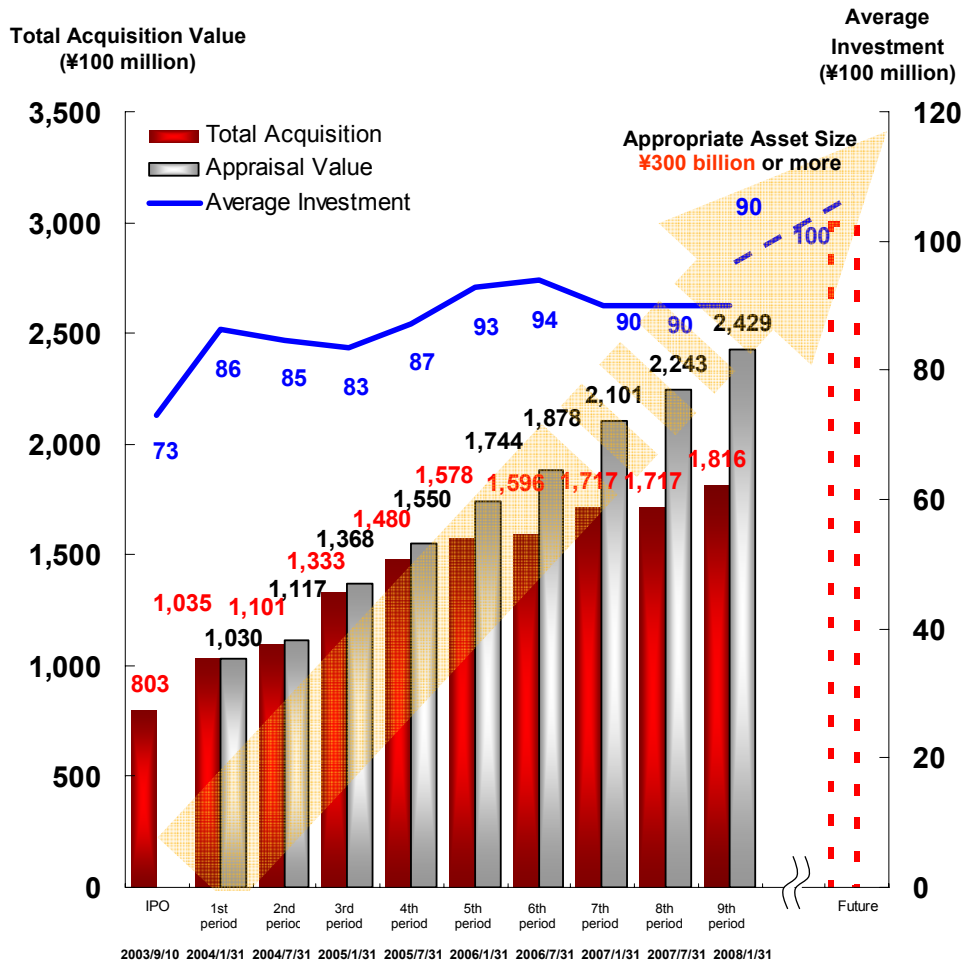


Average Investment Unit Price	1st Period	2nd Period	3rd Period	4th Period	5th Period	6th Period	7th Period	8th Period	9th Period
	¥530,828	¥643,097	¥690,705	¥726,082	¥766,520	¥902,435	¥958,306	¥1,241,537	¥1,000,664

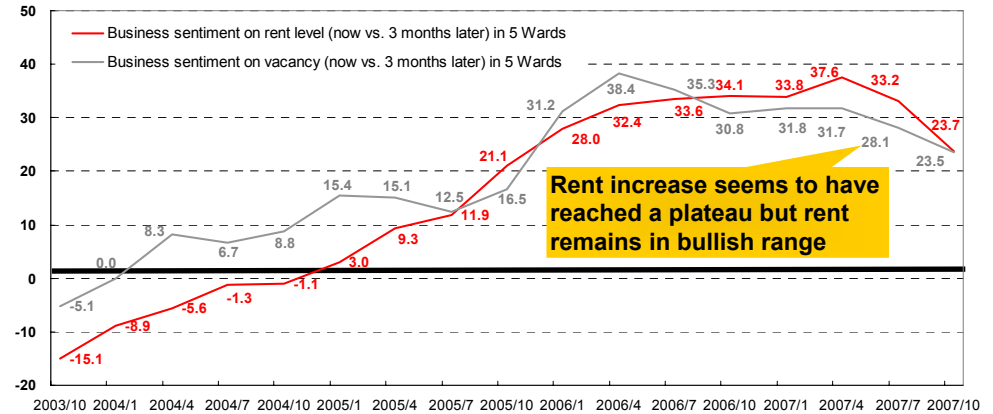
External Growth – Identifying Timing of Additional Acquisitions

External Growth (Steady Acquisition of Quality Assets)

Investment in competitive properties in regions with high growth potential

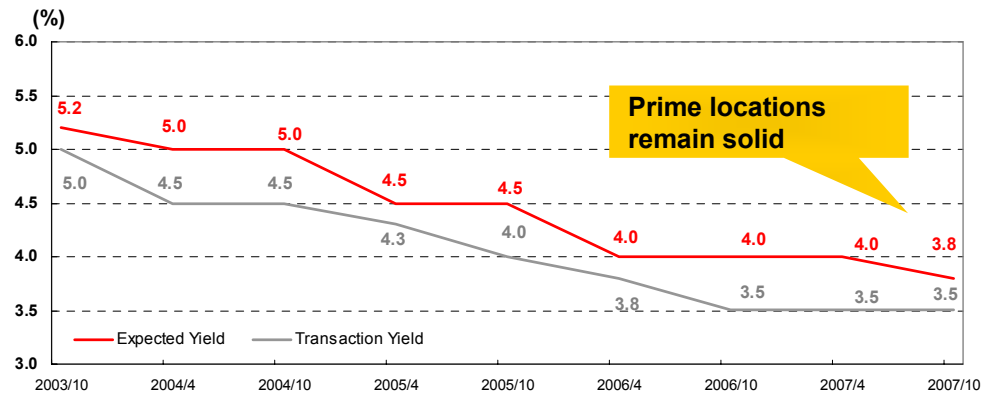


Business Sentiment on Rent Level and Vacancy (Central 5 Wards)



Source: Prepared by TREIM based on Building Owners and Managers Association's report "Building Management Trend Survey" from 10/2003 to 10/2007

Expected Yield and Transaction Yield of Benchmark Buildings (Marunouchi / Otemachi)



Source: Prepared by TREIM based on Japan Real Estate Institute's "Japanese Real Estate Investors Survey (#9 - #17)"

Additional Acquisition of TOKYU REIT Toranomon Building **TOKYU REIT**

■ Background

- Risks associated with the Management Association and subleasing need to be addressed as the building is held jointly between a number of individual owners, but the building is a sound long-term investment with potential for an increase in value through additional purchases*

■ Efforts to date

- Good communication with sectional owners
- Sound operation of the Management Association*
- Addressing the transboundary issue (won the case and preserved the right)**

■ Additional acquisition

- Additional acquisitions during the 9th period:

September 21, 2007	Fujita Kanko Inc.	1,100 million yen	Land: 8.6% Building: 7.1%	Negotiated
September 21, 2007	4 Individuals	200 million yen	Land: 1.3% Building: 1.1%	Negotiated
October 26, 2007	1 Individual	140 million yen	Land: 1.2% Building: 0.8%	Negotiated

After Acquisition	Jointly-owned building with 9 sectional owners	Total Acquisition Value: 10,070 million yen (Appraisal Value at End of Period: 16,800 million yen)	Land: 84.7% Building: 88.6%
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■ Achievement

- Increase in cash flow, asset appreciation, higher operating efficiency

* See p.13 of the 4th Period Semiannual Report

** See p.35 of the 6th Period Results Presentation Material



Acquisition of Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)

■ Summary

- **Asset** : Trust beneficiary interest in real estate
- **Purpose / Tenant** : Office / Tokyu Agency Inc.
- **Location** : Akasaka, Minato-ku, Tokyo
- **Land Area** : 712.49m²
- **Building** : 5,002.36m²
- **Acquisition Price** : 8,500 million yen
- **Appraisal Value at Acquisition** : 8,500 million yen
- **Cap Rate** : 4.20% (Terminal Cap Rate: 4.50%)
- **Acquisition Date** : January 31, 2008
- **Seller** : Amit Investment Ltd.
(Special purpose company (SPC)
established by Tokyu Agency, Inc. and
Tokyu Land Corporation)

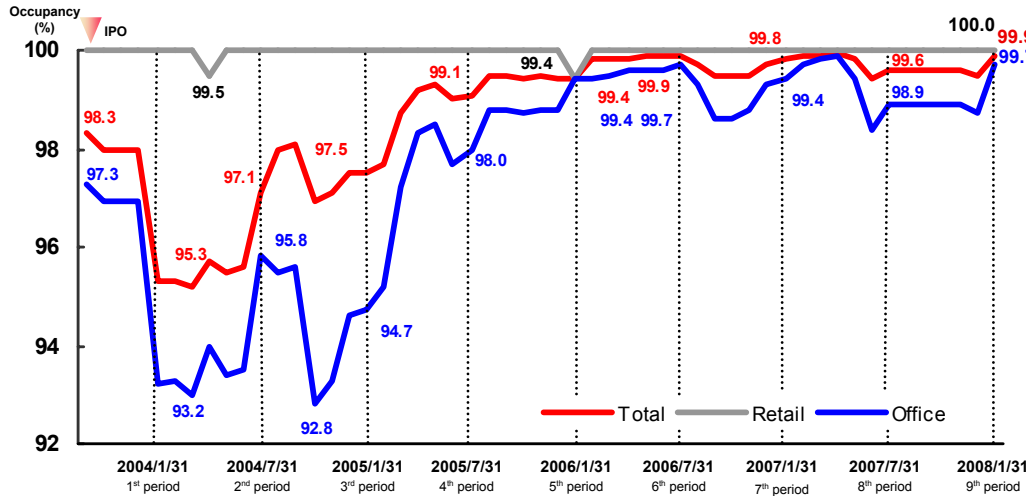


■ Characteristics and Challenges

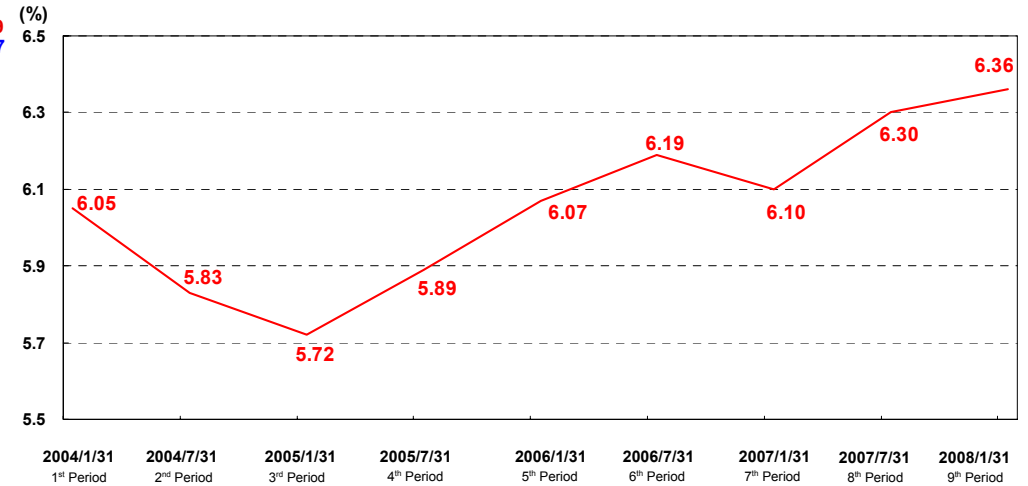
- **Strength** : Excellent access from numerous stations, high level of visibility from the prominent Aoyama Street, relatively new (completed in February 2003)
- **Weakness** : Risk of single tenant leaving the building
(Concluded a 5-year fixed-term lease contract effective from scheduled acquisition date)
- **Opportunities** : Strong potential arising from development of surrounding area
- **Note** : Result of collaboration with Tokyu Group companies

Internal Growth

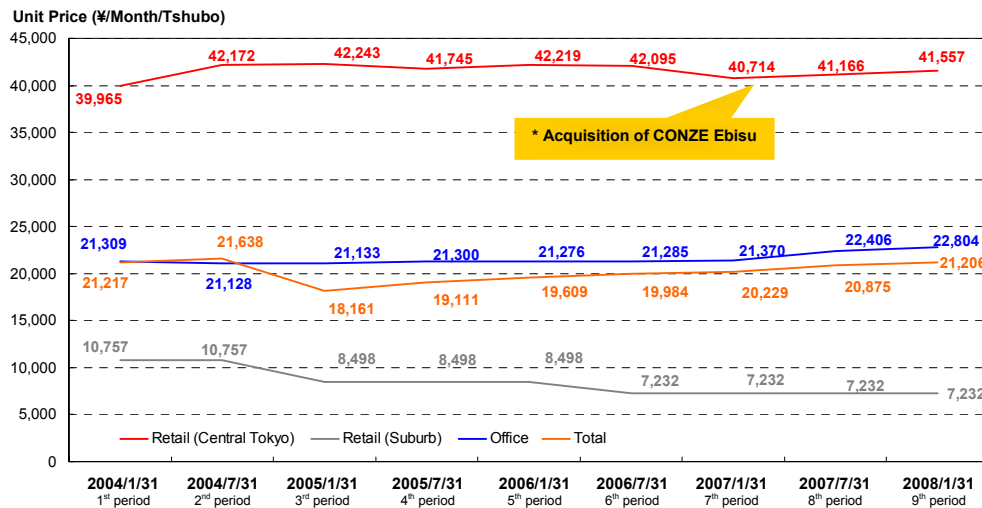
Historical Occupancy of Overall Portfolio



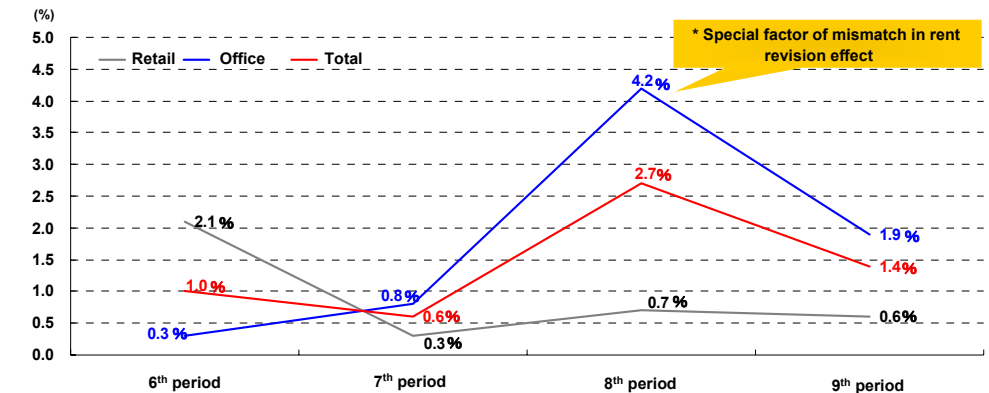
NOI Yield of 11 Properties at IPO (after capitalization effect of property and city planning taxes)



Average Rent (including Common Area Charge)



Monthly Rent Increase



* Rent may change due to the number of tenants facing rent renegotiation, rent revision and new tenants (occupancy)

※ Excluding Shonan Mall Fill (Sokochi)
 ※ Retail (Central Tokyo): QFRONT, TOKYU REIT Omotesando Sq., Lexington Aoyama, TOKYU REIT Shibuya Udagawa-cho Sq., cocoti, CONZE Ebisu
 Retail (Suburb): Tokyu Saginuma, Tokyu Saginuma 2, Beacon Hill Plaza (Ito Yokado Nokendai), Yokohama Yamashita-cho Building

* Except for income from Parking and Signs
 * Comparison of monthly rent at the end of each period

*Comments by Tokyu REIM

Divergence from the Market Rent

Divergence from the Market Rent

Asset Class	6th Period (16 Properties)	7th Period (17 Properties)	8th Period (19 Properties)	9th Period (19 Properties)	10th Period (20 Properties)
Retail	9.3%	9.4%	11.1%	10.6%	9.0%
Urban	13.3%	14.5%	16.7%	15.9%	13.5%
Suburban	0.3%	0.2%	0.2%	0.2%	0.2%
Office	4.2%	12.5%	14.1%	16.0%	15.6%
Total	6.3%	11.1%	12.8%	13.7%	12.9%

* Divergence = (New market rent - Monthly rent at the beginning of period) / Monthly rent at the beginning of period

* Market Rent is calculated by Tokyu REIM based on the market reports of third party

* Monthly rent at the beginning of each period includes Common Service Charge (except revenue from parking/sign charge)

* Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) excluded from the 6th period

<Reference> Percentage of Tenants Facing Rent Renegotiation

Asset Class	9th Period	10th Period	11th Period	12th Period	13th Period	14th Period	15th Period
Retail	1.8%	18.5%	18.3%	10.0%	31.0%	3.4%	1.3%
Urban	0.0%	9.4%	24.9%	4.4%	27.7%	5.1%	2.0%
Suburban	5.4%	36.2%	5.4%	21.0%	37.4%	0.0%	0.0%
Office	6.6%	28.0%	22.3%	27.0%	20.0%	29.0%	21.9%
Total (20 Properties)	4.6%	24.1%	20.7%	20.0%	24.5%	18.5%	13.5%

* Percentage calculated by dividing rent for tenants facing rent renegotiation by total rent by asset class

* Rent including Common Service Charge (except revenue from parking/sign charge)

* As of the beginning of the 10th period



Debt Management

Debt Offering Summary

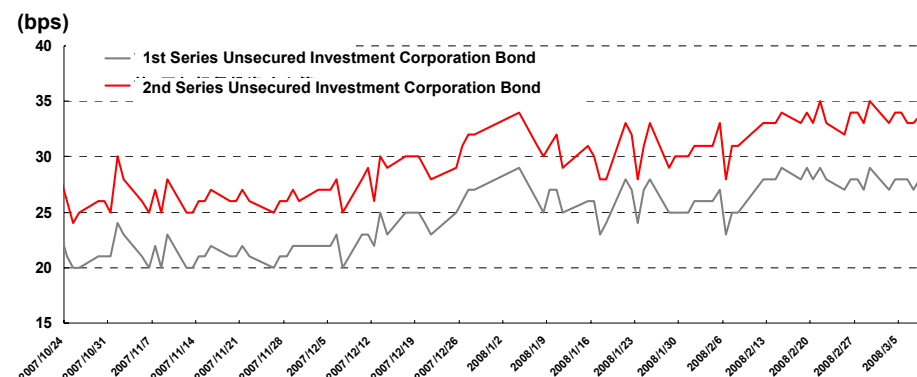
Name of Investment Corporation Bonds	Issue Date	Amount (Millions of yen)	Coupon		Maturity	Maturity Date	Note	
			Base Rate	Spread				
1st Series Unsecured Investment Corporation Bond (Ranks pari passu in right of payment with certain investment corporation bonds)	October 24, 2007	5,000	1.65%	5-yr LIBOR SWAP	20bps	5 years	October 24, 2012	Unsecured, unguaranteed. Included restrictions on collateral provision. The investment corporation bonds may be redeemed at any time from the day following the payment date, unless determined otherwise by the book-entry transfer agent.
2nd Series Unsecured Investment Corporation Bond (Ranks pari passu in right of payment with certain investment corporation bonds)	October 24, 2007	5,000	1.89%	7-yr LIBOR SWAP	25bps	7 years	October 24, 2014	
Total		10,000						

Rating (as of 9th period)



- Issuer Rating: AA- (Rating Outlook: Stable)
- Long-term Corporate Credit Rating: A (Outlook: Stable)
- Short-term Corporate Credit Rating: A-1
- Issuer Rating: A2 (Rating Outlook: Stable)

Historical Secondary Market Spread



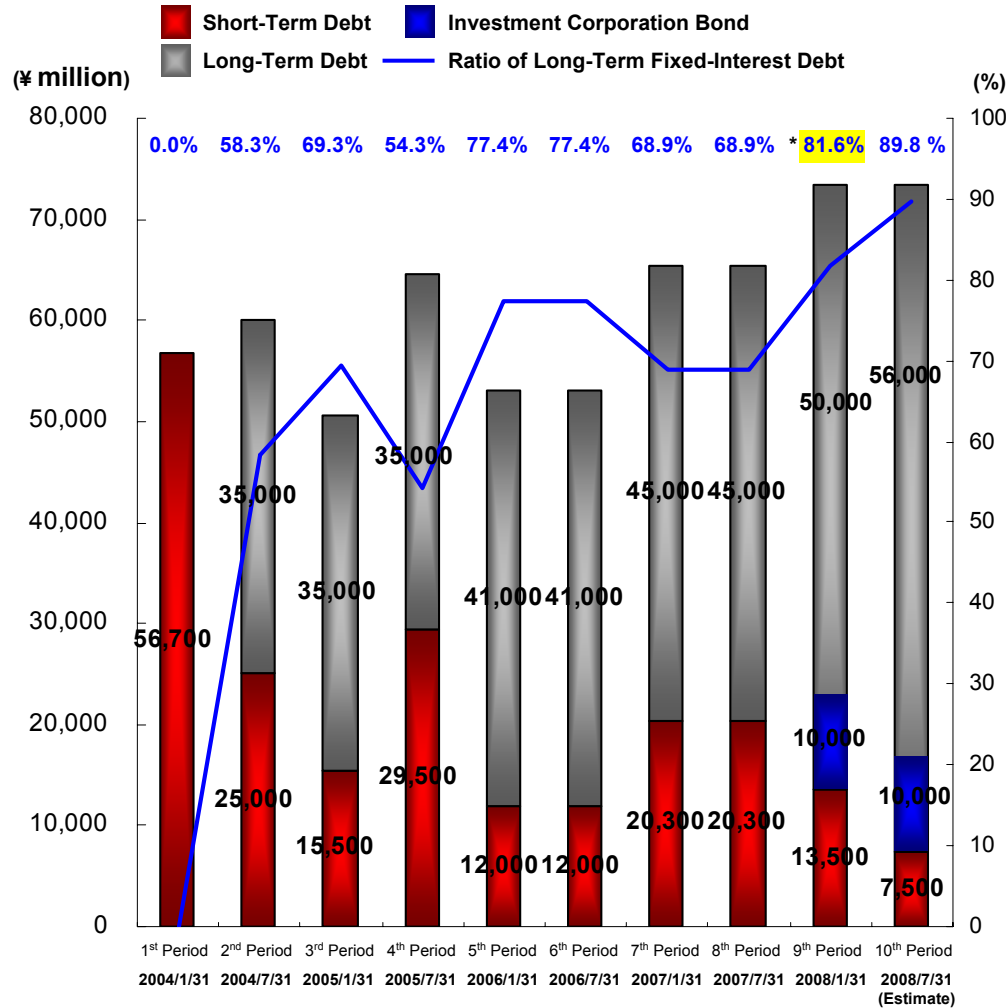
*High credit ratings to respond to changing monetary situations

* Spread, though expanding from offering terms, is limited; Looking for spread reduction because of the decision to be included in Index

*Comments by Tokyu REIM

Debt Structure (1)

Ratio of Long-Term Fixed-Interest Debt



* 74.8% excluding the long term debt maturing within a year

*** Striving to increase the ratio of long-term fixed-interest debt to improve the debt structure**

Interest Bearing Debt

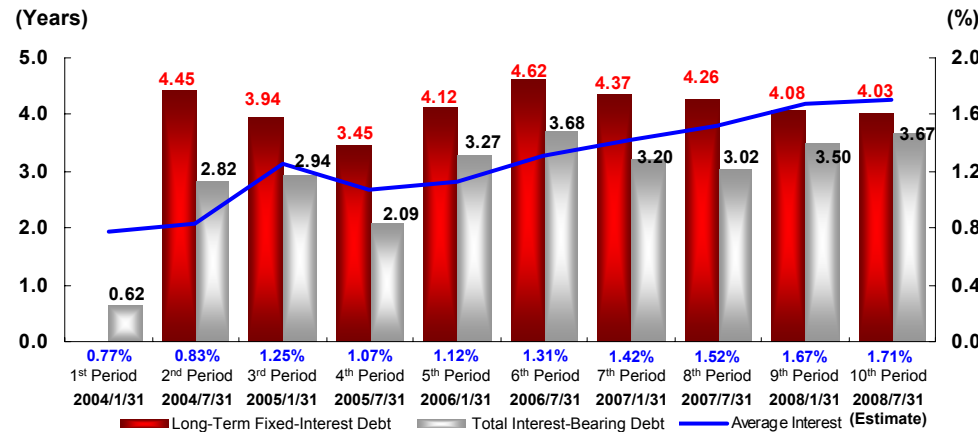
As of the 9th period

Category	Lender	Amount (million)	Coupon (%)	Debt Origination Date	Maturity		Note	
					Due Date	Period		
Short-term (Floating Rate)	Sumitomo Trust Bank	1,000						
	Chuo-Mitsui Trust Bank	1,000						
	Bank of Tokyo-Mitsubishi UFJ	1,000	0.99000	October 31, 2006	October 31, 2008	11th Period	Unsecured Unguaranteed	
	Mizuho Corporate Bank	1,000						
	Mitsubishi UFJ Trust Bank	1,000						
	Sumitomo Trust Bank	1,700						
	Chuo-Mitsui Trust Bank	1,700						
	Bank of Tokyo-Mitsubishi UFJ	1,700	0.93000	January 31, 2008	January 31, 2009	11th Period	Unsecured Unguaranteed	
	Mizuho Corporate Bank	1,700						
Mitsubishi UFJ Trust Bank	1,700							
	Sub-total	13,500	-	-	-	-	-	
Long-term (Fixed Rate)	The Norinchukin Bank ⁽¹⁾	4,000	1.38875			June 25, 2008	10th Period	
	The Hyakugo Bank ⁽¹⁾	1,000	1.23875					
	Chuo-Mitsui Trust Bank	5,000	1.68875			June 25, 2009	12th Period	
	Mitsubishi UFJ Trust Bank	5,000				June 25, 2010	14th Period	
	Aioi Insurance Company, Ltd.	1,000				June 25, 2012	18th Period	
	Daido Life Insurance Company	1,000	1.92750					
	Mitsui Sumitomo Insurance	1,000						
	Development Bank of Japan	4,000	2.03000					
	The National Mutual Insurance Federation of Agricultural Cooperation	1,000	1.26250	October 25, 2005	October 25, 2011	17th Period		Unsecured Unguaranteed
	Development Bank of Japan	5,000	1.95000	January 25, 2006	January 25, 2018	29th Period		
	Nippon Life Insurance	4,000	1.93000	July 31, 2006	July 31, 2011	16th Period		
	Daiichi Life Insurance	4,000	2.21125	July 31, 2006	July 31, 2013	20th Period		
	Daiichi Life Insurance	1,000						
	The National Mutual Insurance Federation of Agricultural Cooperation	3,000	1.92000	January 25, 2007	January 25, 2014	21st Period		
	Sumitomo Trust Bank	5,000	1.81062	June 25, 2007	December 25, 2010	15th Period		
Bank of Tokyo-Mitsubishi UFJ	5,000	1.62625	September 25, 2007	September 25, 2011	17th Period			
	Sub-total	50,000	-	-	-	-	-	-
	Total Borrowing	63,500	-	-	-	-	-	-
Bonds (Fixed Rate)	#1 Investment Corporation Bond	5,000	1.65000	October 24, 2007	October 24, 2012	19th Period		Unsecured Unguaranteed
	#2 Investment Corporation Bond	5,000	1.89000	October 24, 2007	October 24, 2014	23rd Period		
	Total Bonds	10,000	-	-	-	-	-	-
	Total Interest-bearing Debt	73,500	-	-	-	-	-	-

(1) Long Term Debt maturing within a year
(2) Average Interest Rate: 1.66970%

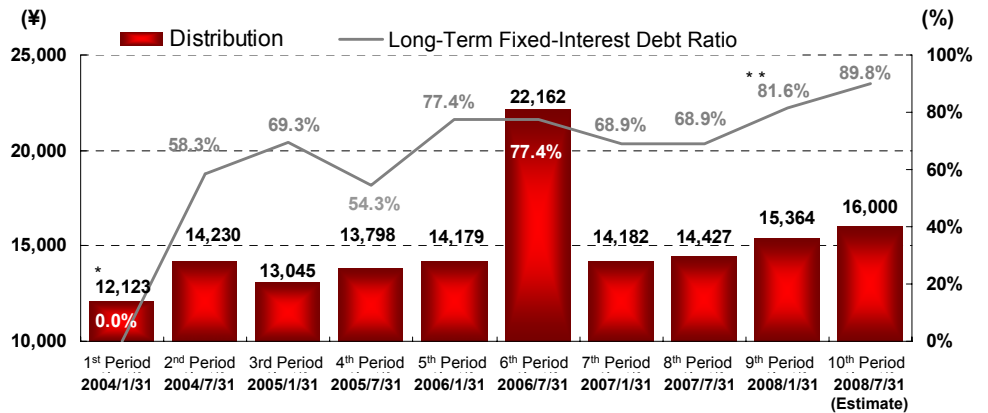
Debt Structure (2)

Average Maturity of Interest-Bearing Debt and Average Interest



*** Control debt cost while increasing duration**

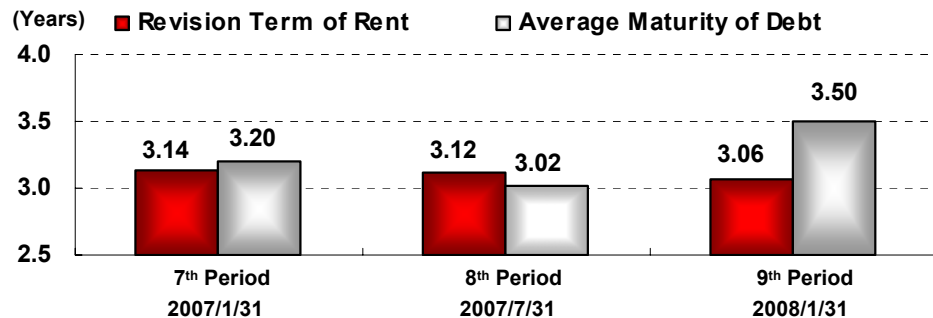
Distribution and Ratio of Long-Term and Fixed-Rate Debt



* Official distribution in 1st Period was ¥9,488 based on the actual operating days of 144 days, but the recalculated distribution of ¥12,123 based on 184 operating days is used in the above graph for the sake of comparison with figures from 2nd Period onwards
 ** 74.8% excluding the long term debt maturing within a year

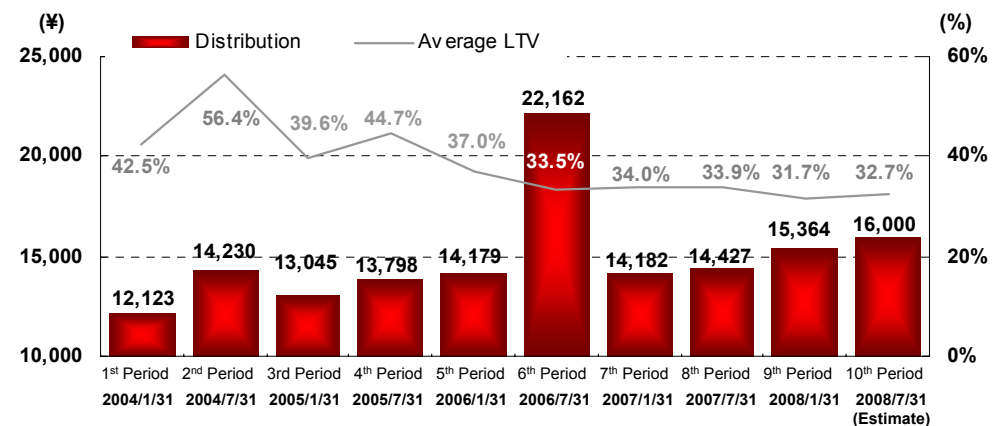
*** Focus on balance between EPS growth and earnings quality**

Revision Term of Rent to Average Maturity of Interest-Bearing Debt



*** Goal is to achieve a duration longer than the rent revision interval through active debt management**

Distribution and Average LTV



* Average LTV = (Average Balance of Interest Bearing Debt + Average Balance of Securities Deposit without Reserved Cash) / Appraisal Value at End of Period or Weighted Average Appraisal Value on Acquisition Date

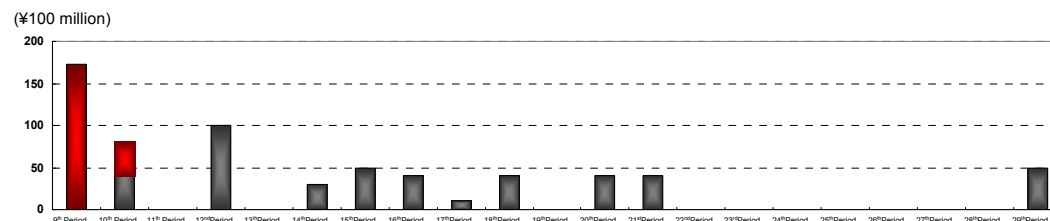
*Comments by Tokyu REIM

Debt Position Improvement in Preparation for Opportunities **TOKYU REIT**

Maturity Ladder

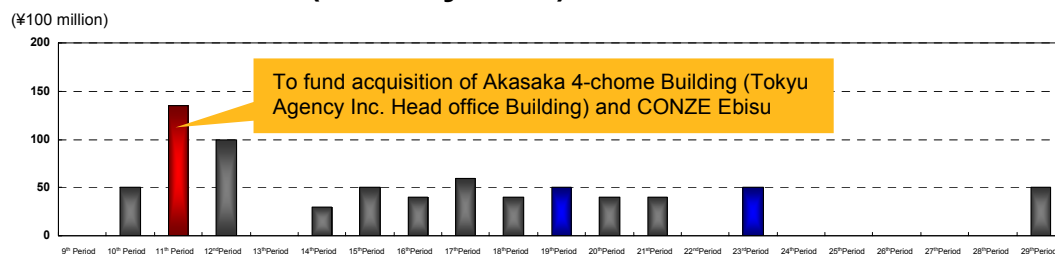
As of 8th Period (July 2007) ■ Short-Term Debt ■ Long-Term Debt ■ Investment Corporation Bond

Comparison with the 8th period shown in the brackets



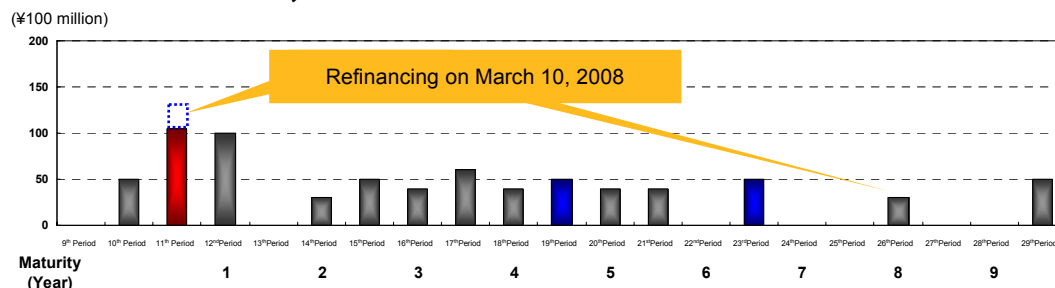
Total	:	¥65.3 bn
Average Maturity	:	3.02 year
Long-Term Fixed Rate Ratio	:	68.9%
Number of Ladders	:	11
Average Ladder Value	:	¥5,940 ml

As of 9th Period (January 2008)



Total	:	¥73.5 bn	(+¥8.2 bn)
Average Maturity	:	3.50 year	(+0.48 yr)
Long-Term Fixed Rate Ratio	:	81.6%	(+12.7pts.)
Number of Ladders	:	13	(+2)
Average Ladder Value	:	¥5,650 ml	(- ¥290 ml)

As of March 10, 2008



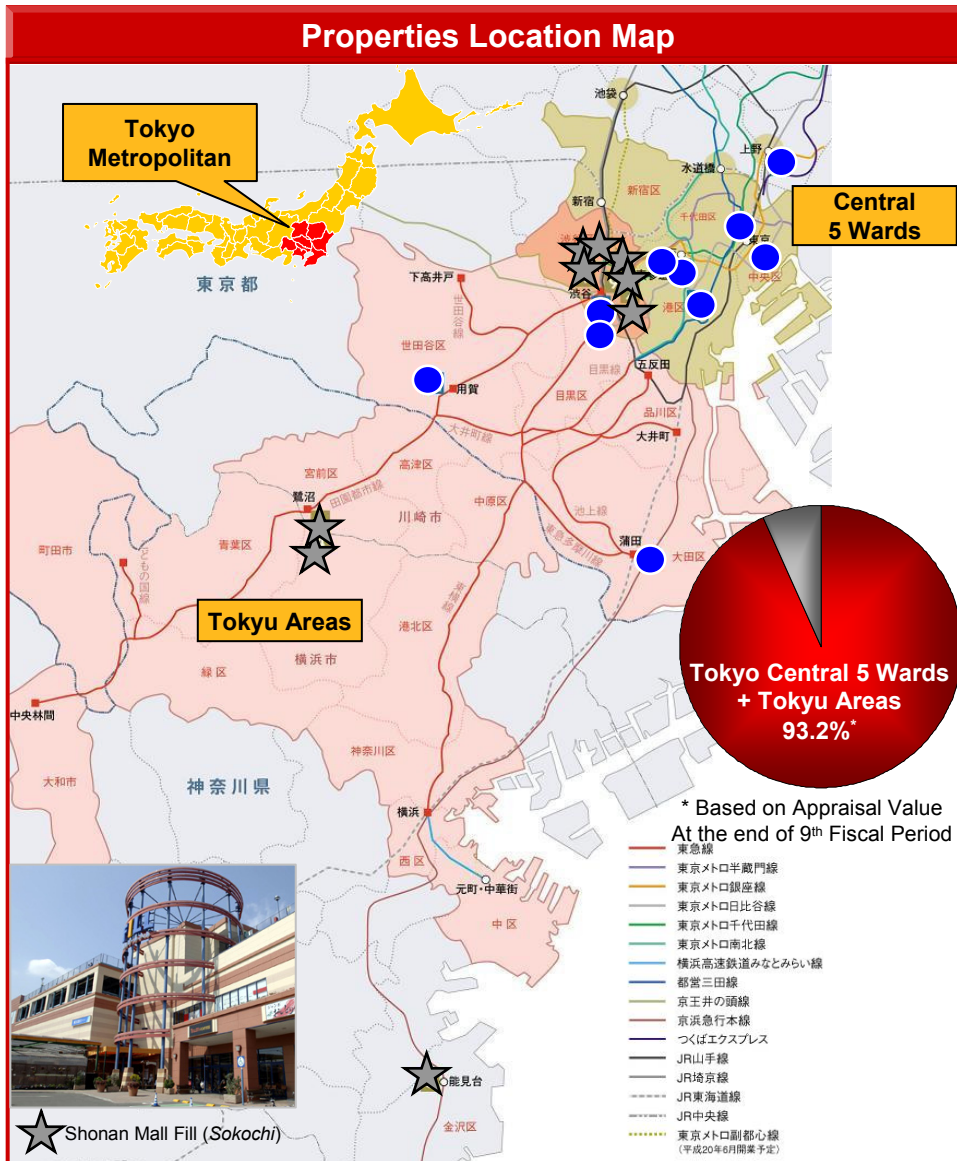
Total	:	¥73.5 bn	(+¥8.2 bn)
Average Maturity	:	3.69 year	(+0.67 yr)
Long-Term Fixed Rate Ratio	:	85.7%	(+16.8pts.)
Number of Ladders	:	14	(+3)
Average Ladder Value	:	¥5,250 ml	(- ¥690 ml)

Opportunities for acquisitions arise as real estate financing becomes tougher
 ⇒ Working on improving the debt structure to be well positioned to take advantage of the next opportunity for external growth



Portfolio Overview and Risk Management

Portfolio Overview



Retail Properties ☆

QFRONT

Lexington Aoyama

TOKYU REIT Omotesando Sq.

Tokyu Saginuma Bldg.

Conze Ebisu

Tokyu Saginuma 2 Bldg.

TOKYU REIT Shibuya Udagawa-cho Sq.

Beacon Hill Plaza (Ito Yokado Nokendai Store)

cocoti

Office Properties ○

Setagaya Business Square

Tokyu Nampo-dai-cho Bldg.

Tokyu Sakuragaoka-cho Bldg.

Tokyo Nissan Taito Bldg.

TOKYU REIT Akasaka Hinoki-cho Bldg.

TOKYU REIT Kamata Bldg.

Resona Maruha Bldg.

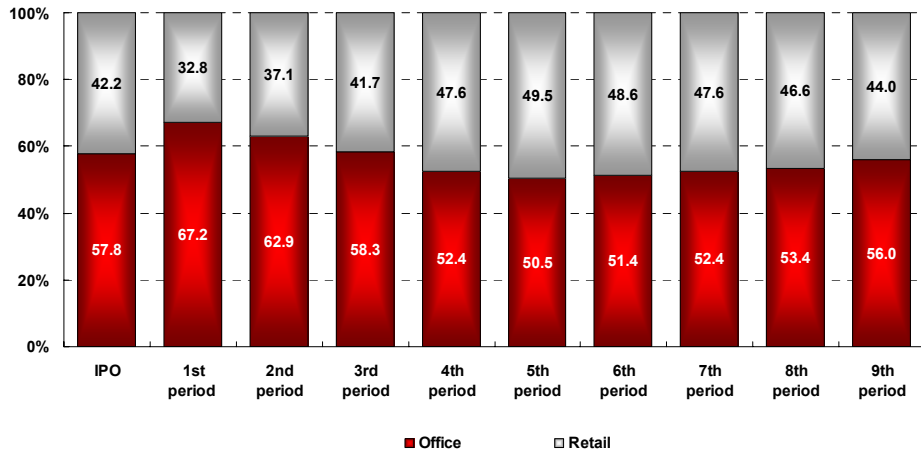
TOKYU REIT Toranomon Bldg.

TOKYU REIT Hatchobori Bldg.

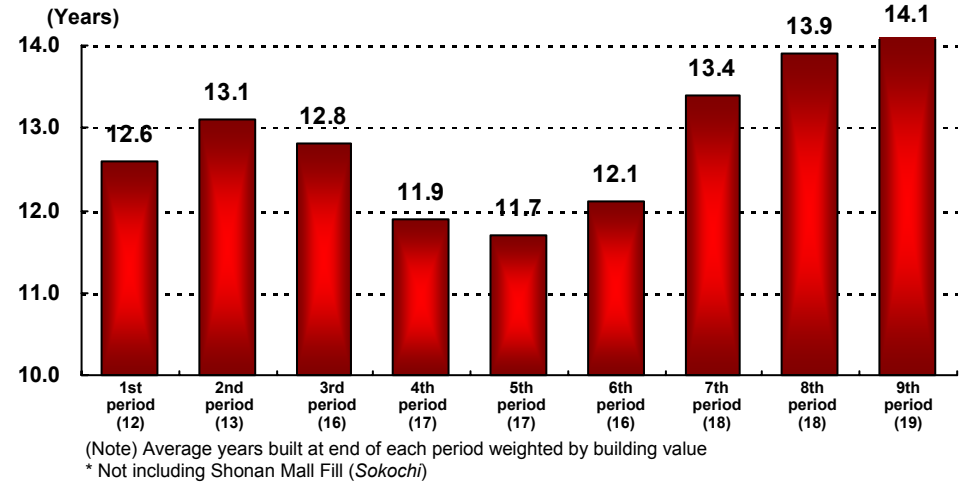
Akasaka 4-chome Bldg. (Tokyu Agency Inc. Head Office Bldg.)

Portfolio Overview (1)

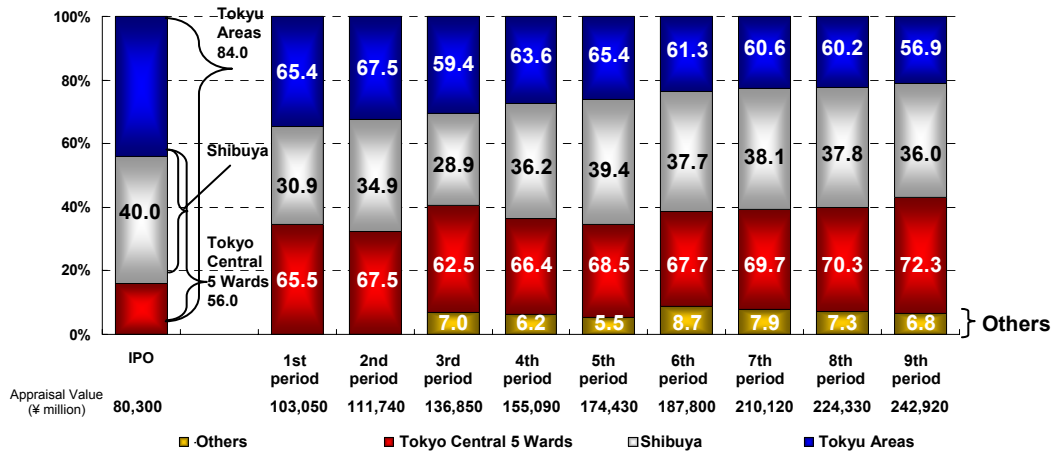
Office / Retail Ratio (Based on Appraisal Value at End of Period)



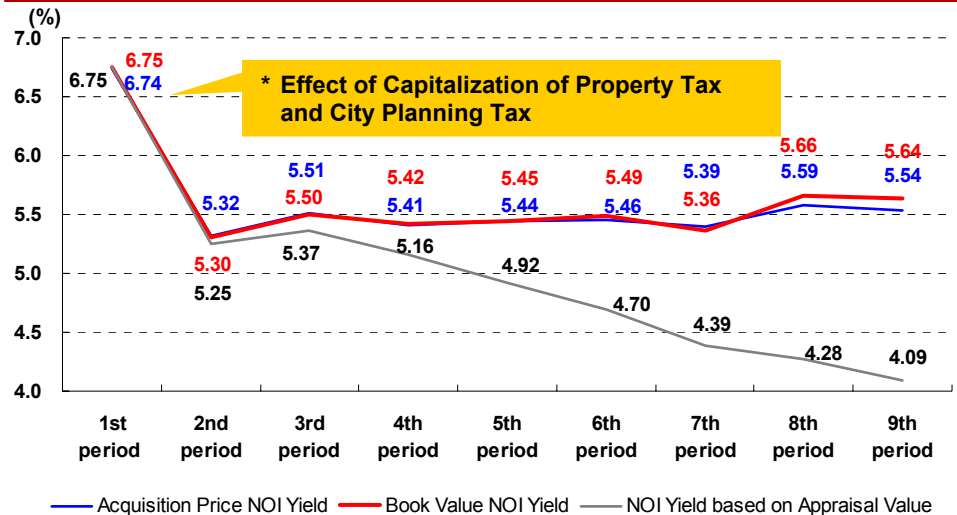
Weighted Average Years Built (as of 1/31/2008)



Area (Based on Appraisal Value at End of Period)



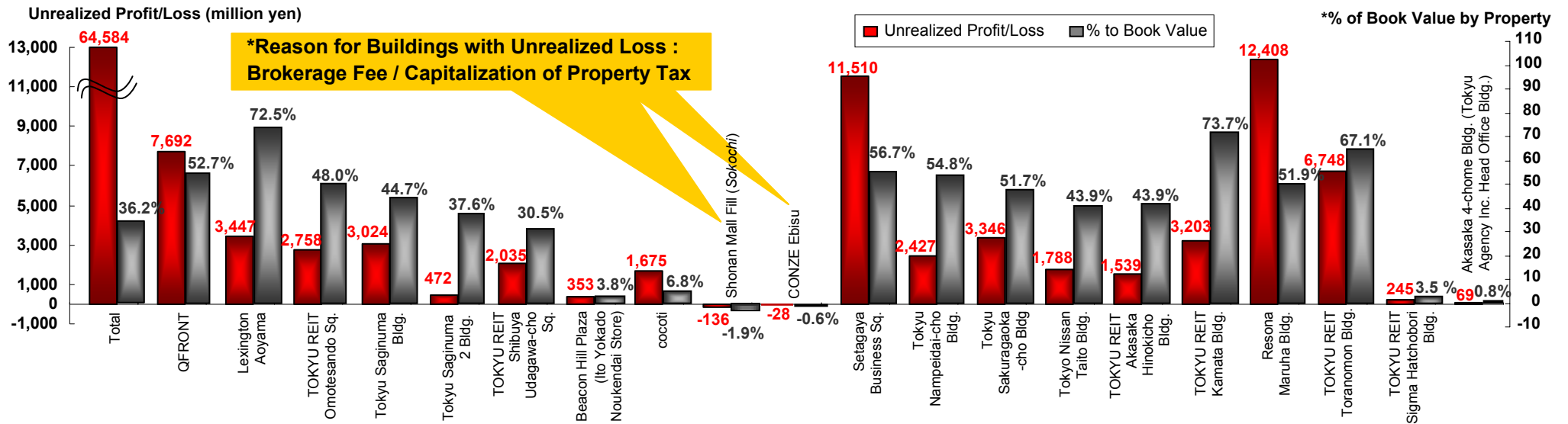
NOI Yield



*Comments by Tokyu REIM

Portfolio Overview (2)

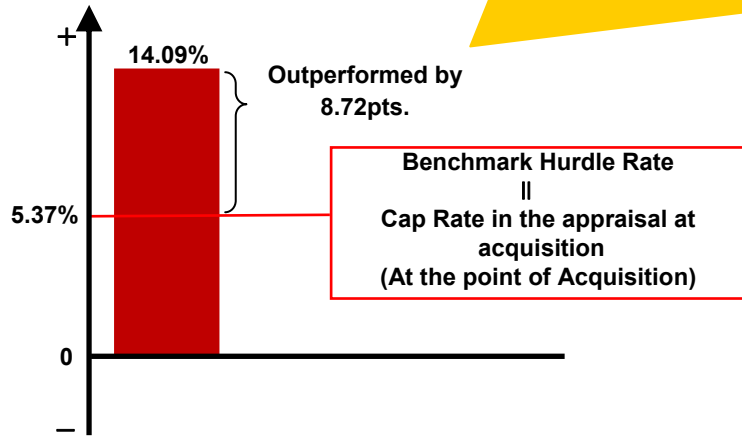
Unrealized Profit/Loss and Percentage of Book Value by Property



***Reason for Buildings with Unrealized Loss : Brokerage Fee / Capitalization of Property Tax**

Portfolio Return Performance

*** The total return of the 16 properties since acquisition has outperformed the benchmark by 8.72 points**

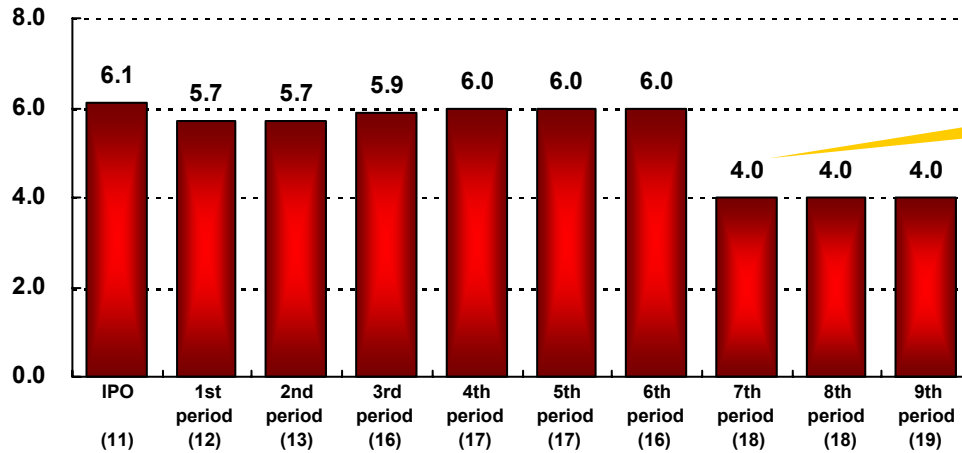


- Based on the 16 properties that have been held for more than 4 periods (2 years) (cocoti acquisition value is the total of both acquisition parts; excluding sale of the Yokohama Yamashita-cho Building in the 6th period) (Appraisal Price: 154,250 million yen)
- Property prices as of the end of each fiscal term are used to calculate IRR as deemed disposal price (sale price)
- Acquisition price does not include capitalized expenses such as broker's fee, the first year's property and city planning tax and compensation for specialist agents
- Cash flow of leasehold and security deposits are not included
- The IRR for the 17 properties (above 16 properties and the Yokohama Yamashita-cho Bldg. - Acquisition Price: 159,300 million yen) is 14.20% (outperforming the 5.43% benchmark by 8.77 points) (*) Using the transfer price for sale of Yokohama Yamashita-cho Building

*Comments by Tokyu REIM

Risk Management (1)

Portfolio PML



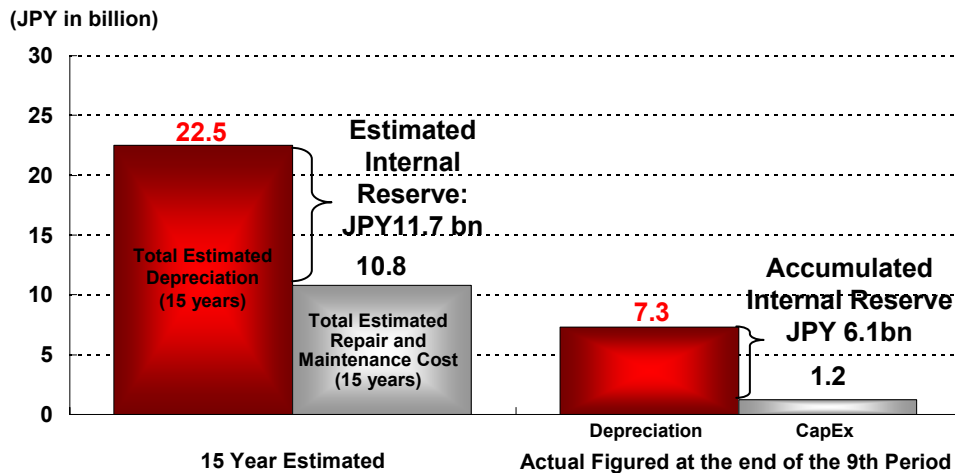
*The Shonan Mall Fill is not included

*PML decreased as Engineering & Risk Services Corporation and Oyo RMS Corporation, asked to perform analysis, changed evaluation method following the introduction of new seismic analysis

*The sources of capital for CapEx are limited to depreciation for REIT which makes 100% distribution of profits.

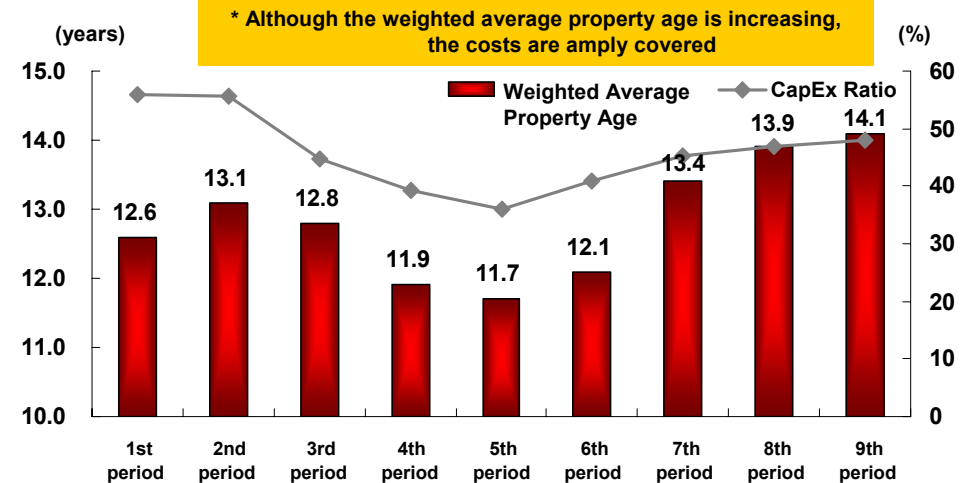
Therefore, we focus on the balance between total estimation of repair and maintenance cost and accumulated depreciation

Balance of Depreciation and Repair and Maintenance Costs



* The amount of repair and maintenance cost are updated when necessary
 * Not including Shonan Mall Fill (Sokochi)

Weighted Average Property Age and CapEx Ratio



* Although the weighted average property age is increasing, the costs are amply covered

*CapEx Ratio = (Total Estimated Depreciation per Period) / (Total Estimated Repair and Maintenance Cost per Period)

*Comments by Tokyu REIM

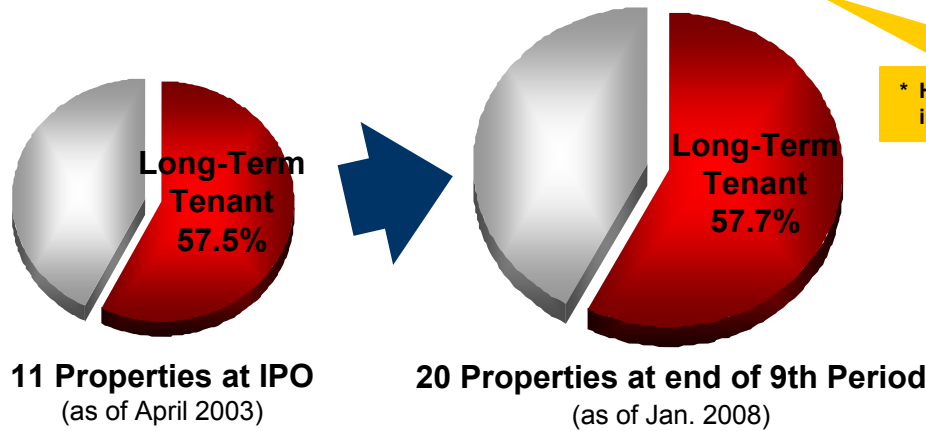
Risk Management (2)

Long-term Lease Ratio (based on Leasable Area)

*Continue to attract long-term commitment

Main Properties Concentration (20 Properties at End of 9th Period)

* Percentage of each property decreased as number of buildings increased

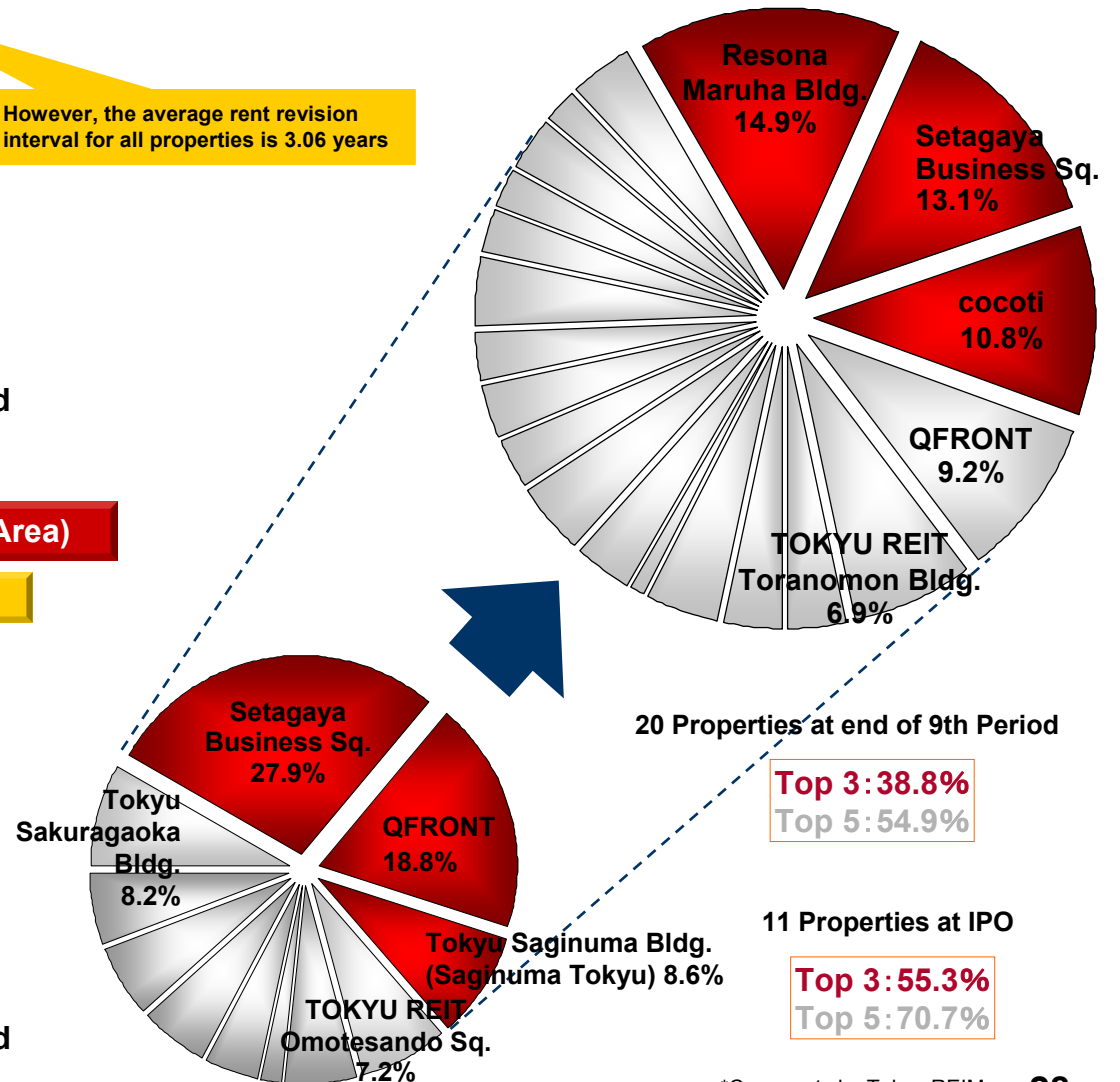
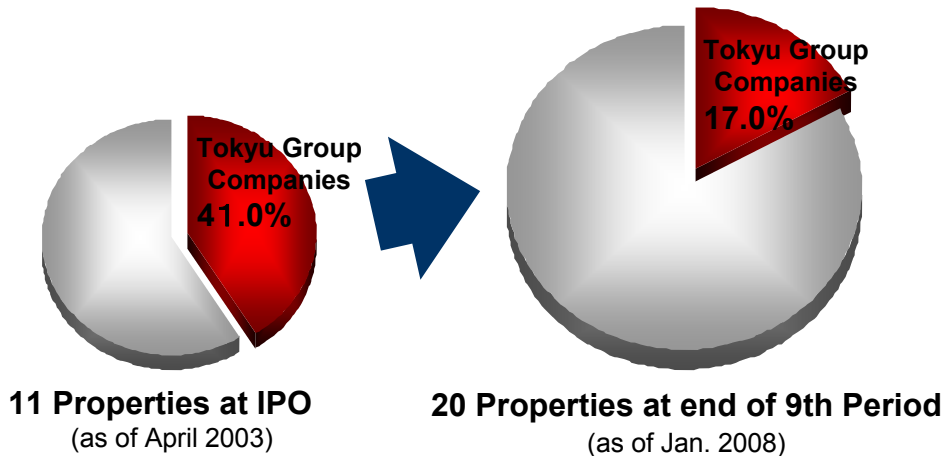


* However, the average rent revision interval for all properties is 3.06 years

(Note) Long-term Contract without Rent Revisions: 3.2%

Tokyu Group Tenant Concentration (based on Leasable Area)

*Lower dependence on Tokyu Group Companies



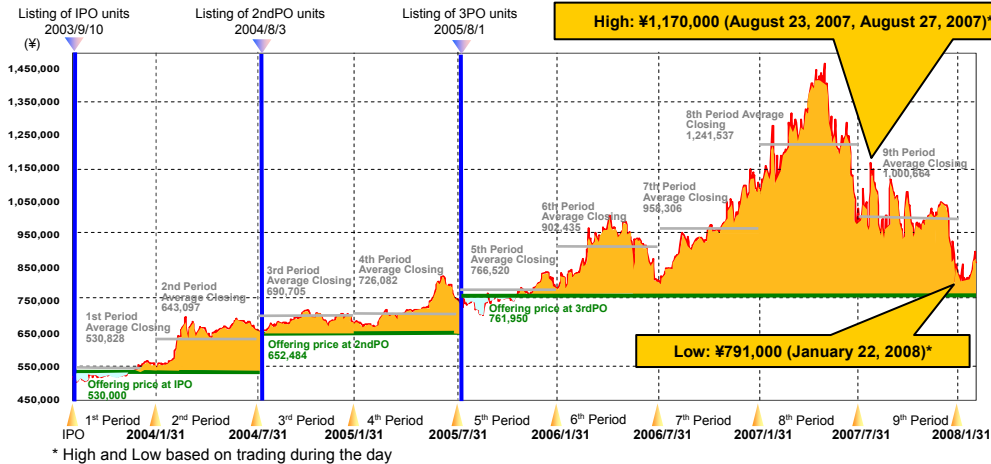
*Comments by Tokyu REIM



Investment Unit Value and Ownership Structure

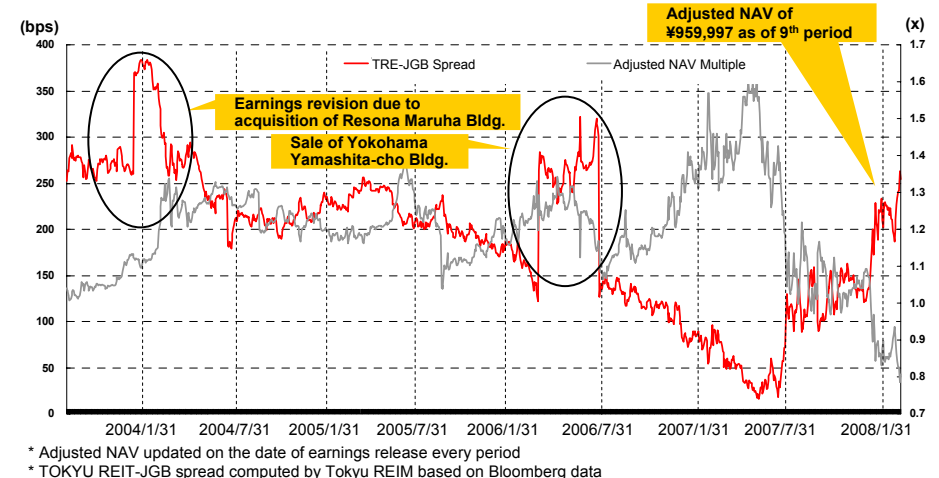
Information on TOKYU REIT Investment Units

TOKYU REIT Public Offering Price and Investment Unit Price



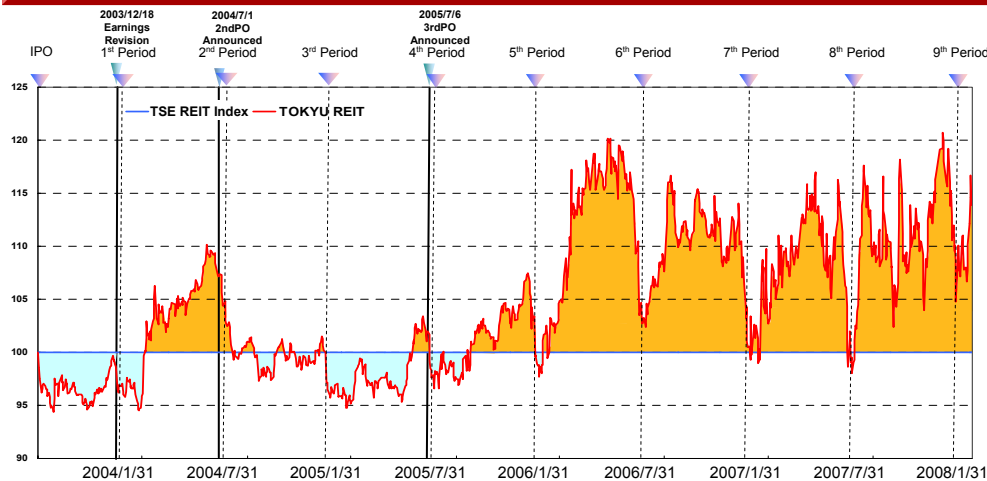
* Unit price is higher than public offering price of all 3 add-on offerings

TOKYU REIT – JGB Spread and Adjusted NAV Multiple

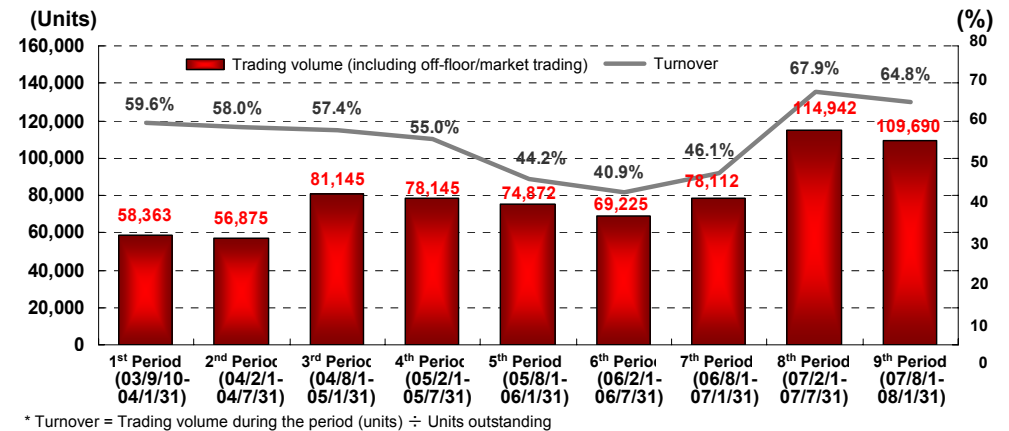


* Adjusted NAV multiple decreasing from an increase in unrealized profit

TOKYU REIT Investment Unit Price Performance (vs. TSE REIT Index)



Trading Volume and Turnover of TOKYU REIT Units

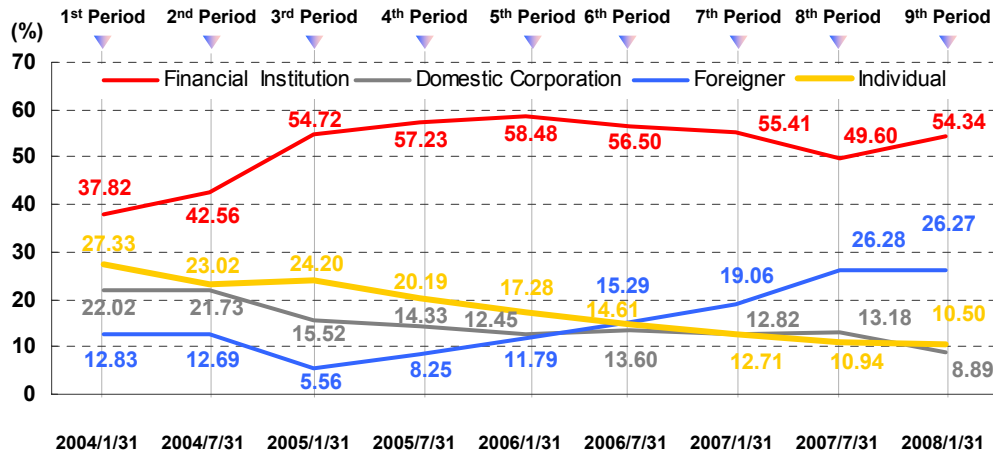


* Solid level of liquidity ensured

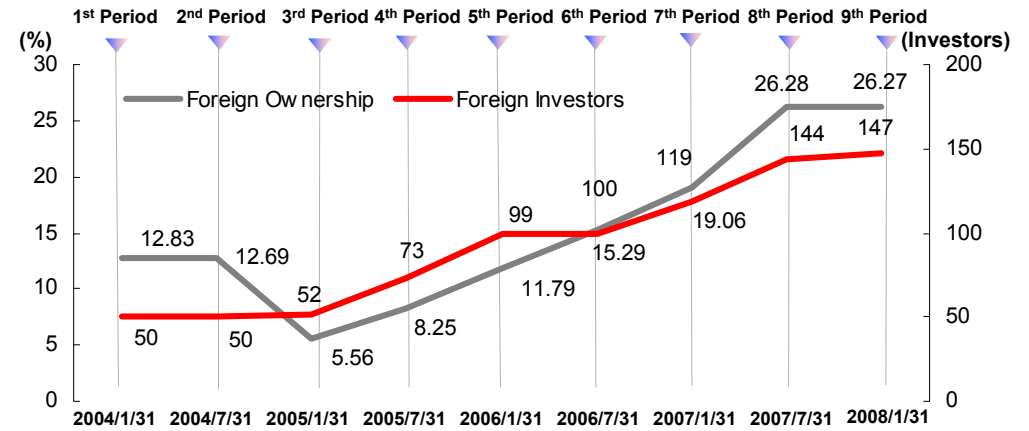
* Comments by Tokyu REIM

Investor Information

Ownership by Investor Type

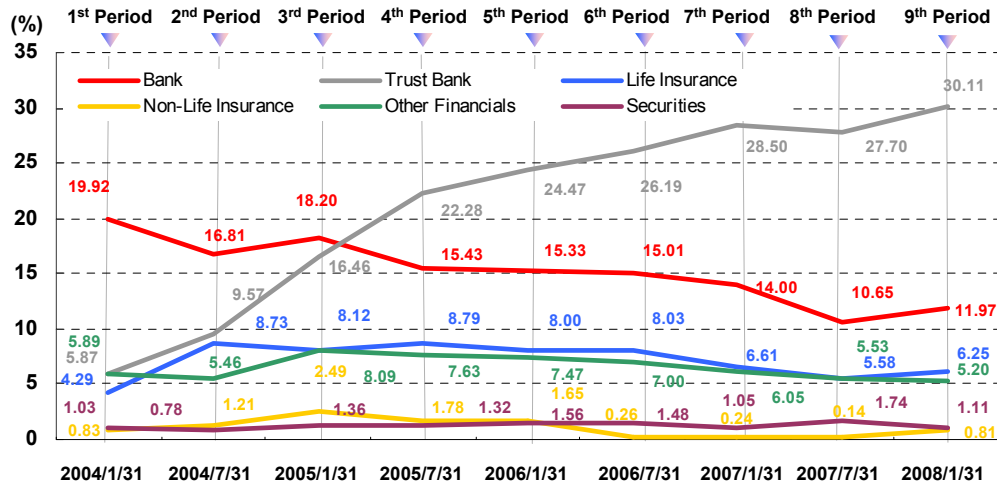


Foreign Ownership and Number of Investors



* Foreign ownership ratio remains flat

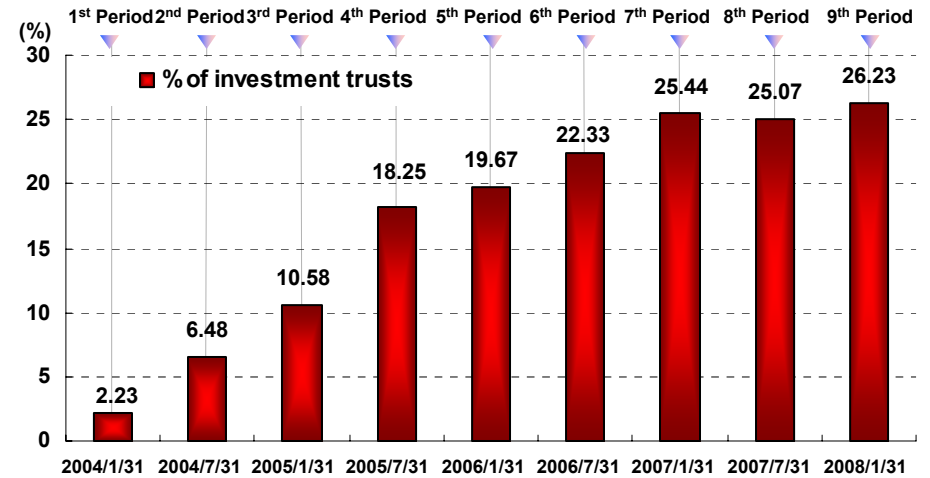
Ownership by Investor Type (Financial Institutions)



* Financial institutions replaced the decline in ownership by domestic corporations

* Financial institutions plus securities companies

Investment Trust as % of Investment Units (% of Investment Trusts)



* Investment units held by investment trusts represent a quarter of all investment units

*Comments by Tokyu REIM

List of Unit-Holders

Period 7 (ending Jan. 31, 2007)

	Investors	No. of Units Held	Share (%)
1	Japan Trustee Services Bank Ltd.	16,184	9.55
2	NikkoCiti Trust and Banking Corporation	12,046	7.11
3	The Master Trust Bank of Japan, Ltd.	8,140	4.81
4	Trust & Custody Services Bank, Ltd.	6,775	4.00
5	Kawasaki Gakuen	6,000	3.54
6	Tokyu Corporation	5,880	3.47
7	CB London Standard Assurance, Ltd.	5,012	2.96
8	AIG Star Life Insurance Co., Ltd.	4,871	2.88
9	Resona Bank, Ltd.	4,506	2.66
10	Tokyu Land Corporation	3,920	2.31
11	Bank of New York, Treaty JASDEC Account	3,665	2.16
12	The Hiroshima Bank Ltd.	3,584	2.12
13	The Nomura Trust and Banking Co., Ltd	3,569	2.11
14	American Life Insurance Company	3,207	1.89
15	The Gibraltar Life Insurance Co., Ltd.	2,580	1.52
16	The National Mutual Insurance Federation of Agricultural Cooperatives	2,505	1.48
17	The Hachijuni Bank, Ltd.	1,516	0.90
18	The Shinwa Bank, Ltd.	1,415	0.84
19	The Gunma Bank Ltd.	1,352	0.80
20	The Chukyo Bank, Ltd.	1,344	0.79
	Total	98,071	57.90

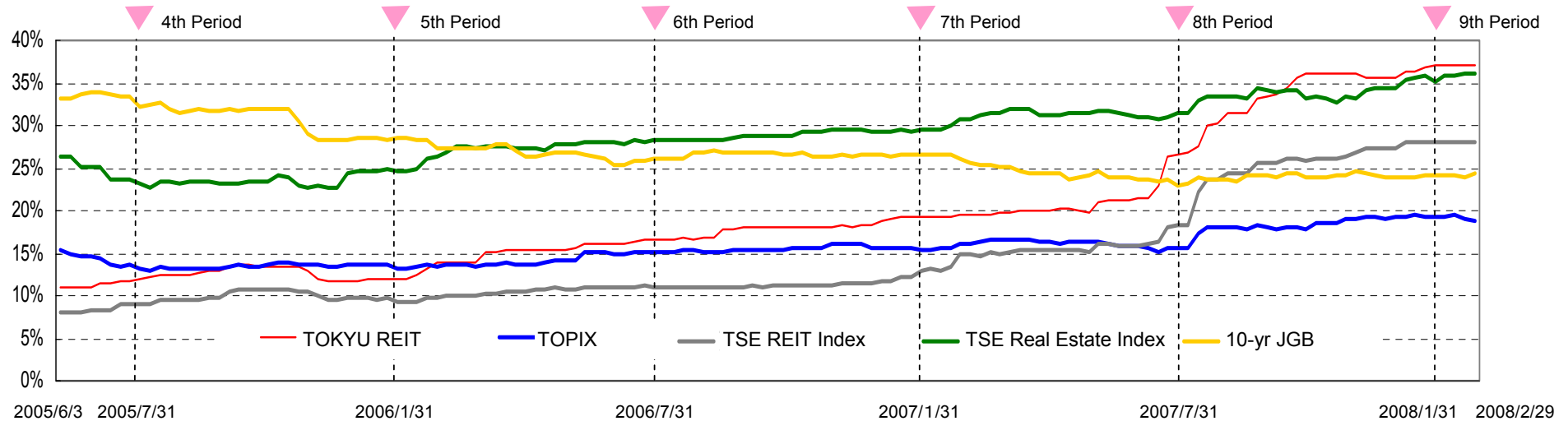
Period 8 (ending Jul. 31, 2007)

	Investors	No. of Units Held	Share (%)
1	Japan Trustee Services Bank Ltd.	12,564	7.41
2	NikkoCiti Trust and Banking Corporation	11,099	6.55
3	Trust & Custody Services Bank, Ltd	9,372	5.53
4	The Master Trust Bank of Japan, Ltd.	8,262	4.87
5	CB London Standard Assurance, Ltd.	6,583	3.88
6	Kawasaki Gakuen	6,000	3.54
7	Tokyu Corporation	5,880	3.47
8	AIG Star Life Insurance Co., Ltd.	4,871	2.87
9	Bank of New York, Treaty JASDEC Account	4,397	2.59
10	The Nomura Trust and Banking Co., Ltd	4,156	2.45
11	Tokyu Land Corporation	3,920	2.31
12	American Life Insurance Company	3,207	1.89
13	The National Mutual Insurance Federation of Agricultural Cooperatives	2,505	1.47
14	The Hiroshima Bank Ltd.	2,389	1.41
15	UBS AG London Asia Equities	2,368	1.39
16	State Street Bank & Trust Company	2,118	1.25
17	Merrill Lynch International Equity Derivatives	1,868	1.10
18	BBH Matthews Asian Growth and Income Fund	1,690	0.99
19	Nomura Securities	1,623	0.95
20	The Hachijuni Bank, Ltd.	1,516	0.89
	Total	96,388	56.90

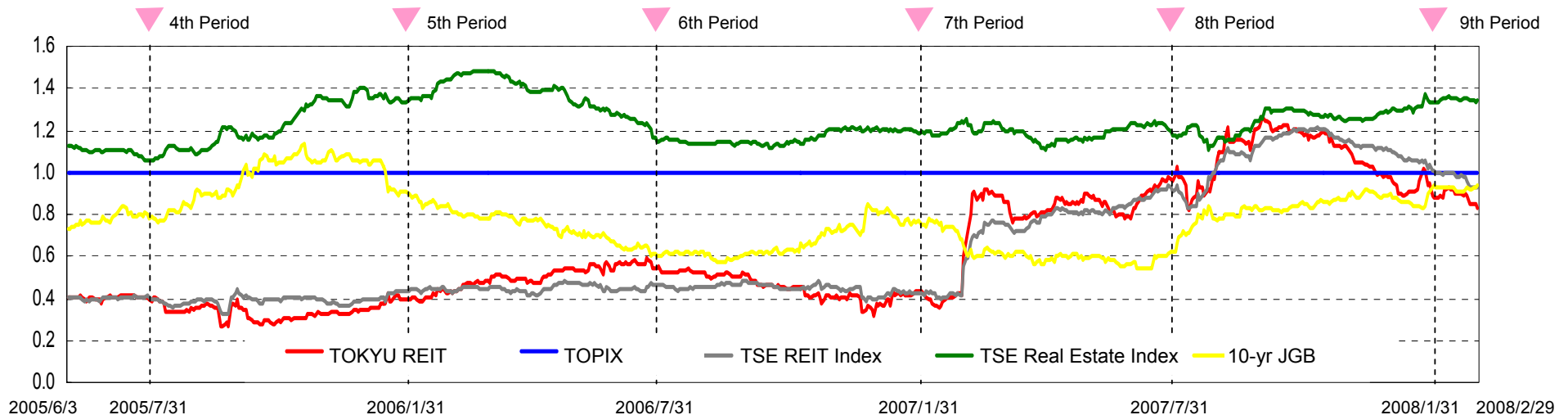
Period 9 (ending Jan. 31, 2008)

	Investors	No. of Units Held	Share (%)
1	Japan Trustee Services Bank Ltd.	14,009	8.27
2	NikkoCiti Trust and Banking Corporation	12,783	7.54
3	CB London Standard Assurance, Ltd.	10,329	6.09
4	Trust & Custody Services Bank, Ltd	9,924	5.85
5	The Master Trust Bank of Japan, Ltd.	8,449	4.98
6	Tokyu Corporation	5,880	3.47
7	AIG Star Life Insurance Co., Ltd.	4,871	2.87
8	North Pacific Bank, Ltd.	4,604	2.71
9	The Nomura Trust and Banking Co., Ltd	4,123	2.43
10	Tokyu Land Corporation	3,920	2.31
11	American Life Insurance Company	2,949	1.74
12	Goldman Sachs International	2,756	1.62
13	Bank of New York, Treaty JASDEC Account	2,508	1.48
14	The National Mutual Insurance Federation of Agricultural Cooperatives	2,505	1.47
15	Barclays Bank Plc Barclays Capital Securities	2,011	1.18
16	Bank of New York Europe Limited 131705	1,907	1.12
17	UBS AG London Asia Equities	1,872	1.10
18	Orix Life Insurance Corporation	1,788	1.05
19	Kansai Urban Banking Corporation	1,400	0.82
20	The Gunma Bank Limited	1,352	0.79
	Total	99,940	59.00

Volatility of TOKYU REIT and Other Indexes (90-week Moving Average)



Beta of TOKYU REIT and Other Indexes



Source: Prepared by Tokyu REIM based on Bloomberg data

Analyst Coverage <Reference>

As of February 29, 2008

Rating	Date	TRE Closing Price	Analyst	Fair Price	Period
Outperform	2007/10/3	1,080,000	Macquarie Securities Limited CHANG HAN JOO	1,320,000	12 Months
Buy	2007/10/1	1,090,000	Yoshizumi Kimura (Nikko Citigroup Limited)	1,370,000	12 Months
Market Perform	2007/10/1	1,090,000	Toru Esaki (Mitsubishi UFJ Securities)	N/A	N/A
Neutral	2007/9/18	932,000	Tomohiro Araki (Nomura Securities Financial & Economic Research Center)	N/A	N/A
Neutral	2007/9/18	932,000	Toshiyuki Anegawa (Merrill Lynch Japan Securities)	N/A	N/A
Neutral	2007/7/17	1,200,000	Masato Nakagawa (Daiwa Institute of Research)	N/A	N/A

Source: Bloomberg, compiled by Tokyu REIM

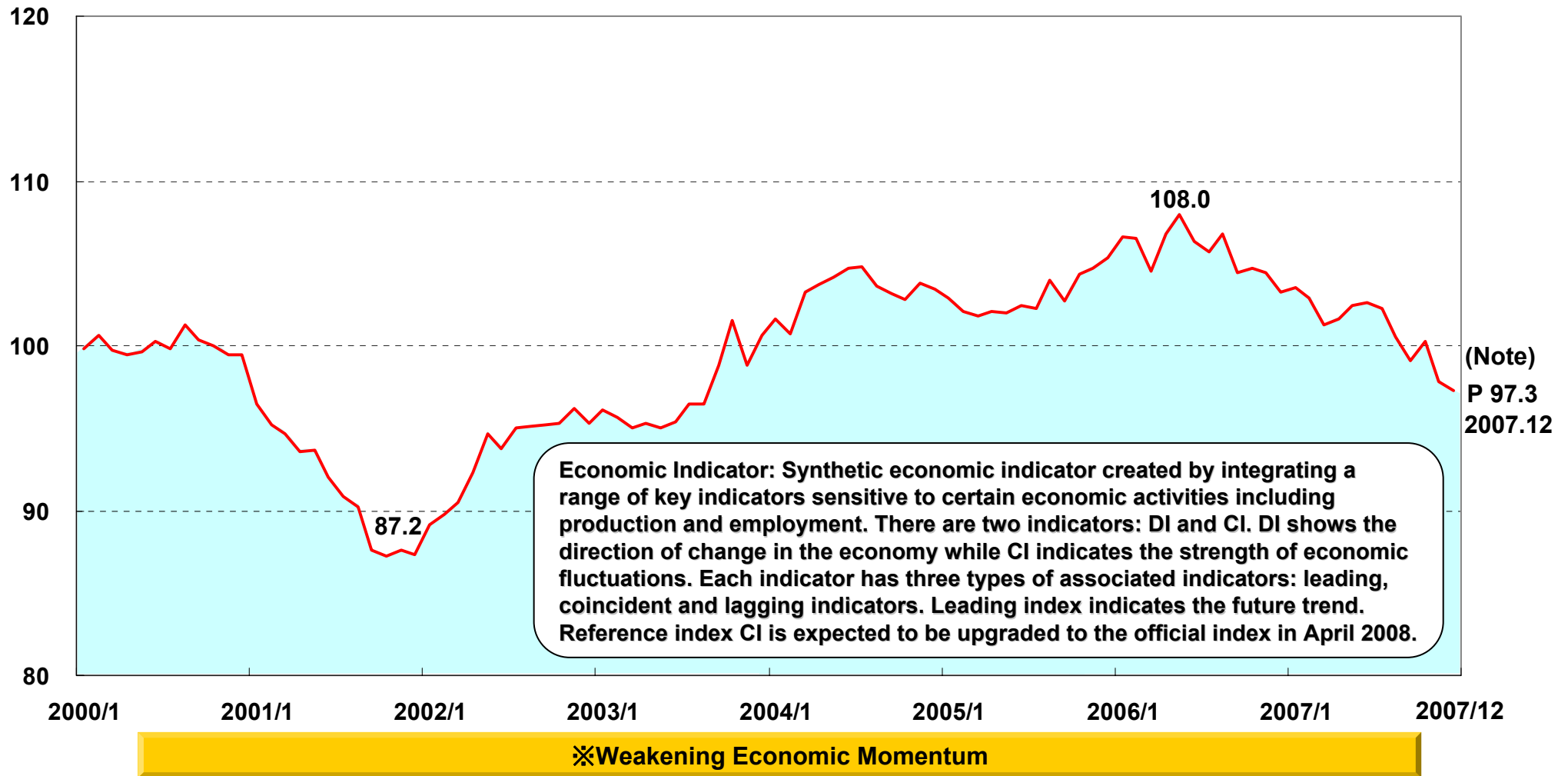
* Besides the above analysts, we are currently confirming the analyst report released on October 9, 2007 by Mizuho Securities Corporation's chief real estate analyst Mr. T. Ishizawa

* Ratings may have changed. Please confirm directly.

TOKYU REIT

Market Review

Economic Indicator: Composite Index (2000=100)



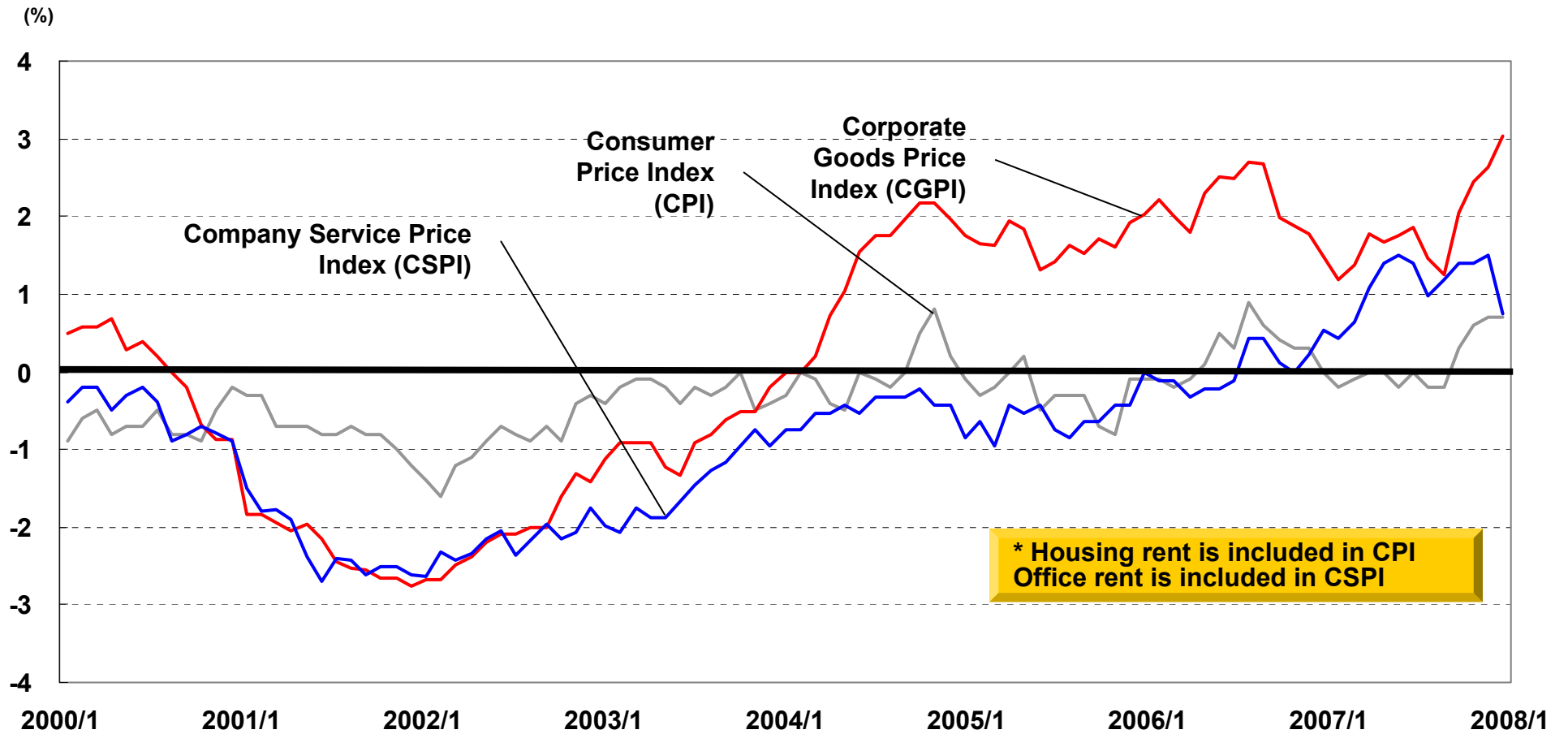
Source: Cabinet Office (released on February 18, 2008)

Note: The latest figure has "P" displayed next to the index as the complete data series is not available at this moment.

*Comments by Tokyu REIM

Price Trend in Japan

Price Index (YoY Change)



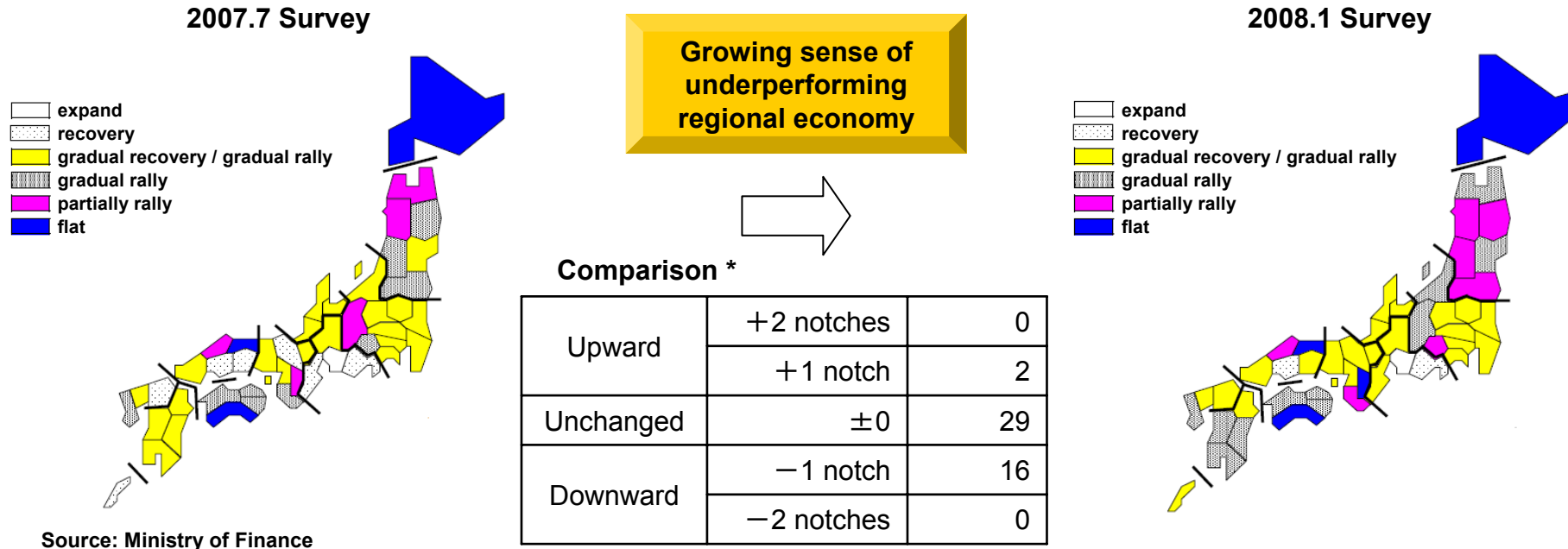
*** CPI indicates that costs are starting to be passed on to consumers**

Source: Ministry of Internal Affairs and Communications, BOJ

*Comments by Tokyu REIM

Regional Gap in Business Confidence

Economic Conditions by Prefecture



Source: Ministry of Finance

* Comment and comparison by Tokyu REIM

- "We can conclude that the Japanese economy has been continuing a moderate recovery in many regions though some regional gaps can be seen in the overall condition of regional economies. The economy continues to be in a moderate recovery phase despite a weakness in some regions."

(MoF "Economic Report of Ministry of Finance Local Finance Bureaus," January 21, 2008)

- "The economy as a whole was on a moderate expansion trend, as most regions continued expanding or recovering, albeit with some sluggishness and regional differences...Analyses showed that regional differences remained: Kanto-Koshinetsu, Tokai, and Kinki described their economic activity as expanding, while Hokkaido described it as being somewhat sluggish."

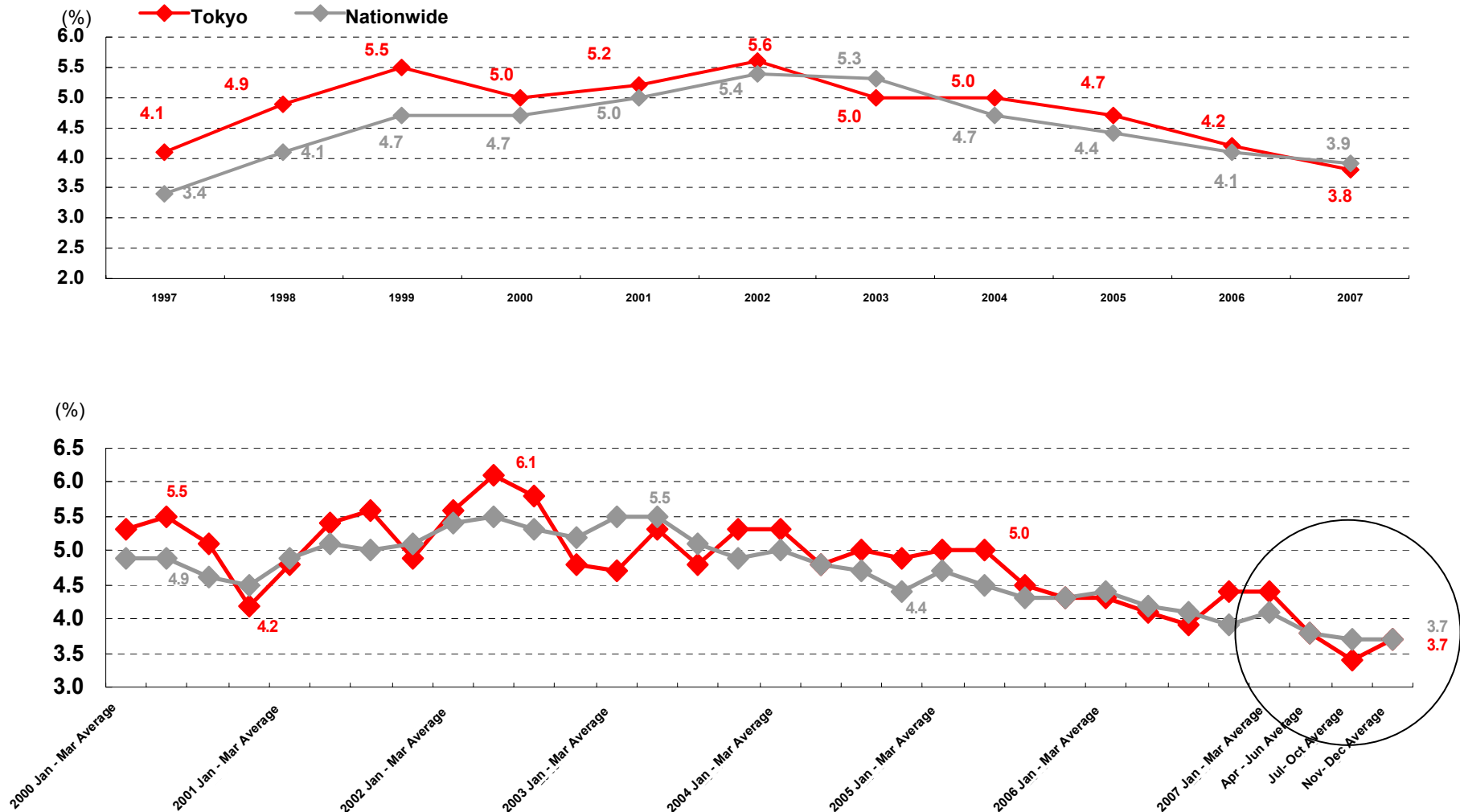
(BOJ "Regional Economic Report," January 15, 2008)

(Note) Color coding on the map shows the direction of economy at present, not the level of economy of each prefecture.

*Comments and Comparison by Tokyu REIM

Job Trend in Japan (Unemployment)

Unemployment in Tokyo and Nationwide (Raw Data)



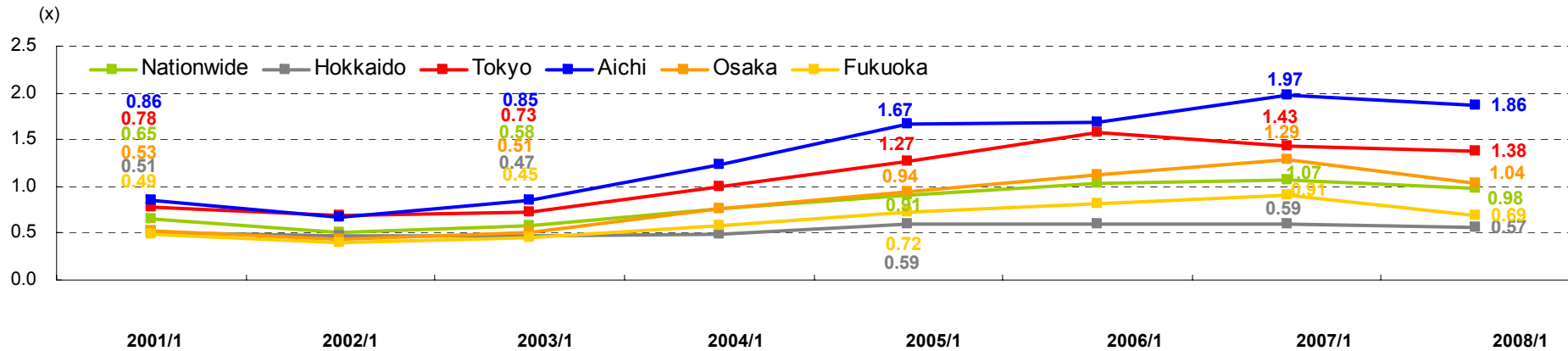
***Unemployment rate reached below 4%**

Source: "Labor Force Survey" by the Ministry of Internal Affairs and Communications

*Comments by Tokyu REIM

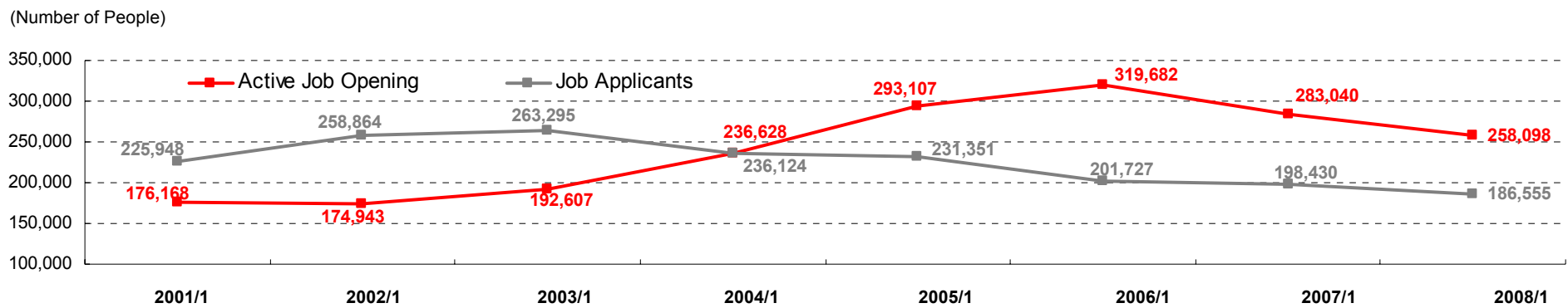
Job Trend in Japan (Job Opening)

Job to Applicant Ratio (Seasonally Adjusted)



*** Significant gap among prefectures**

Active Job Opening/Job Applicants in Tokyo



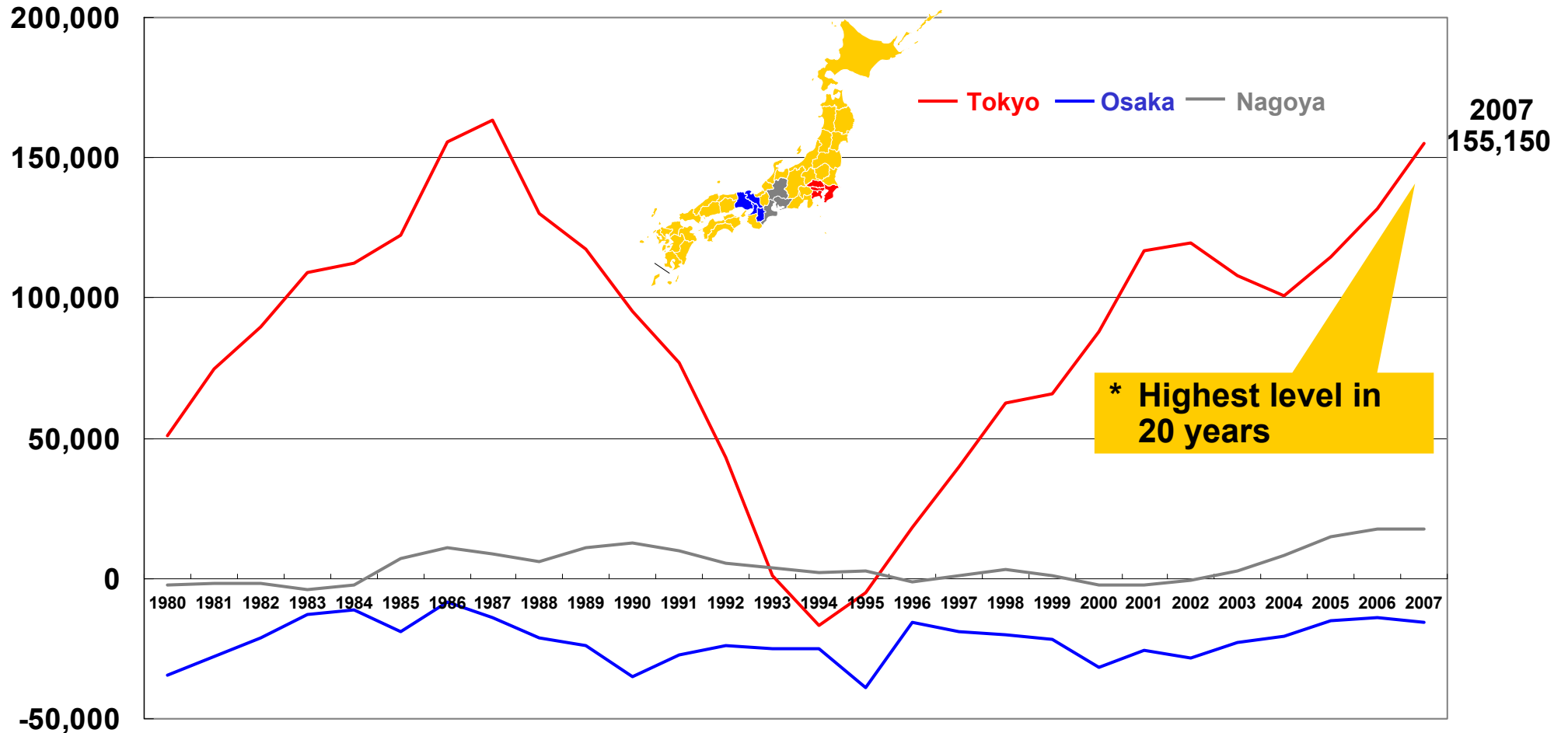
*** Solid job openings in Tokyo should translate into robust office needs**

Source: Compiled by Tokyu REIM based on data from "Employment Service" by Health, Labour and Welfare Ministry

*Comments by Tokyu REIM

Excess Population Inflow into 3 Major Metropolitan Areas (1980–2007)

(Number of People)



*** Highest level in 20 years**

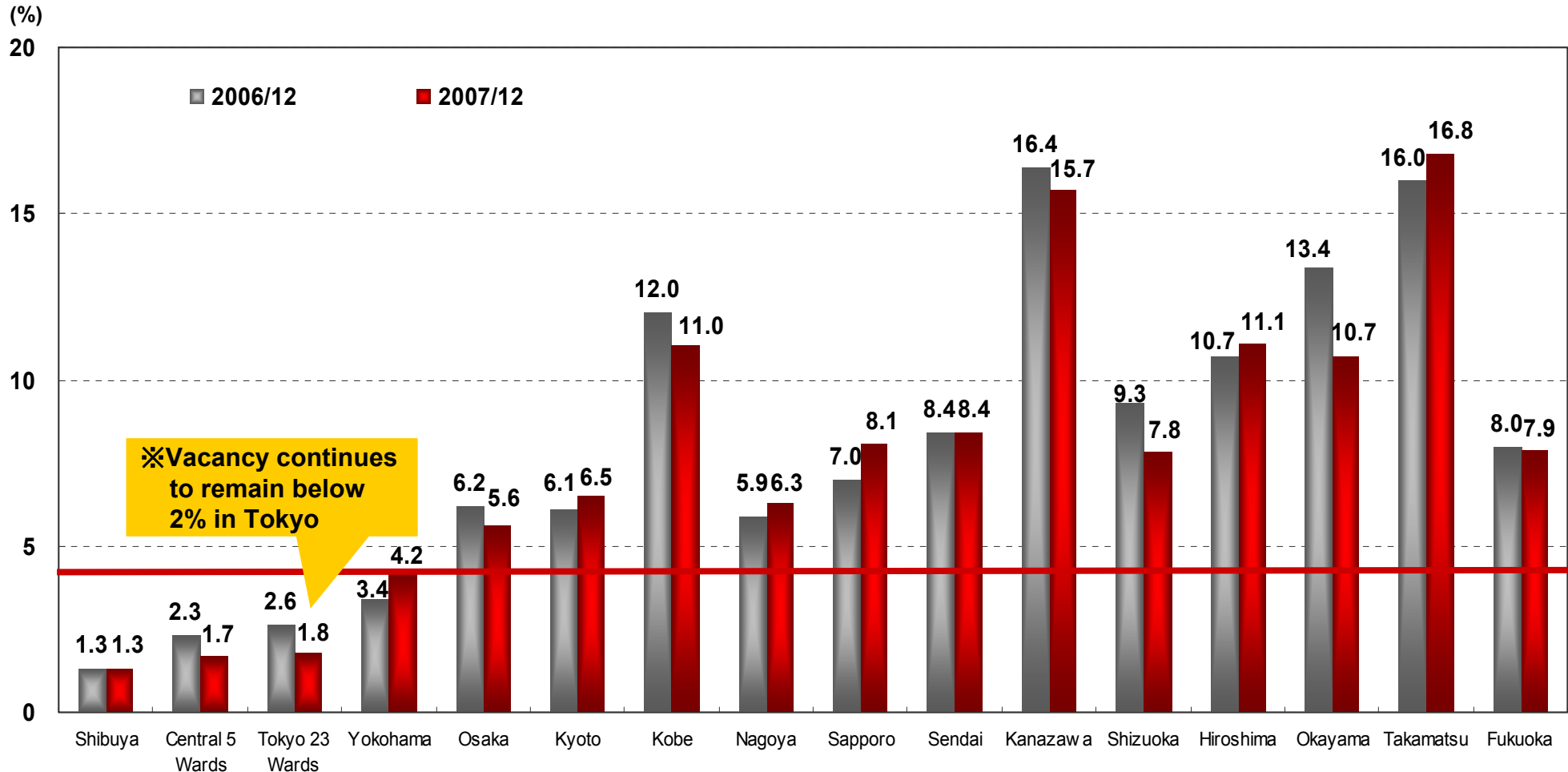
*** Significant population inflow to the Tokyo Metropolitan Area represents structural economic concentration in the area**

Source: Population Movement from Basic Resident Register, Ministry of Internal Affairs and Communications

*Comments by Tokyu REIM

Office Leasing Market Overview (1)

Vacancy by Market



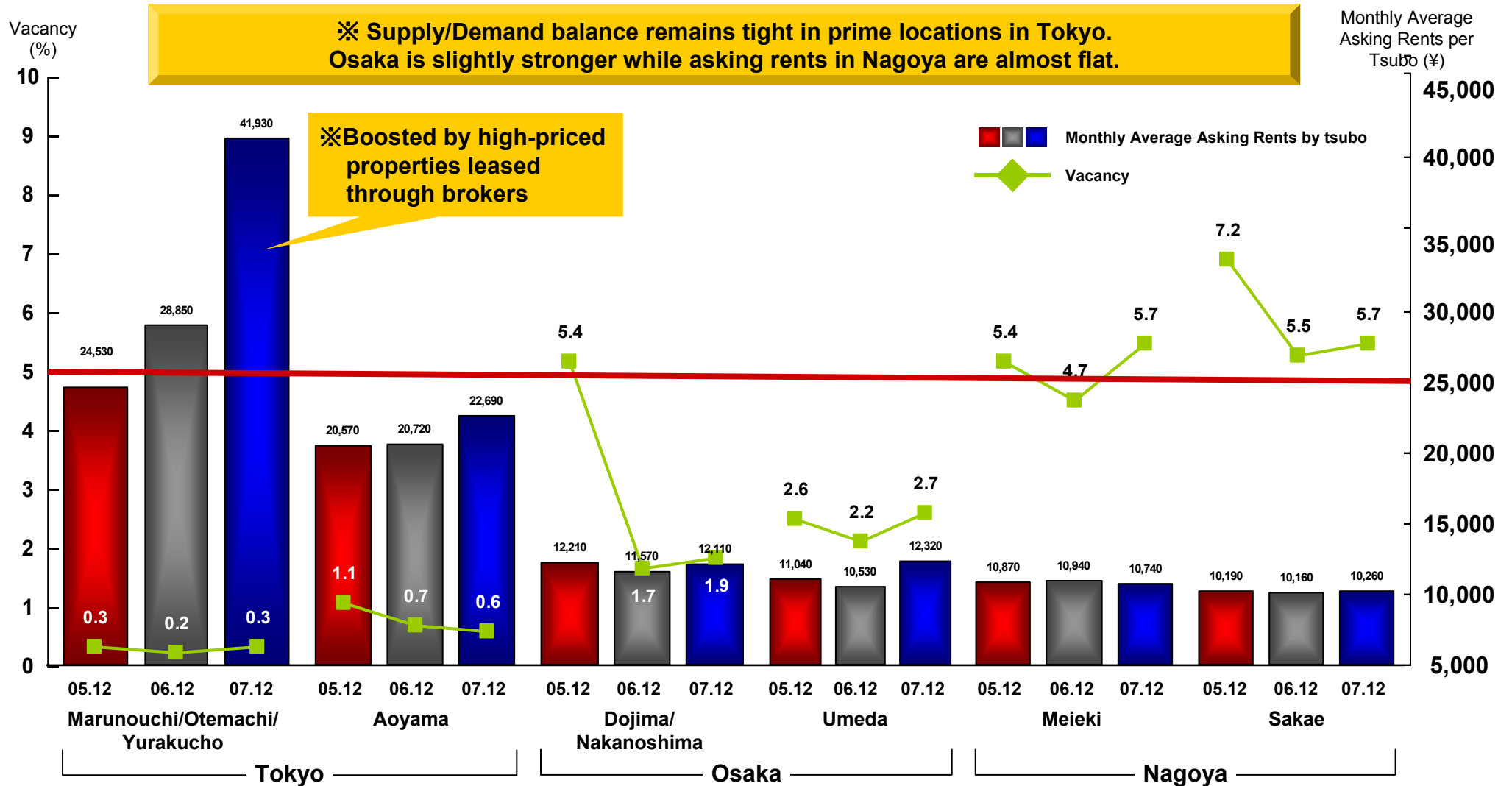
※ Tokyo and Yokohama are the only markets where vacancy is less than 5% - the level building owners are said to turn bullish

Source: Compiled by Tokyu REIM based on information from "Office Market Report" issued by CB Richard Ellis

*Comments by Tokyu REIM

Office Leasing Market Overview (2)

Vacancy and Asking Rents for New Tenant by Market

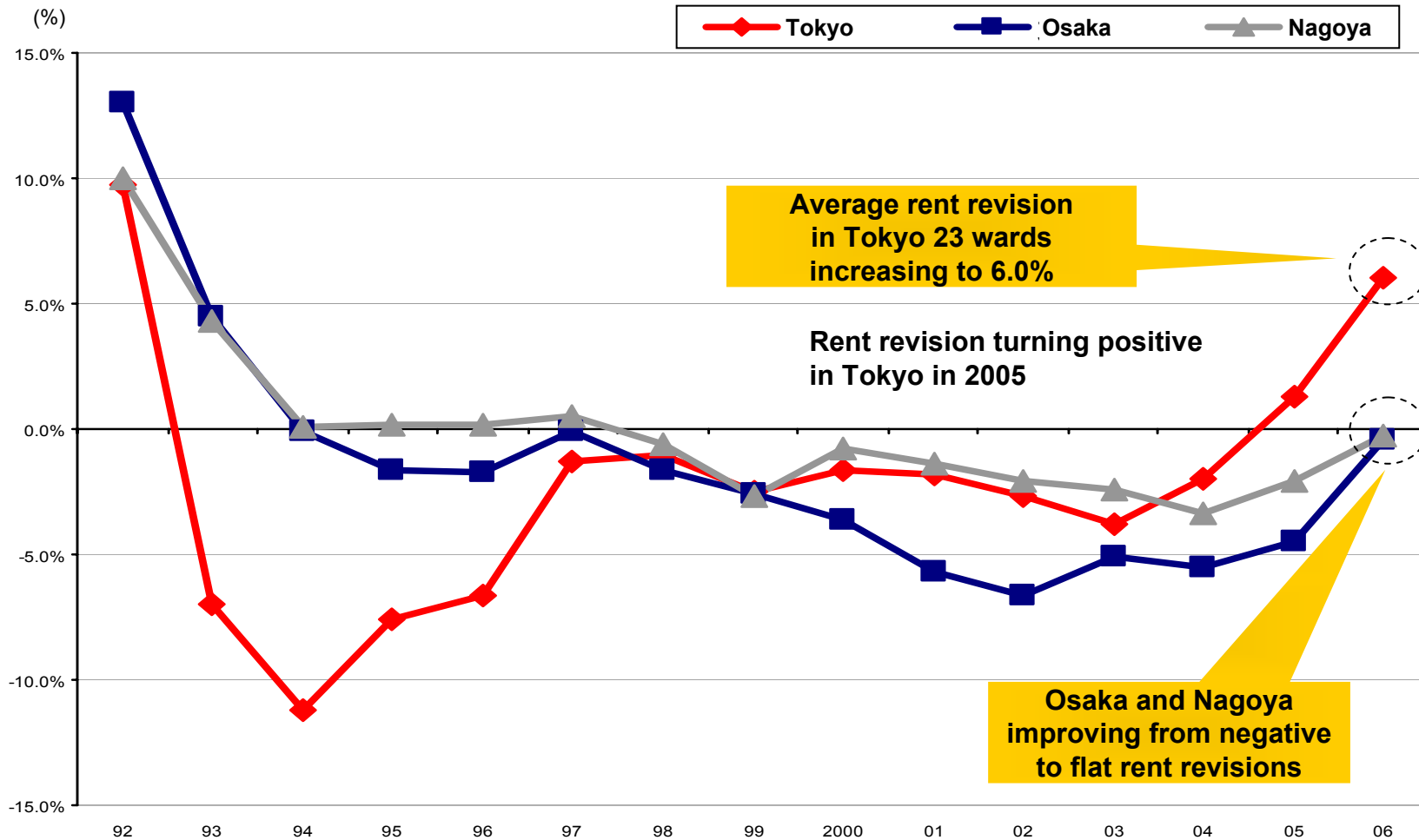


Source: Compiled by Tokyu REIM based on information from "Office Market Report" issued by CB Richard Ellis

*Comments by Tokyu REIM

Office Leasing Market Overview (3)

Office Rent Revision in 3 Major Cities (Tokyo, Nagoya and Osaka)

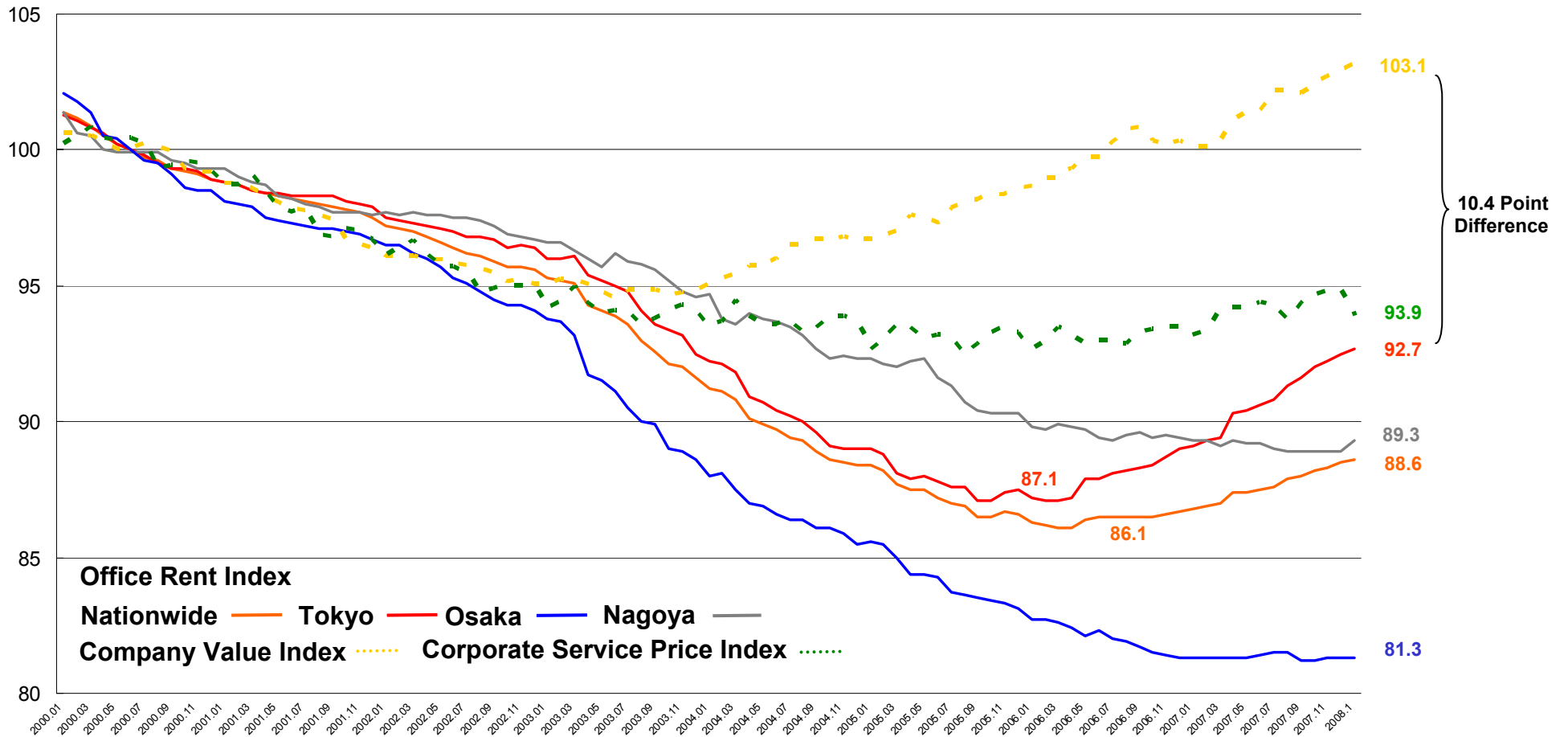


Source: Survey by Ikoma Data Service System (released on May 29, 2007)

Office Leasing Market Overview (4)

Office Rent Index (Corporate Service Price Index) 2000 = 100

※ Contracted rent in Tokyo has been on an upward trend since bottoming out in 2006, but still remains below the level of 2000



Source: Compiled by TOKYU REIM based on information from the BOJ website

Company Service Price Index (Definition of Office Rent Index)

■ Areas covered

Tokyo	... Tokyo, Kanagawa, Saitama, Chiba and Ibaraki
Nagoya	... Aichi and Mie
Osaka	... Osaka, Hyogo, Kyoto and Nara
Others	... Hokkaido and 15 other prefectures

■ Contracted Rent for Lease Properties (Tokyo)

※ Leasehold/Security deposits and common area charge are excluded in principle.

1. Average Rent:

Rent per area unit calculated by dividing rent income generated from rental space of certain office buildings covered in the survey (or total rent per area unit of each tenant) by the relevant floor space (or the number of tenants)

$$\textcircled{1}\text{Average Rent} = \frac{\text{Total monthly rent income from specific rental space}}{\text{Occupied floor space of specific rental space}}$$

$$\textcircled{2}\text{Average Rent} = \frac{\text{Total rent per area unit of each tenant occupying specific rental space}}{\text{Number of tenants occupying specific rental space}}$$

2. Continuing Rent

Contracted rent of rental space (office) of specific tenants

Source: Prepared by Tokyu REIM based on information from BOJ webpage

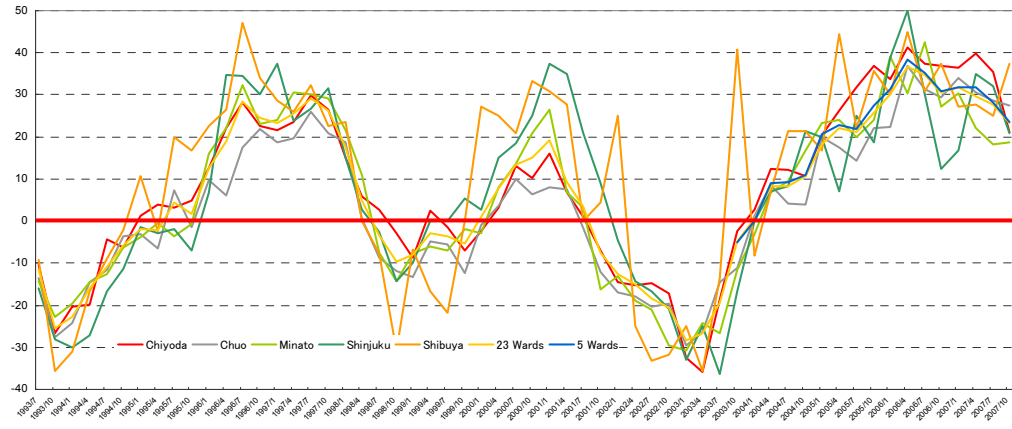
Office Leasing Market Overview (5)

*** Bullishness of building owners continues to be evident in Shibuya**

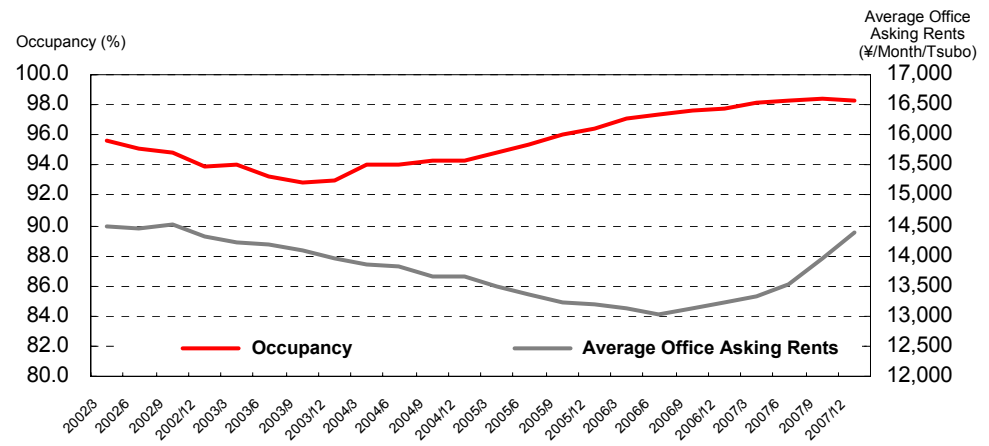
Business Sentiment on Vacancy (Now vs. 3 Months Ago)

***Somewhat mixed depending on size and specification, but average asking rents in Tokyo have been recovering**

Occupancy and Asking Rents in 5 Central Wards of Tokyo



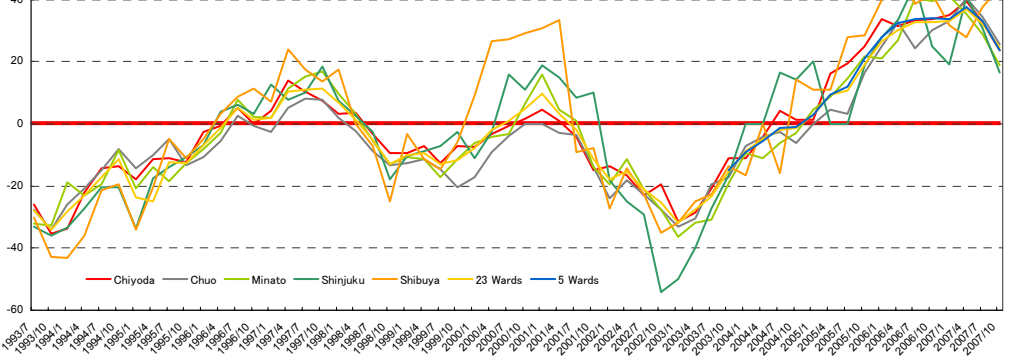
*Source: Survey on building management by Japan Building Owners and Managers Association (Publications Oct. 2003 – Oct. 2007) Index for "5 Wards" calculated by Tokyu REIM based on the above data



Source: "Office Market Report" by issued by Ikoma Data Service

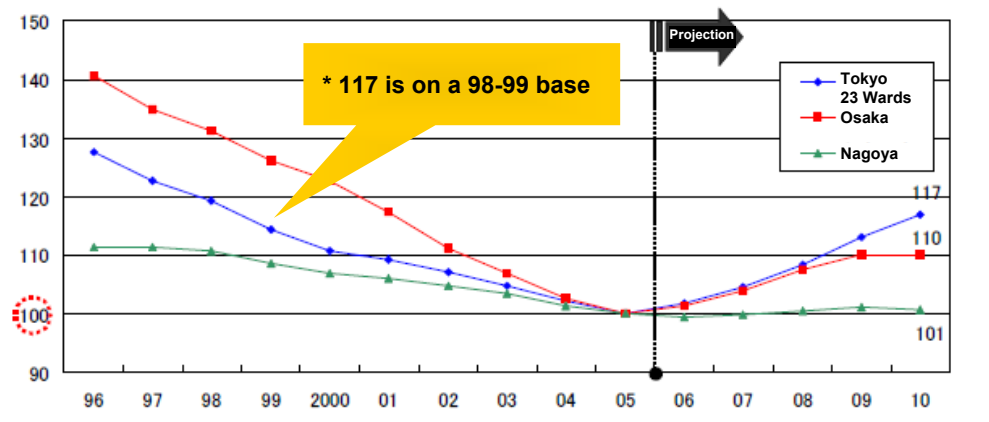
Business Sentiment on Rent Level (Now vs. 3 Months Later)

***Bullishness of building owners is getting slightly weaker**



*Source: Survey on building management by Japan Building Owners and Managers Association (Publications Oct. 2003 – Oct. 2007) Index for "5 Wards" calculated by Tokyu REIM based on the above data

Rent Base and Future Projections for 3 Major Cities (2005=100)



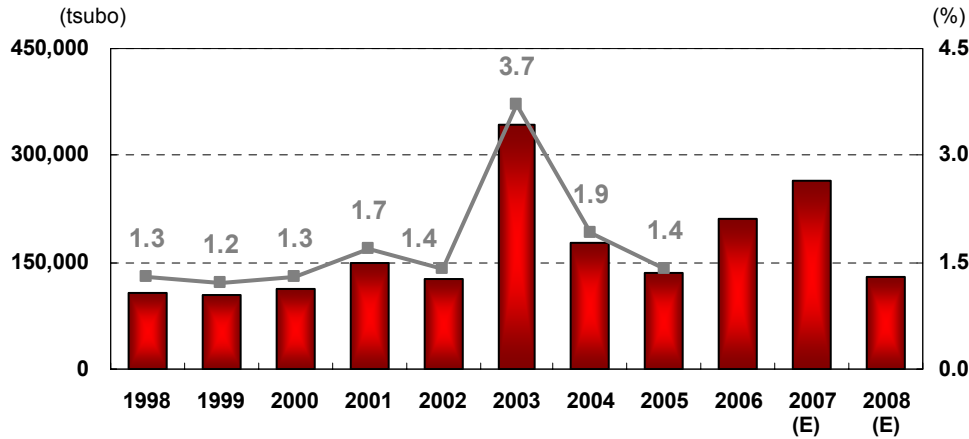
Source: Based on survey by Ikoma Data Service System

*Comments by Tokyu REIM

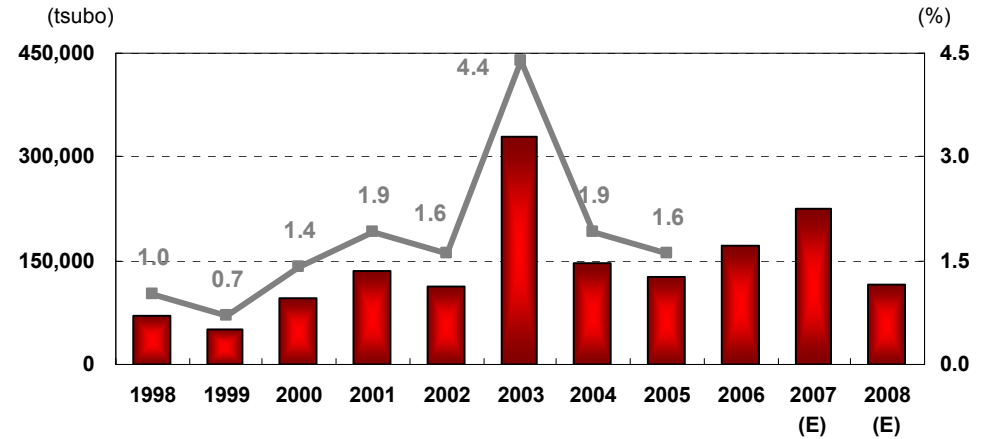
New Office Supply and Percentage to Total Rental Area

* New supply is limited in 2008 (Tokyo Office)

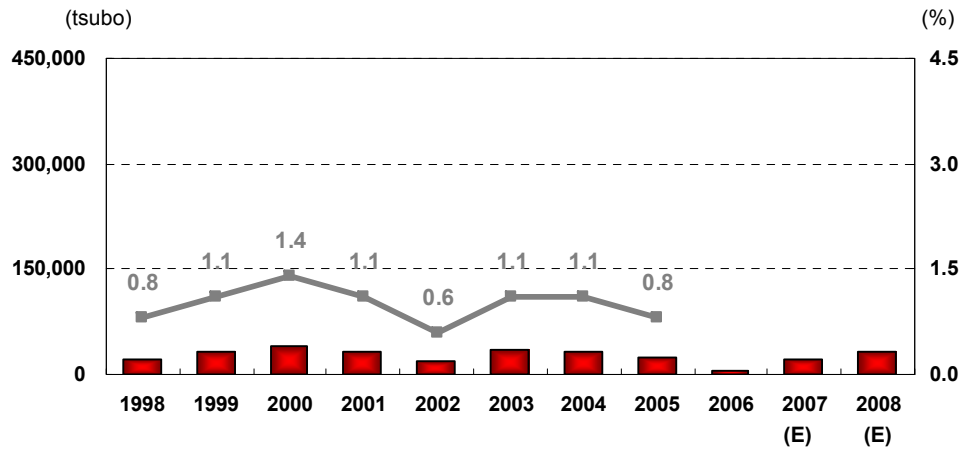
Tokyo 23 Wards



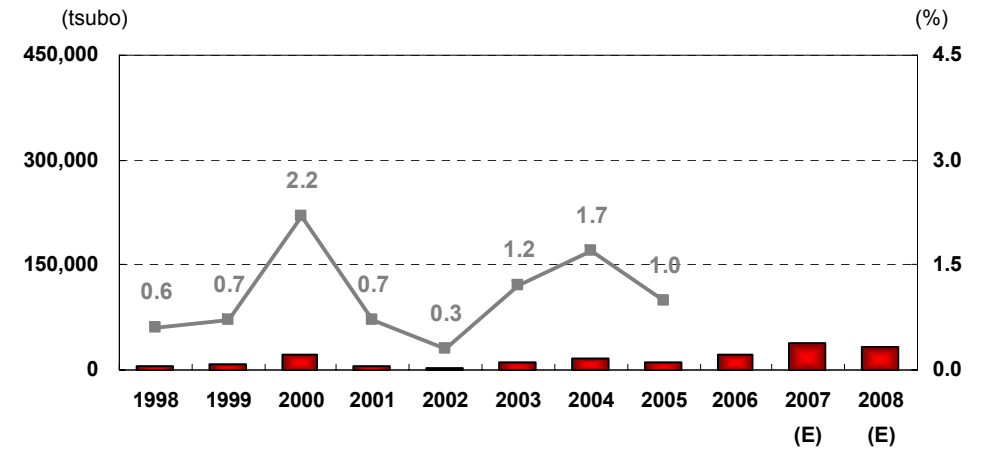
Tokyo 5 Central Wards



Osaka



Nagoya



Source: Prepared by Tokyu REIM based on "Office Market Report" issued by Ikoma Data Service System
 (Note 1) New office supply as a percentage of total rental area no longer available since 2006A.
 (Note 2) A decrease in rental space caused by rebuilding/demolition not calculated.

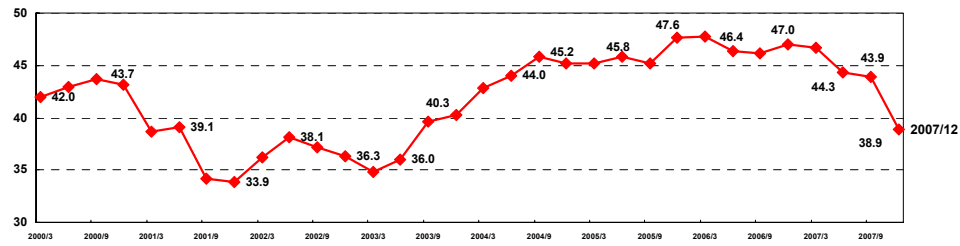
■ New office supply — % of total rental area

*Comments by Tokyu REIM

Retail Leasing Market Overview

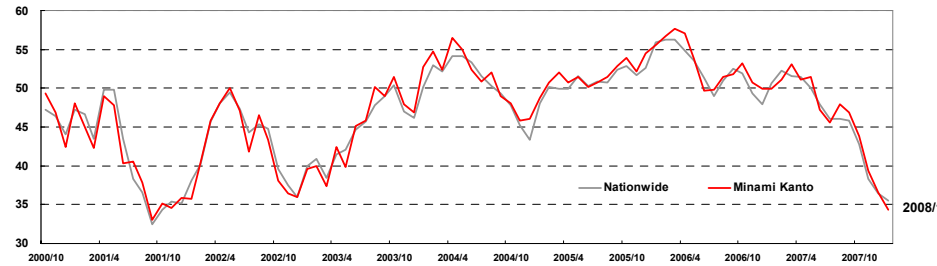
※ Sales and rent remain strong in Tokyo/Kanagawa, but consumer sentiment is becoming worse

Index of Consumer Sentiment (Nationwide General Household/Seasonally Adjusted)



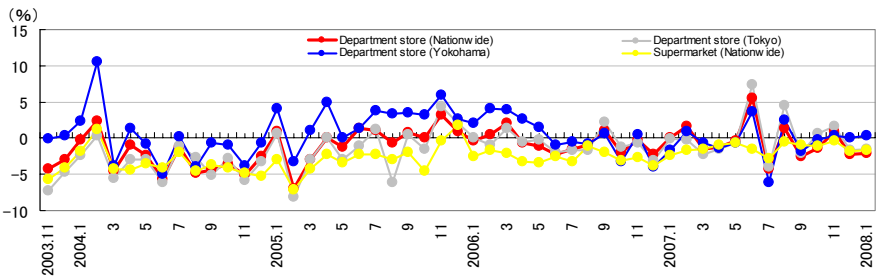
Source: Cabinet Office "Consumer Confidence Survey"

Economy Watchers Survey (Leading Indicator: Household Related)



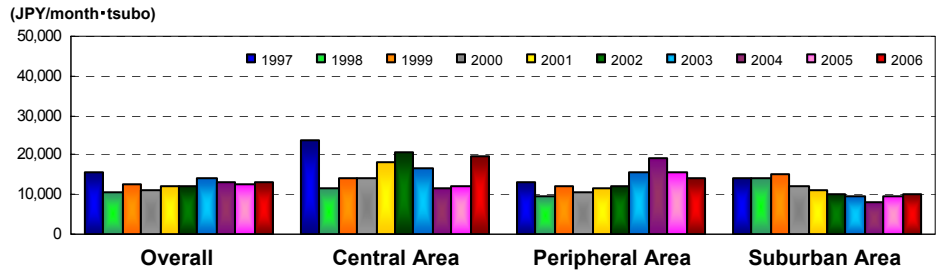
Source: Cabinet Office "Consumer Confidence Survey"

Department Store/GMS Sales (YoY Change)

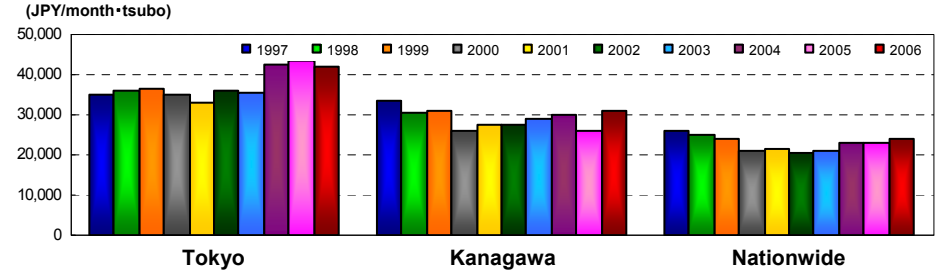


Source: Website of Japan Department Stores Association, Japan Chain Stores Association "Statistics on Sales of Chain Stores"

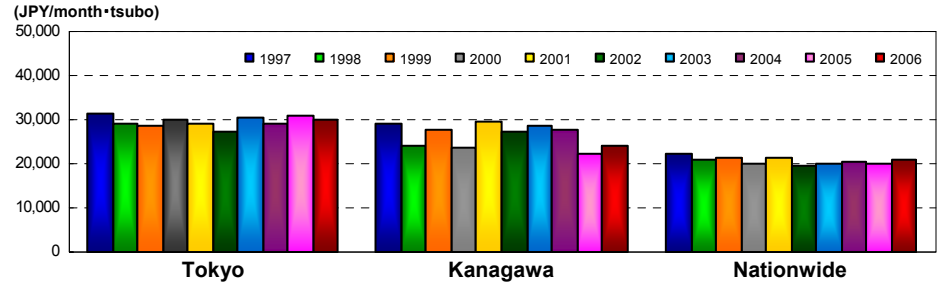
Average Rent of SC Tenants (Key Tenant)



Average Rent of SC Tenants (Restaurants)



Average Rent of SC Tenants (Retail Stores)



Source: Survey on shopping center rent and common service charge by Japan Council of Shopping Centers *Comments by Tokyu REIM

Real Estate Market Overview (1) (Trading Market)

Real Estate transparency score (CY2006)

Transparency level	CY2006 Ranking	Country Name	CY2006 Score	CY2004 Score	Transparency changing
High	1	Australia	1.15	1.19	No change
	1	United States	1.15	1.24	No change
	3	New Zealand	1.20	1.19	No change
	4	Canada	1.21	1.37	No change
	5	United Kingdom	1.25	1.24	No change
	6	Hong Kong	1.30	1.50	★
	7	Holland	1.37	1.37	No change
	8	Sweden	1.38	1.51	★
	9	France	1.40	1.62	No change
	10	Singapore	1.44	1.55	★
Middle - High	22	Malaysia	2.21	2.30	★★
	23	Japan	2.40	3.08	★★★
Middle	29	Taiwan	2.86	3.10	★★
	31	South Korea	2.88	3.36	★★
	36	Philippines	3.30	3.43	No change
	39	Thailand	3.40	3.44	No change
	41	India	3.46	3.90	★★★
Middle - Low	42	China	3.50	3.71	★
	43	Macau	3.65	na	No change
	46	Indonesia	3.90	4.11	★
Low	56	Vietnam	4.69	4.60	No change

The Survey addressed the following five attributes of real estate transparency. 1. Availability of investment performance indexes, 2. Availability of market fundamentals data, 3. Listed vehicle financial disclosure and governance, 4. Regulatory and legal factors, 5. Professional and ethical standards

*J-REIT contribute to progress in the transparency in Japanese Real Estate Market

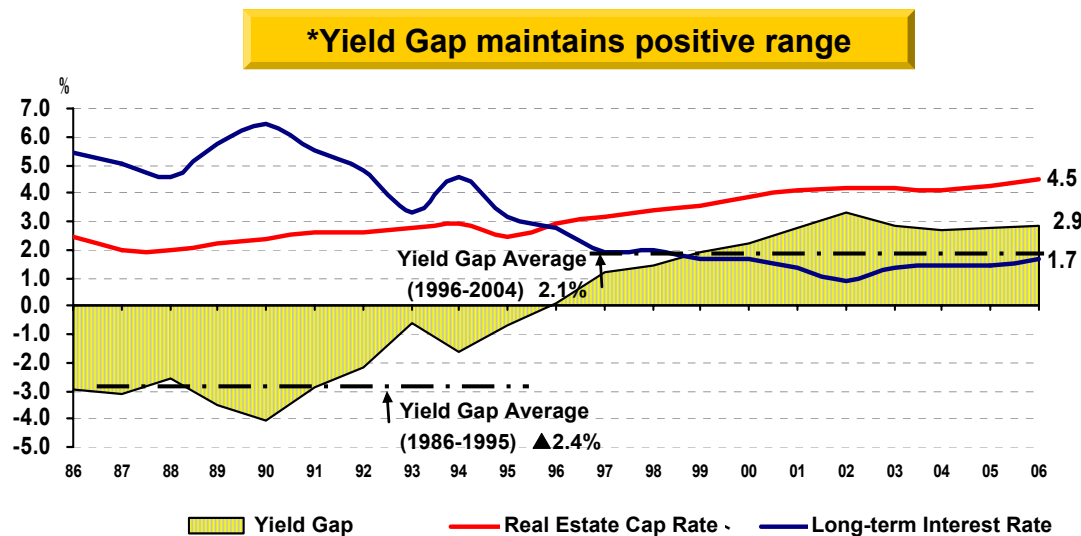
Source : Jones Lang LaSalle

* comment by Tokyu REIM

Prepared on 3/13/2008

The document is provided for information purpose only and is not intended as an inducement or invitation to invest and trade in securities issued by TOKYU REIT

Real Estate Cap Rate, Long-term Interest, Yield Gap



While many countries in Asia Pacific witnessed an improvement in transparency over the last two years, the changes are not uniform. One of the highlights is the improvement for Japan, which moved from semi-transparent status in the 2004 RETI to the lower end of the transparent tier in the 2006 RETI. A number of factors are responsible for this shift. The rapid development of the J-REIT market, the expansion of internationally listed trusts with Japanese assets and higher levels of international penetration into the markets more generally have boosted the availability of market information (also more information is available in English), promoting the efficiency and transparency of what has long been a relatively closed market.

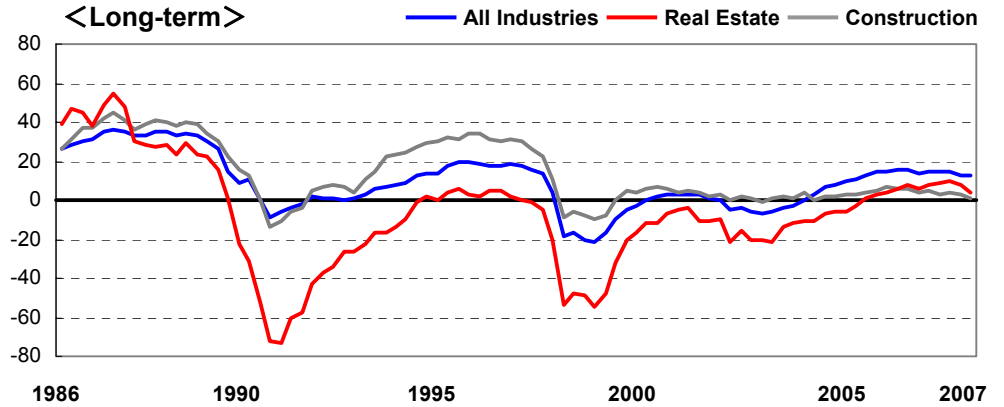
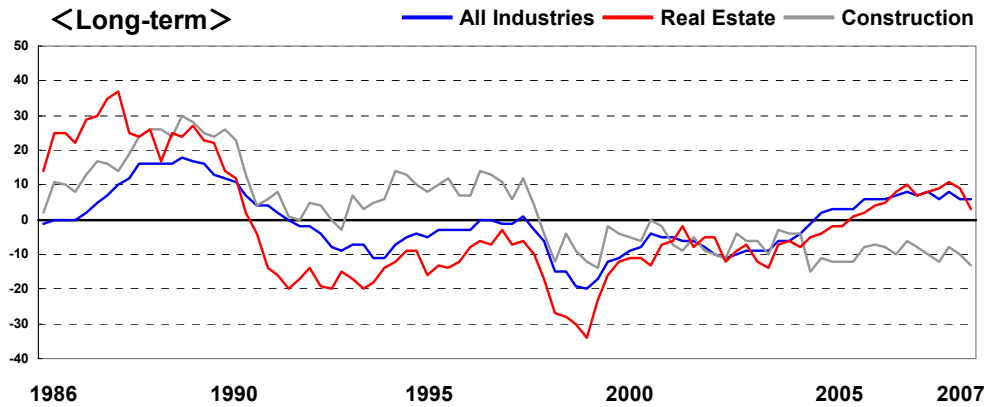
Source : Jones Lang LaSalle

*Comments by Tokyu REIM

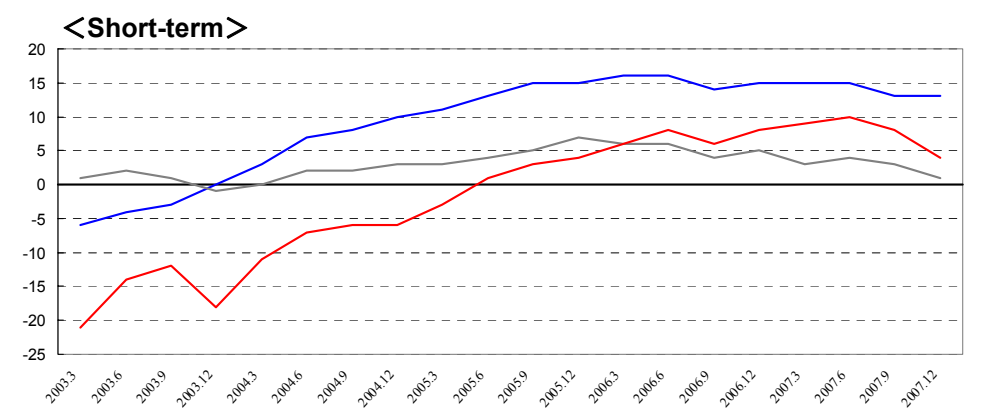
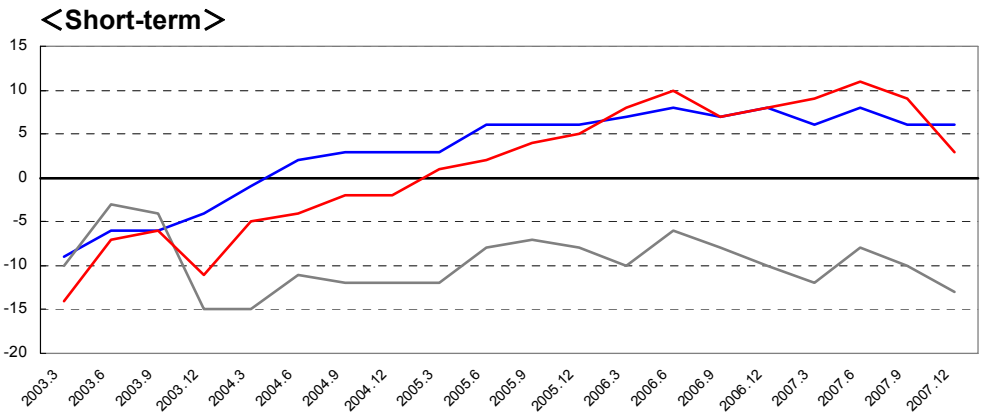
Real Estate Market Overview (2)

Financial Position DI by Industry

Lending Attitude DI by Industry



※ Real estate lending attitude demonstrates more volatility than average



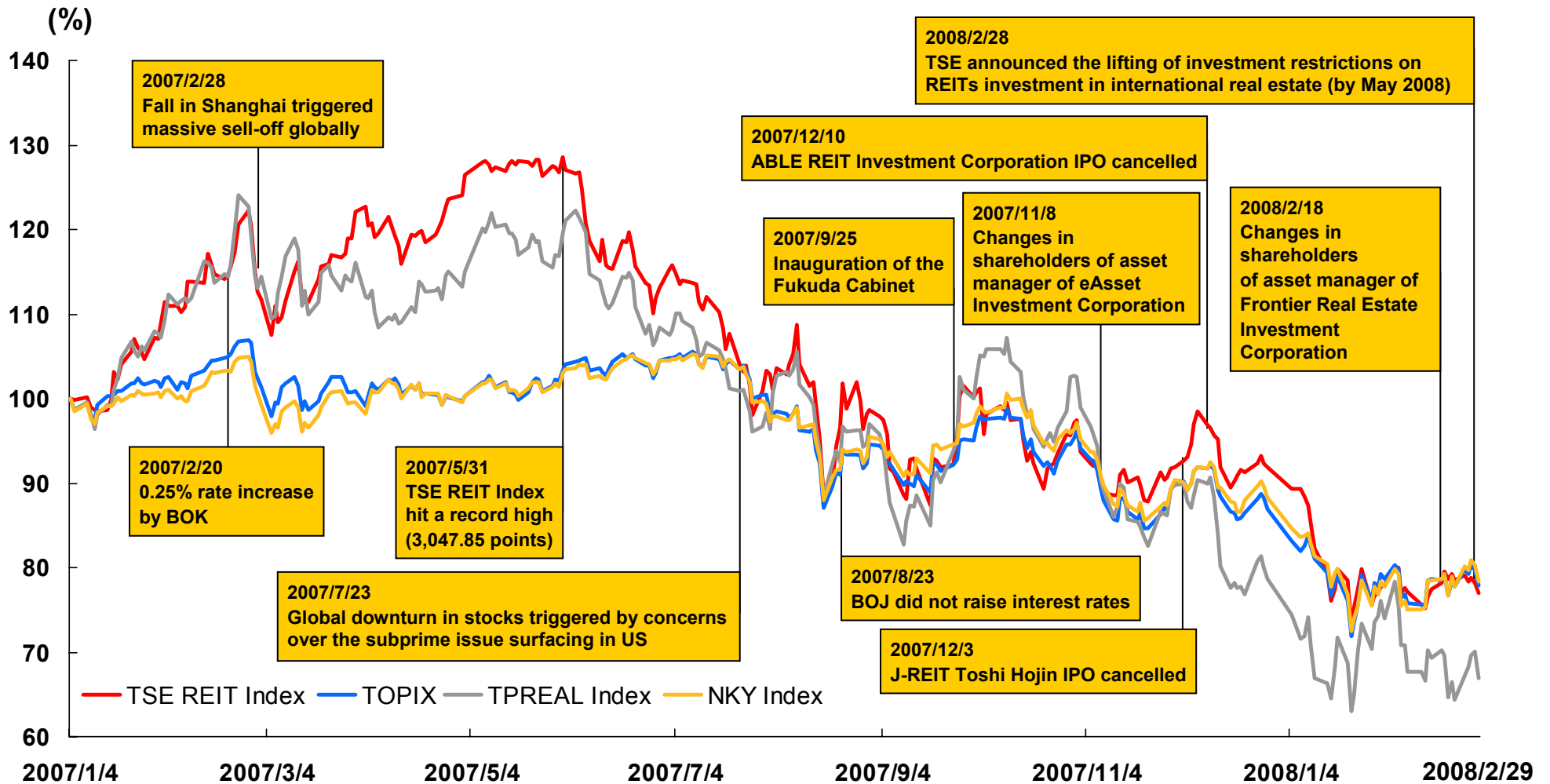
※ Financial position of real estate companies has been deteriorating since late 2007

Note: REITs not covered in the survey

Source: BOJ "Tankan"

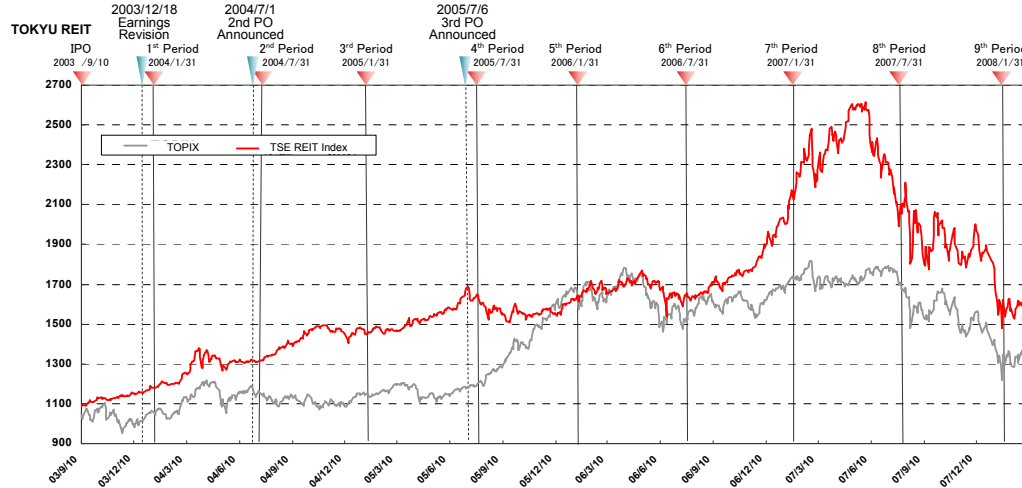
REIT Market Overview (1)

Capital Market Trends Since 2007 (2007/1/4 = 100)

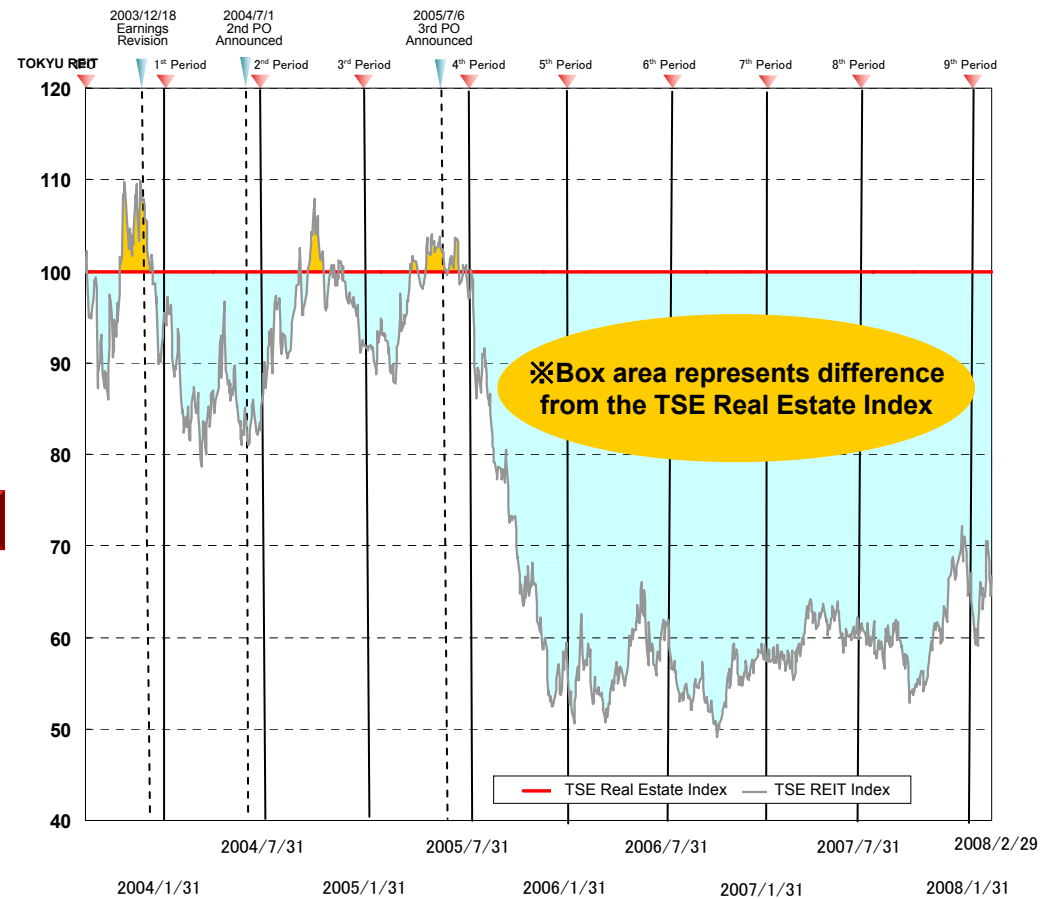


REIT Market Overview (2)

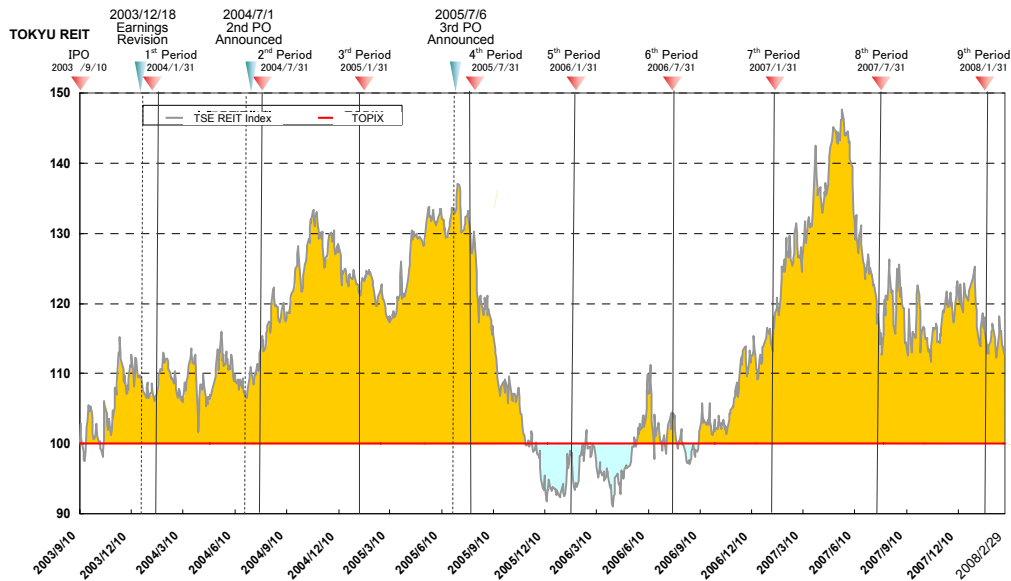
TOPIX and TSE REIT Index Performance



TSE REIT Index Performance (TSE Real Estate Index=100)



TSE REIT Index Performance (TOPIX=100)

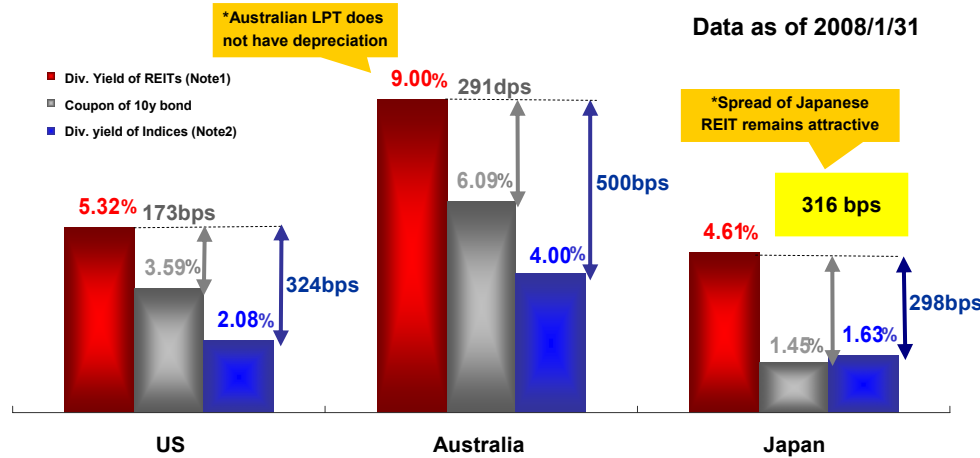


* Relative Change in TSE REIT Index When TSE Real Estate Indexed to 100 (2003.9.10 = 100)

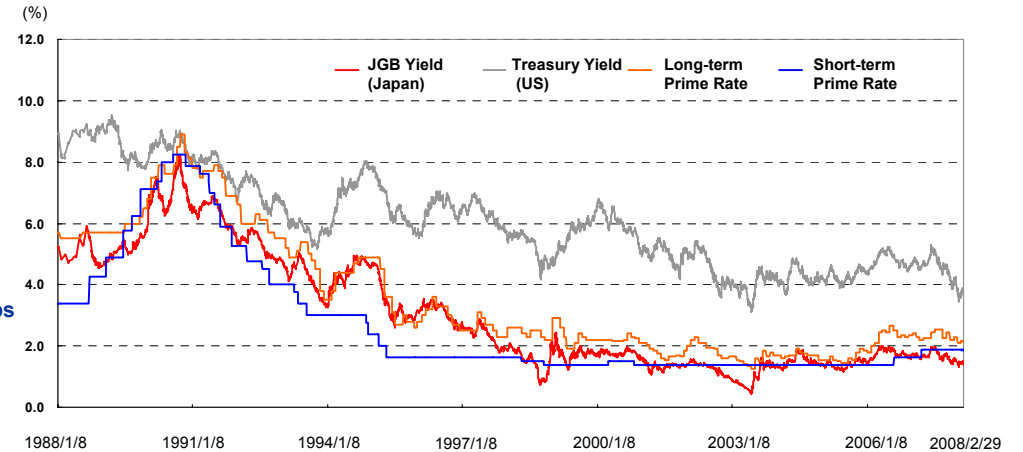
✘ Since the 2nd half of 2007, the TSE REIT Index has been declining in line with TOPIX

REIT Market Overview (3)

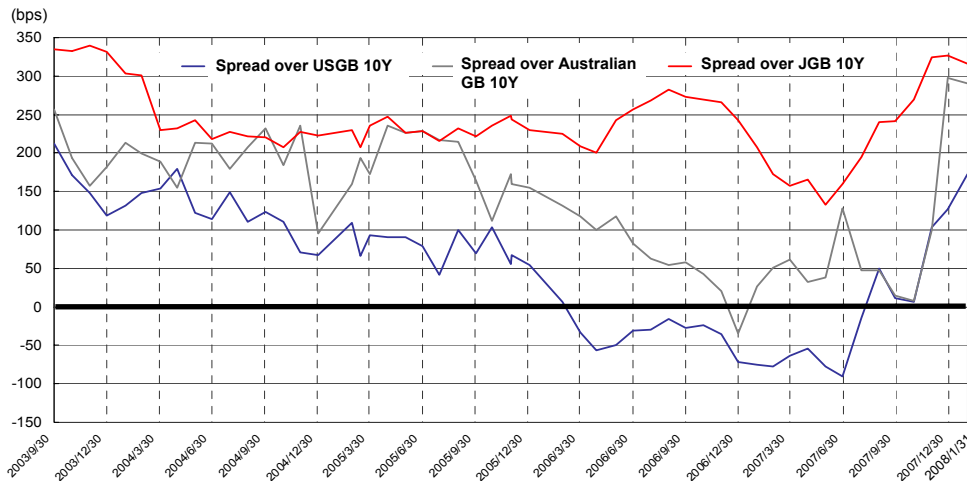
Spread Over Risk Free Rate



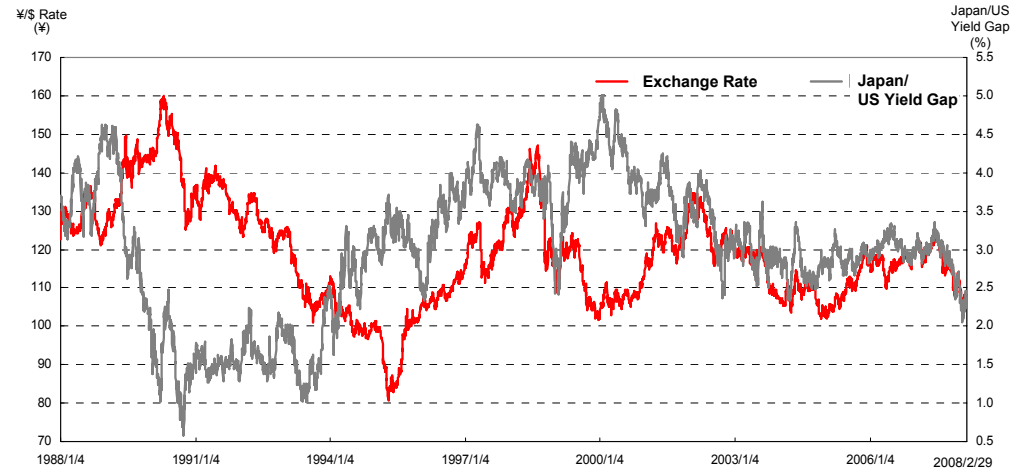
Major Interest Rates



Spread Comparison



Japan/US Yield Gap vs. Exchange Rate



Source: Bloomberg

(Note 1) US data based on NAREIT, Australia based on the Property Trust GREEN Book issued by Merrill Lynch, Japan based on average expected yield of J-REIT since IPO
 (Note 2) US based on S&P500, Australia based on ASX All Ordinaries, Japan based on TOPIX

(Note) Japan/US Yield Gap = US Treasury Yield – JGB Yield

*Comments by Tokyu REIM

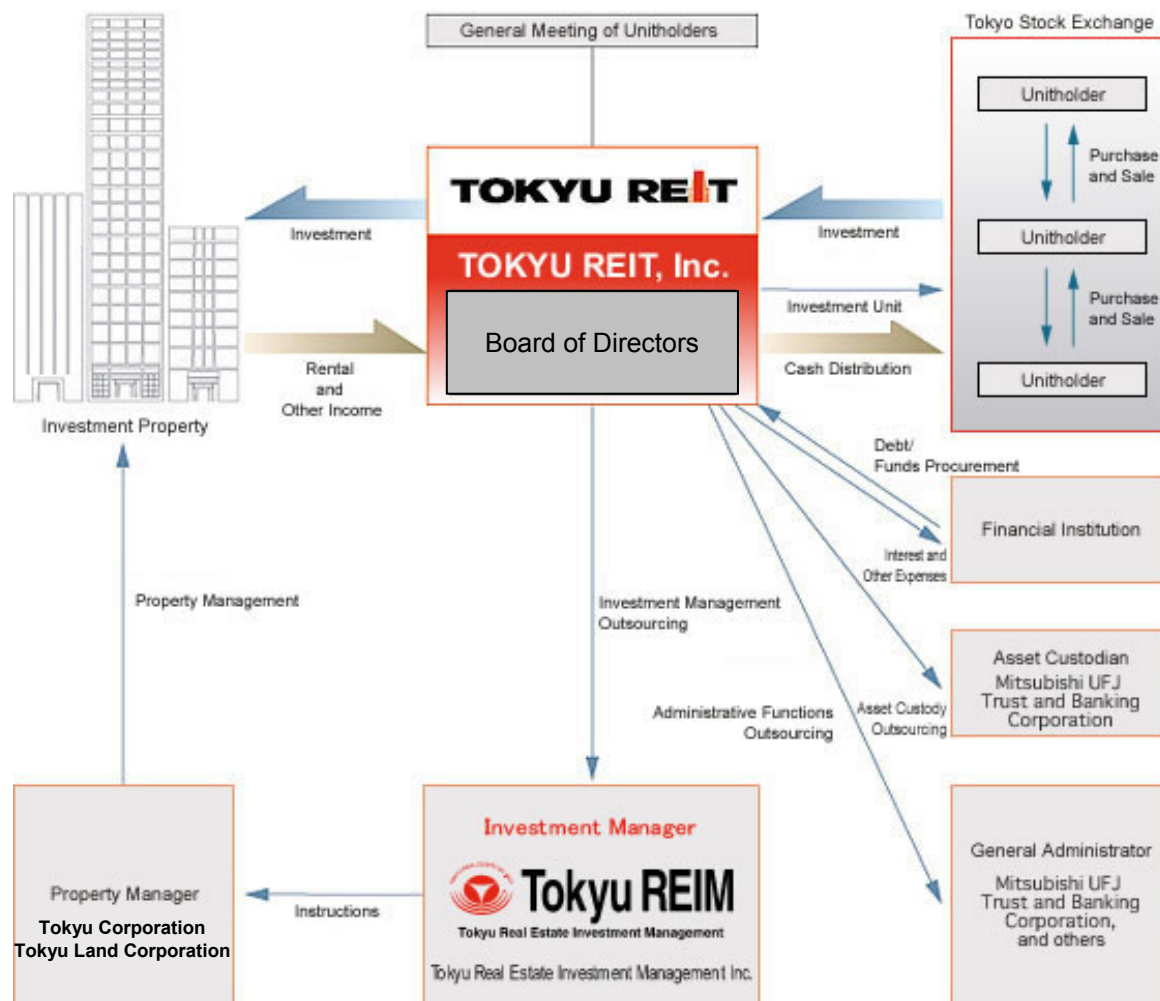


Appendix



Governance

Structure of TOKYU REIT, Inc.



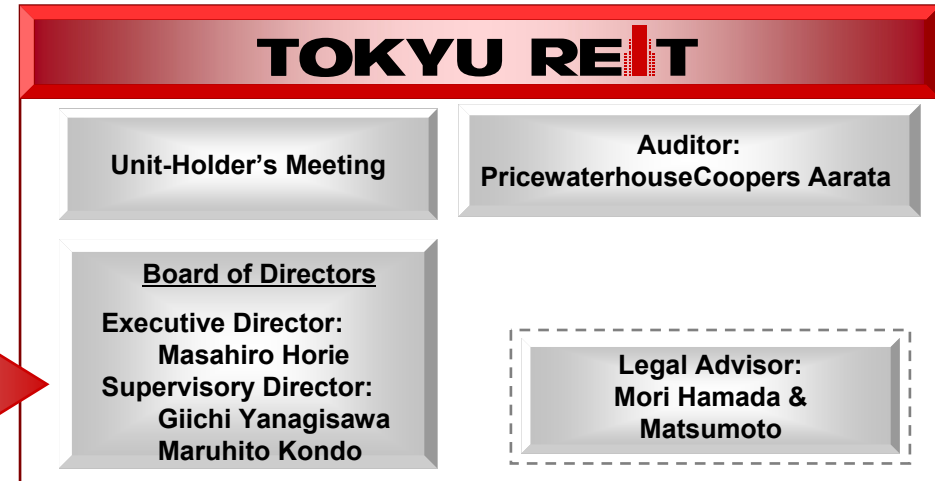
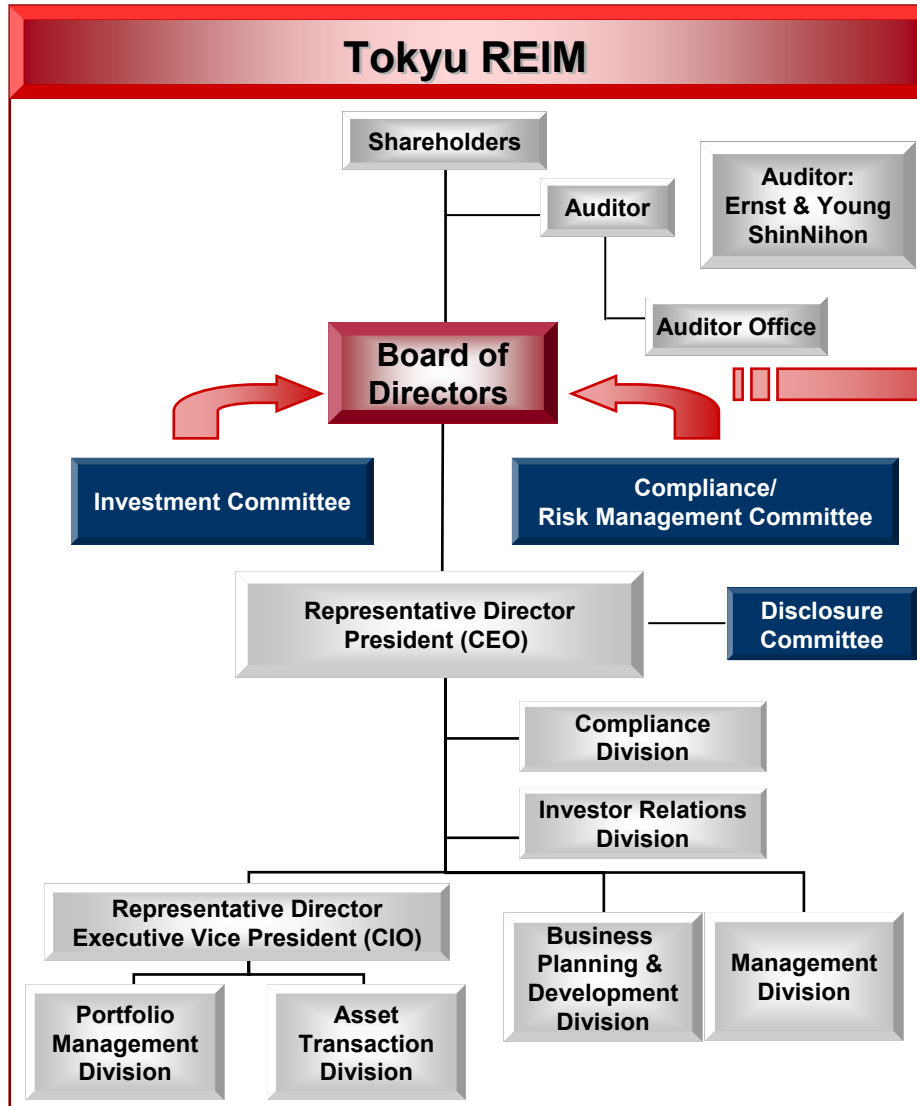
TOKYU REIT, Inc.

- Listed: September 10, 2003
- Units Outstanding: 169,380 units
- Accounting Period: January and July
- Executive Director: Masahiro Horie
- Supervisory Director: Giichi Yanagisawa
- Supervisory Director: Maruhito Kondo
- Auditor: PricewaterhouseCoopers Aarata

Tokyu Real Estate Investment Management Inc.

Financial Instruments Dealer (Kanto Financial Bureau (Kin-sho) No. 360)/ Member of the Investment Trusts Association, Japan

- Established: June 27, 2001
- Business: Investment management
- Paid-in Capital: ¥300 million
- Shareholders: Tokyu Corporation (60%)
Tokyu Land Corporation (40%)
- Auditor: Ernst & Young ShinNihon



Related Party Transactions

- Development of self-imposed rules on transactions with group companies and measures to avoid conflicts of interest by multiple checks

Rules to avoid Conflicts of Interest

Rules for Transactions with Tokyu Group Companies

Acquisition / Disposition

- Acquisition Price \leq Appraisal by the Third Party \leq Disposition Price
- Second Opinion for the Appraisal by Third Party

Property Management

- Fee opinion from Third Party
- Performance Check

Leasing

- Appropriate Rent Level
- Disclosure of Leasing Conditions

Double Checks for Due Process

Investment 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

Governance:

“Excellent Governance as a Source of Competitiveness” (1) TOKYU REIT

1. World-class “stricter” governance structure while paying attention to pass-through feature

Concept: Maximize supervisory function of the Board of Directors and the Board of Auditors under the governance structure while maintaining a system that takes advantage of the Executive Director who also serves as the CEO of the investment management company

- (1) Related-Party Transaction <Rules to ensure higher transparency/market-based pricing of related-party transactions that are closely linked to close collaboration>
- Pre-approval only by Supervisory Directors and active use of third-party opinion to avoid conflicts of interest
 - Improve external monitoring of Investment Manager (Appointment of external members/accounting auditor)
 - Disclosure of agenda for Board resolutions
- (2) Board Management
- Appointment of Supervisory Directors who actually exercise governance
 - Active discussions
- (3) Investor Relations
- Avoid deterioration of governance structure through active disclosures and IR efforts
- (4) Management Fee
- Adoption of incentive system that expenses the entire management fee so that the Investment Manager is in the same boat as investors [Appraisal value of portfolio assets], [Cash flow of TOKYU REIT], [Fee structure linked to price of investment unit]

2. Meeting Schedule

- (1) Overview of Meeting
- Hold a meeting
 - Run by General Administrator (Mitsubishi UFJ Trust & Banking)
 - Legal counsel (Mori Hamada & Matsumoto) to attend the meeting in principle
 - Minutes prepared by General Administrator
- (2) Meetings Held
- 124 meetings held (by end of 9th Period)
 - Average 2.3 meetings held per month
 - Average meeting time: 1 hour and 32 minutes
 - 242 resolutions and 607 reports in total (2.0 resolutions and 4.9 reports per meeting)
 - Attendance

Name	Role	Attendance	Attendance		Rate of Attendance
			by phone	Absence	
Masahiro Horie	Executive Director	124	-	-	100%
Giichi Yanagisawa	Supervisory Director	123	3	1	99%
Maruhito Kondo	Supervisory Director	124	2	-	100%
Mitsubishi UFJ T&B	General Administrator	124	-	-	100%
Mori Hamada & Matsumoto	Legal Counsel	120	10	4	96%

Governance:

“Excellent Governance as a Source of Competitiveness” (2) TOKYU REIT

3. Remuneration of Directors

- (1) Structure
- Flat remuneration only, bonus linked to performance is not paid to maintain the principle of paying out 100% of distributable profits
 - In terms of incentives, it would be difficult to introduce stock option program since stock option is not discussed in the Investment Trust Law, such as at article 82, section 6.

(2) Remuneration

Name	Monthly Remuneration	Main Occupation
Masahiro Horie	--	Serves as CEO of Investment Manager (approved by FSA)
Giichi Yanagisawa	500,000 yen	Representative of Shinsoh Audit Corporation, CPA, Tax Accountant
Maruhito Kondo	500,000 yen	Head of Maruhito Kondo Law Office, Attorney

* Remuneration of supervisory directors was revised to reflect increased hours on duty and the level of remuneration for a similar position (in May 2007)

* Executive Director receives no remuneration, but he has submitted a letter to the Board stating that he uses his best efforts to maximize unit-holders' value and deal with potential conflicts of interest

(3) Rules on exemption from liability of investment corporation for directors

- It is stipulated in the Articles of Incorporation that the liability of directors can be exempt by the resolution of the Board to the extent allowed by the law

4. Cooperation between Supervisory Directors and Accounting Auditor

- (1) Accounting Auditor and directors of TOKYU REIT meet at least once each period to exchange information
- (2) Chuo Aoyama served as Accounting Auditor from establishment to July 14, 2006
- (3) PricewaterhouseCoopers Aarata was temporarily appointed as Accounting Auditor on July 14, 2006 upon resignation of Chuo Aoyama
- (4) PricewaterhouseCoopers Aarata was appointed as Accounting Auditor at 3rd General Meeting of Unit-Holders held on April 17, 2007
- (5) Financials in 7th Period were audited by:

Company	Name	Audit Experience
Aarata Audit	Takashi Sasaki	3 periods
	Katsushi Matsuki	* 6 periods

* Inc. experience at Chuo Aoyama

5. Other Supervision of Operation by Supervisory Directors (apart from the Board)

- (1) Supervision of execution of duties by executive directors under Article 111 of the Investment Trust Law, including inspection of books and site reconnaissance as needed
- (2) In addition to a report by service providers at the Board meeting, exercise the right to inspect key service providers stipulated in the agreement as deemed necessary
- (3) Investment Manager or General Administrator assists Supervisory Directors since TOKYU REIT is not allowed to hire employees. Board of auditors are always able to consult Legal Counsel whenever legal assistance is needed

Meeting Operation Situation

(# of meetings held)

Organizations		1st	2nd	3rd	4th	5th	6th	7th	8th	9th Period						Total	
		Period	Period	Period	Period	Period	Period	Period	Period	Aug	Sep	Oct	Nov	Dec	Jan		Total
TOKYU REIT	Unit-Holders' Meeting	1			1				1								3
	Board of Directors Meeting	22	16	11	16	10	12	12	13	1	3	2	2	2	2	12	124
Tokyu REIM	Board of Directors Meeting	22	15	7	14	9	13	11	10	1	4	1	1	1	1	9	110
	Investment Committee	24	9	7	14	12	12	7	7	0	1	1	1	1	1	5	97
	Compliance/Risk Management Committees	17	12	11	10	12	12	10	10	1	2	1	1	2	2	9	103
	Third party evaluation regarding compliance of each related-party transaction to the rules	5	6	2	2	0	1	4	4	0	0	0	0	0	0	0	24

*1 – 9 indicates Period of TOKYU REIT

*1st Period is from June 20, 2003 to January 31, 2004

Resolution by the Board of Directors Regarding 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/Year	Agenda (Approval)
1	Sep/2007	Memorandum executed with Investment Manager regarding cost burden related to administrative error (error in financial statements, incorrect order of Semiannual Report)
2	Jan/2008	Memorandum executed with Investment Manager regarding cost burden related to administrative error (filing of amended shelf registration related to error in results release)



Changes in Regulatory/Macro Environments

Recent Changes in Regulatory Environment

1. Regulatory reviews related to the enforcement of the Financial Instruments and Exchange Law (2007/9)

(1) MLIT partially revised “Registration Rules for Real Estate Investment Advisors” (2007/8)

→ Prohibition set forth against acts of conflict of interest in discretionary investment service

→ Statement complying with “Global Investment Performance Standard” in registration application/business report

(2) TSE requested J-REITs to improve “Report on investment system of REIT securities issuers” (2007/9)

→ Requested more in-depth disclosure when acquiring assets from stakeholders such as founding sponsors and affiliates

*** Calling for further transparency in real estate transactions and asset management, mainly for the purpose of ① higher monitoring of acts of conflict of interest and transactions and ② promotion of improved information disclosure**

2. International real estate investment by J-REITs

(1) Development of MLIT “International Investment Real Estate Appraisal Guideline” (2008/1)

→ Setting a framework for appropriate appraisal of international real estate

(2) TSE announced improvement of the listing system including lifting restrictions on international real estate investments by J-REITs (2008/2)

*** Lifting a ban on international real estate investments in April 2008**

3. Outline of tax system revision for FY2008 (2007/12)

Pass through requirements relaxed for listed investment corporations (non-family corporation requirements)

→ Changed from determined by “three persons” to “one person” among top unit holders

*** Ensuring stable distribution**

Recent Changes in Macro Environment

1. Financial Market

- (1) Rising long-term interest rates (2007/4 – 2007/6), declining long-term interest rates (2007/6 -)
- (2) Depreciation of yen and continuing yen carry trades (- 2007/6), strong yen and unwinding of yen carry trade (2007/7 -)
- (3) US stock market correction caused by the subprime mortgage crisis (2007/7) significant decline of the Japanese stock market (2007/7 -)

2. JREIT Market

- (1) Significant correction in unit prices linked to the Japanese stock market (2007/7 -)
- (2) A series of listing suspensions/cancellations due to market deterioration (2007/12)
- (3) Continuing M&A deals including partnerships with new sponsors (2007/2, 3, 5, 11, 2008/2)

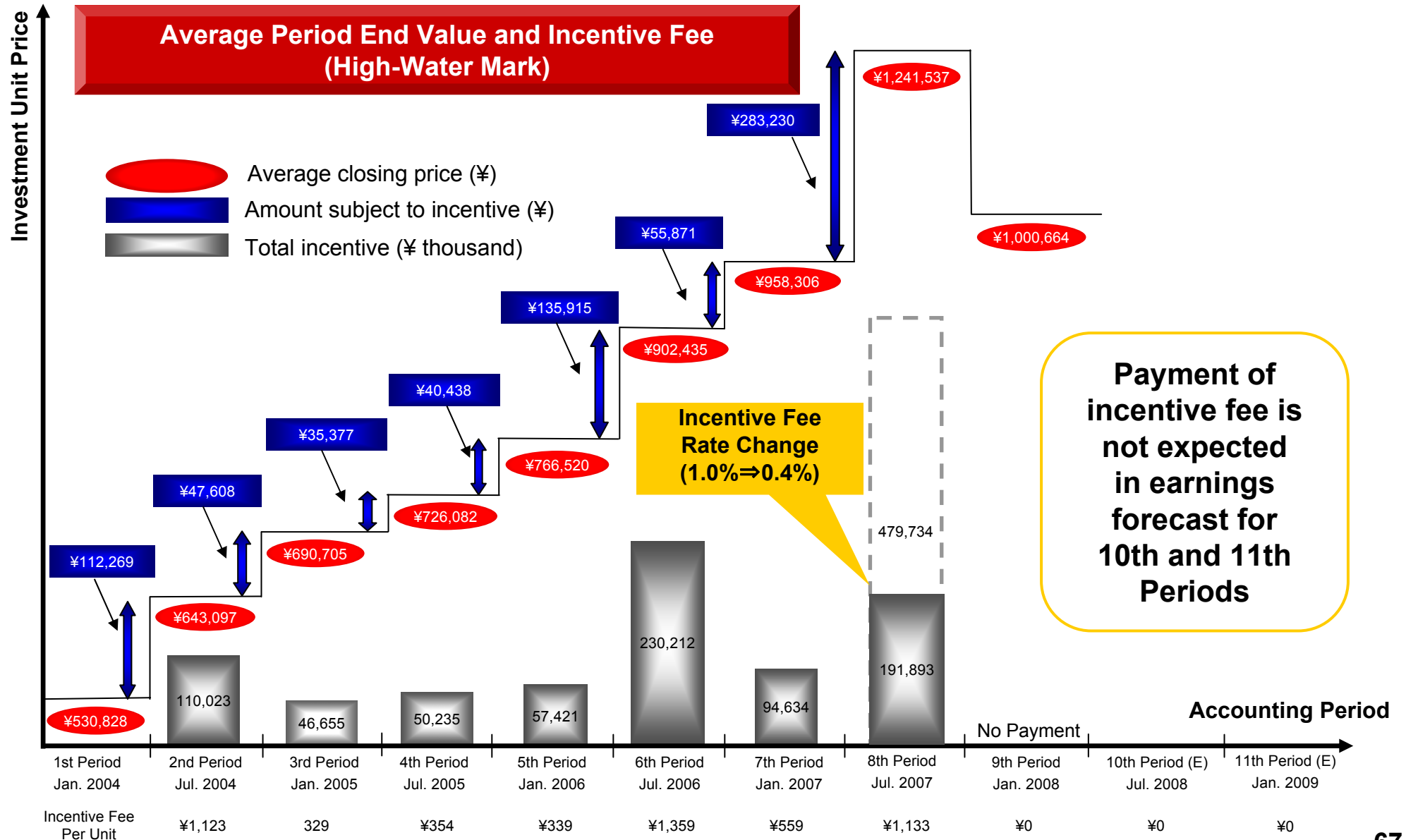
3. Other

- (1) Reconcentration of population into the Tokyo Metropolitan area (2008/1, reported by Nikkei, Ministry of Internal Affairs and Communications)
- (2) Revised population estimate (nationwide population revised down, while population in Tokyo and Kanagawa revised up) (2007/3; Tokyo, 2007/5; National Institute of Population and Social Security Research)



Incentive Fee Structure

Changes in Incentive Fee



EPS Before Incentive Fee

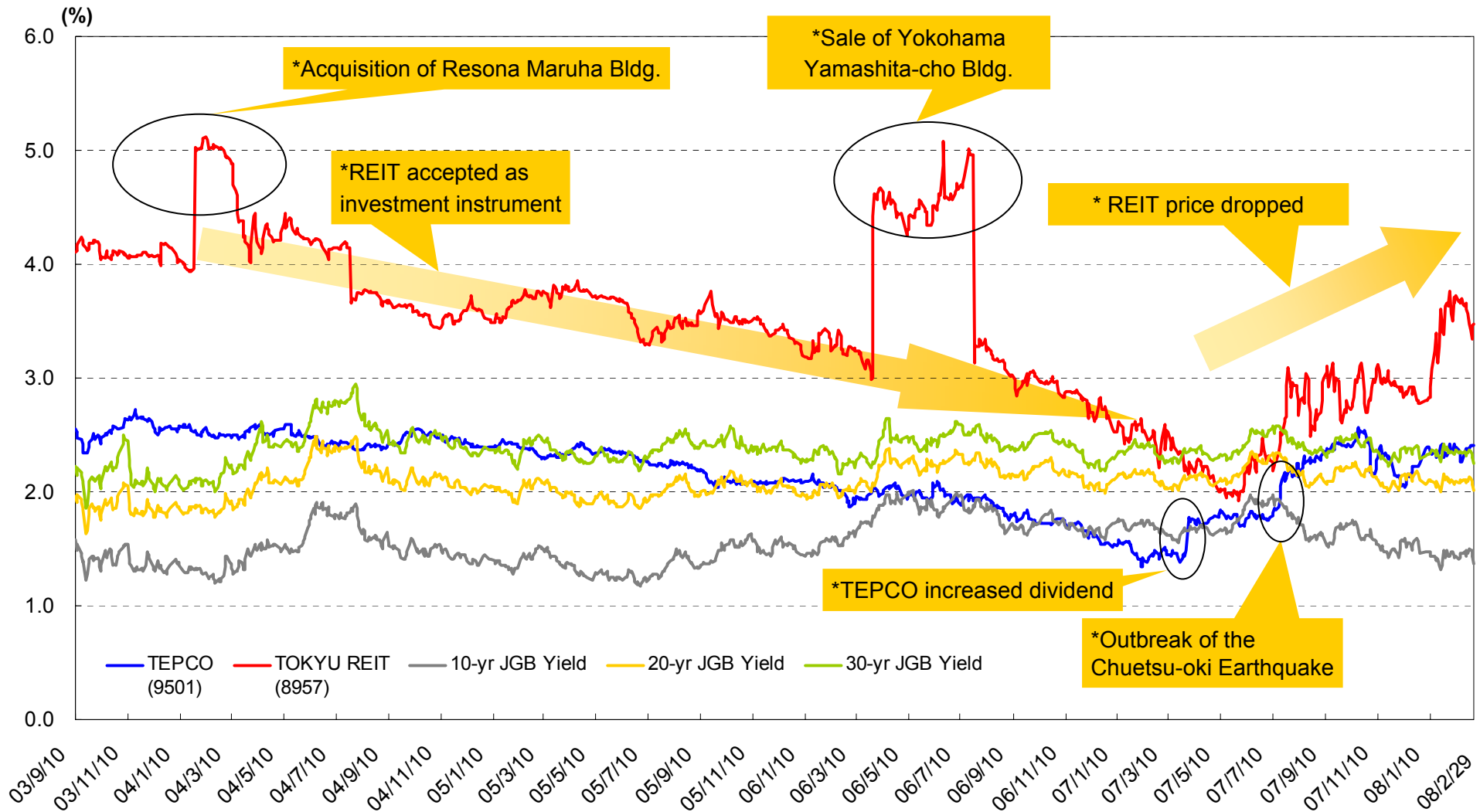
Item	1st Period A 144 days	2nd Period A 182 days	3rd Period A 184 days	4th Period A 181 days	5th Period A 184 days	6th Period A 181 days	7th Period A 184 days	8th Period A 181 days	9th Period A 184 days	10th Period E 182 days	11th Period E 184 days	2nd - 11th Period Total
Incentive Fee (¥ million)	0	110	47	50	57	230	95	192	0	0	0	781
Incentive Fee per Unit (¥)	0	1,123	329	354	339	1,359	559	1,133	0	0	0	559
Units Outstanding	-	98,000	142,000	142,000	169,380	169,380	169,380	169,380	169,380	169,380	169,380	1,398,280
EPS (¥) *	12,123	14,230	13,045	13,798	14,179	22,162	14,182	14,427	15,364	16,000	15,300	15,269
Annual EPS Growth (%/Simple Interest)	-	34.76	7.61	9.21	8.48	33.12	5.66	5.43	6.68	7.11	5.24	5.19
EPS before Incentive Fee (¥)*	12,123	15,353	13,374	14,152	14,518	23,521	14,741	15,560	15,364	16,000	15,300	15,788
Annual EPS Growth (%/Simple Interest)	-	53.28	10.32	11.16	9.88	37.61	7.20	8.10	6.68	7.11	5.24	6.05

* 1st Period adjusted to 184 days

TOKYU REIT

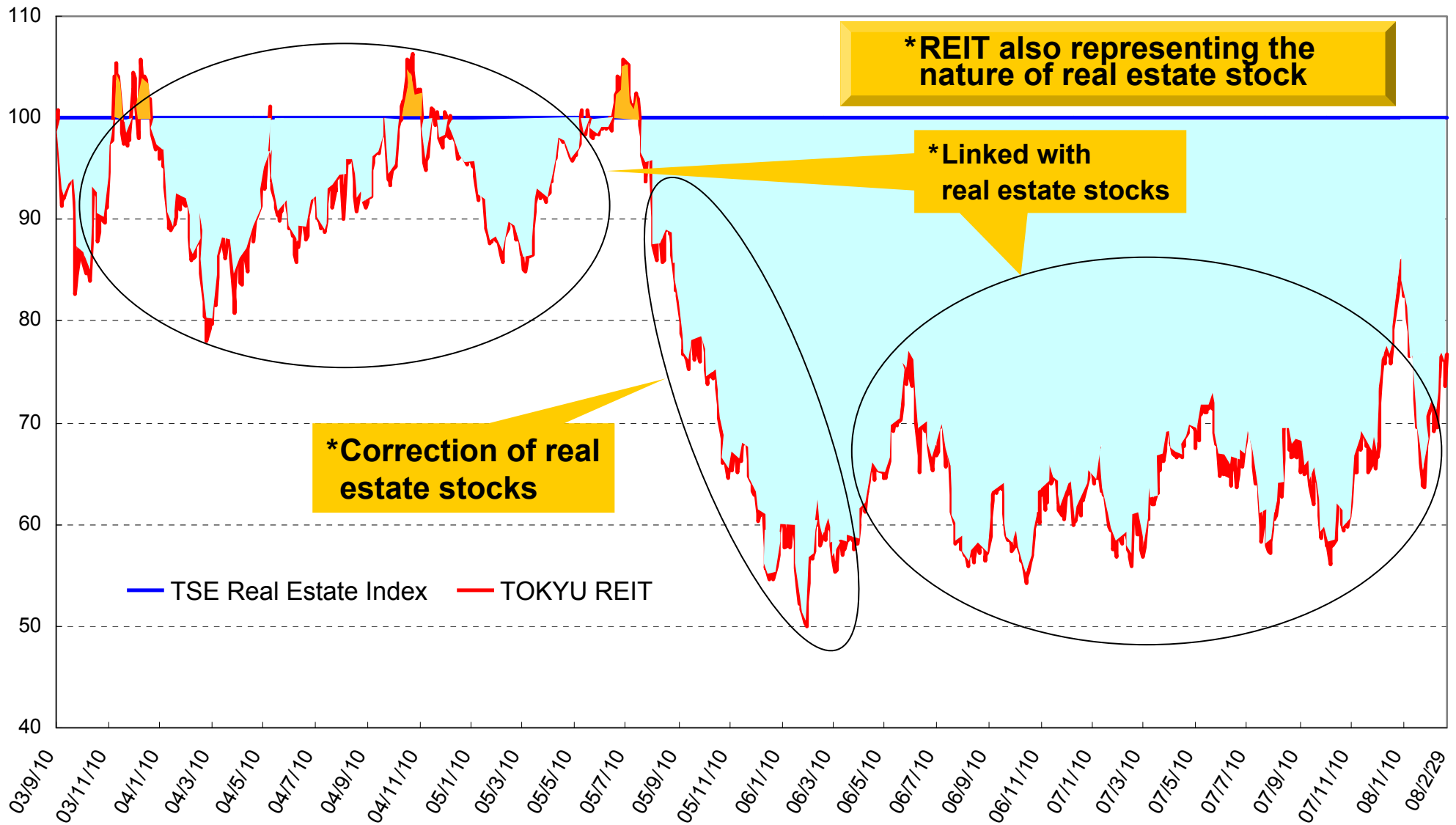
Others

Dividend Yield (TEPCO, TOKYU REIT, JGBs (10-yr, 20-yr, 30-yr))



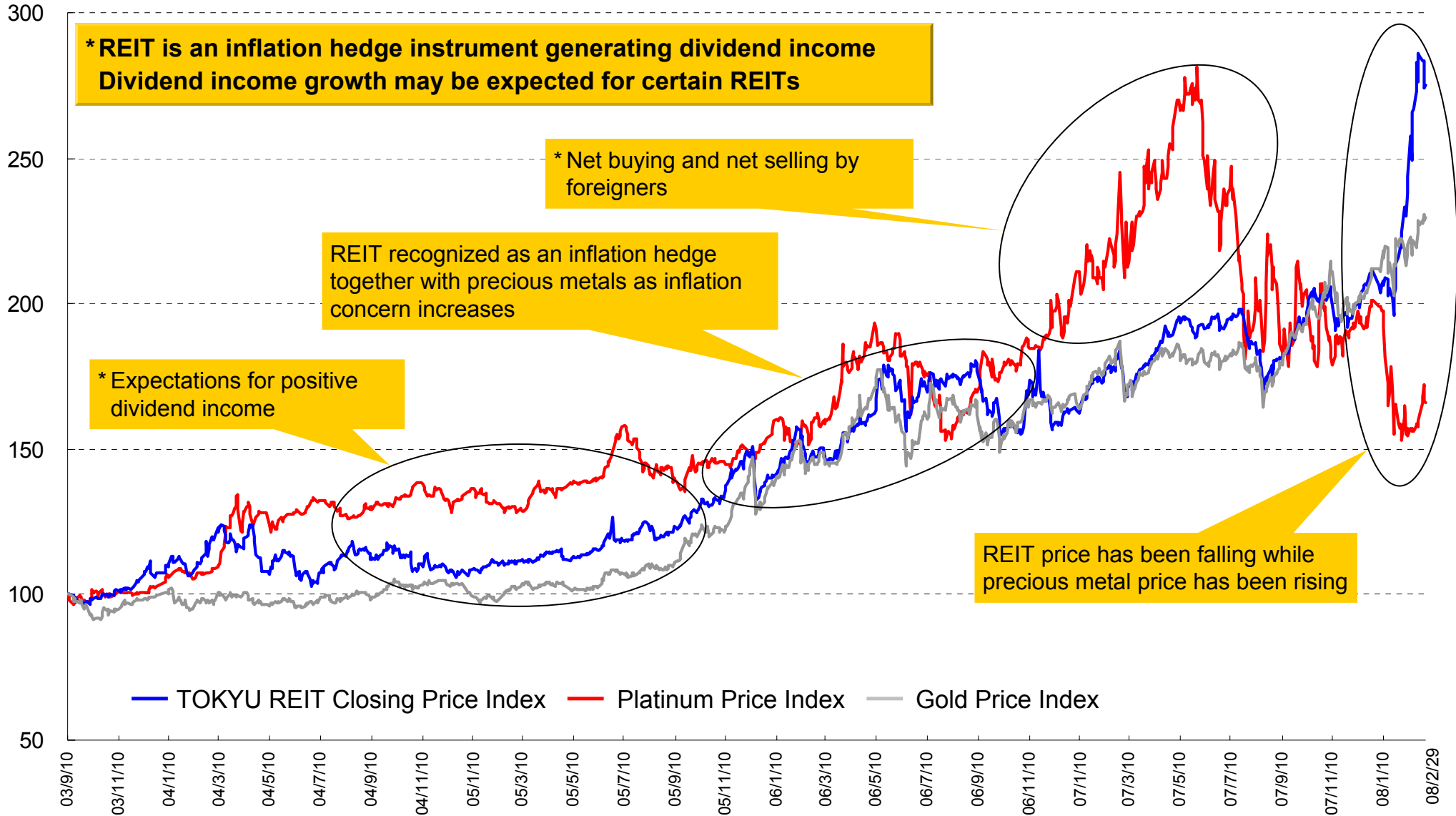
(Note) Dividend yield based on prospective dividends (distribution). Dividends in the previous period used when prospective dividends (distribution) are not available.

TSE Real Estate Index and TOKYU REIT Performance (TSE Real Estate Index = 100)



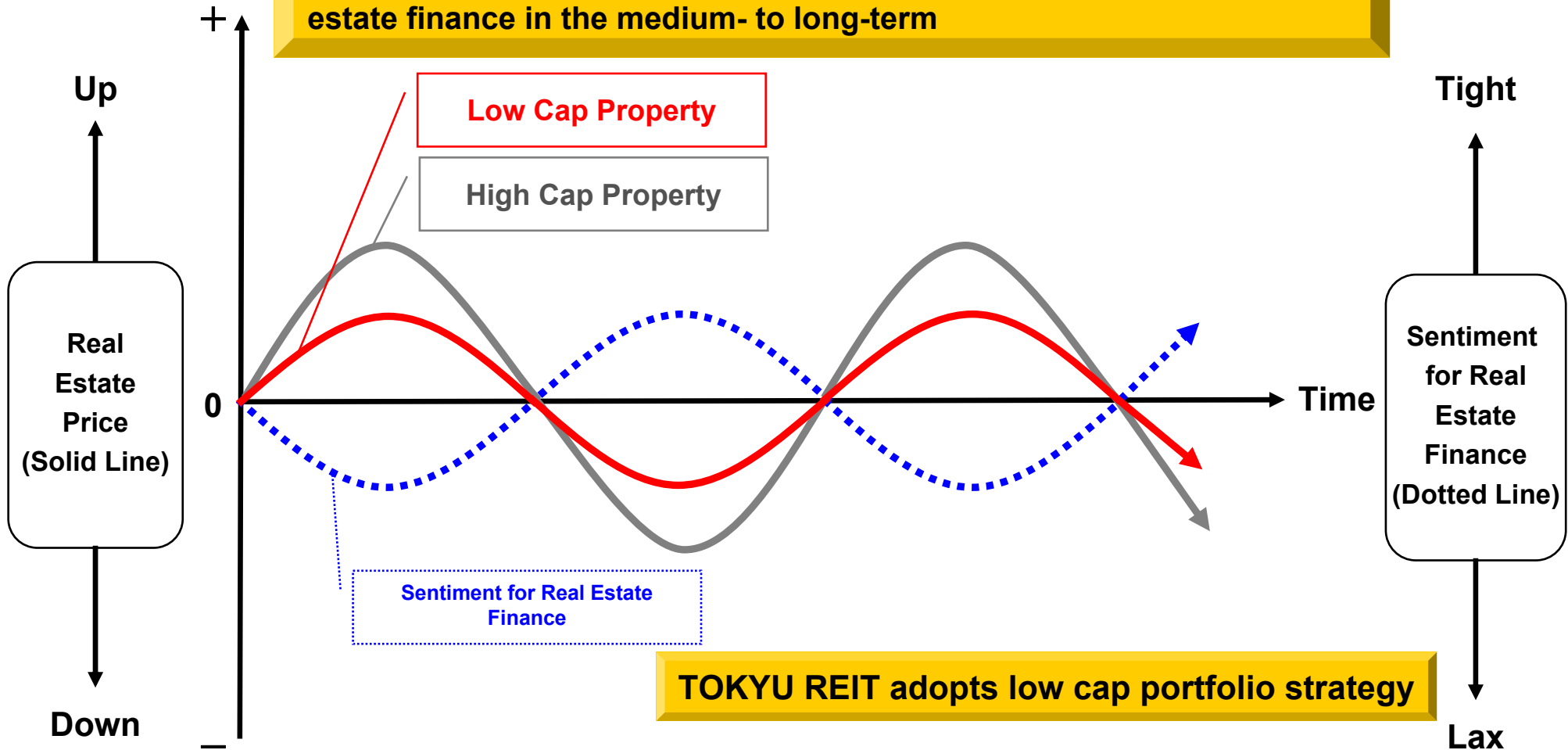
Comparison of TOKYU REIT (8957) and Precious Metals — Comparison of Inflation Hedge Instruments

2003/9/10 = 100

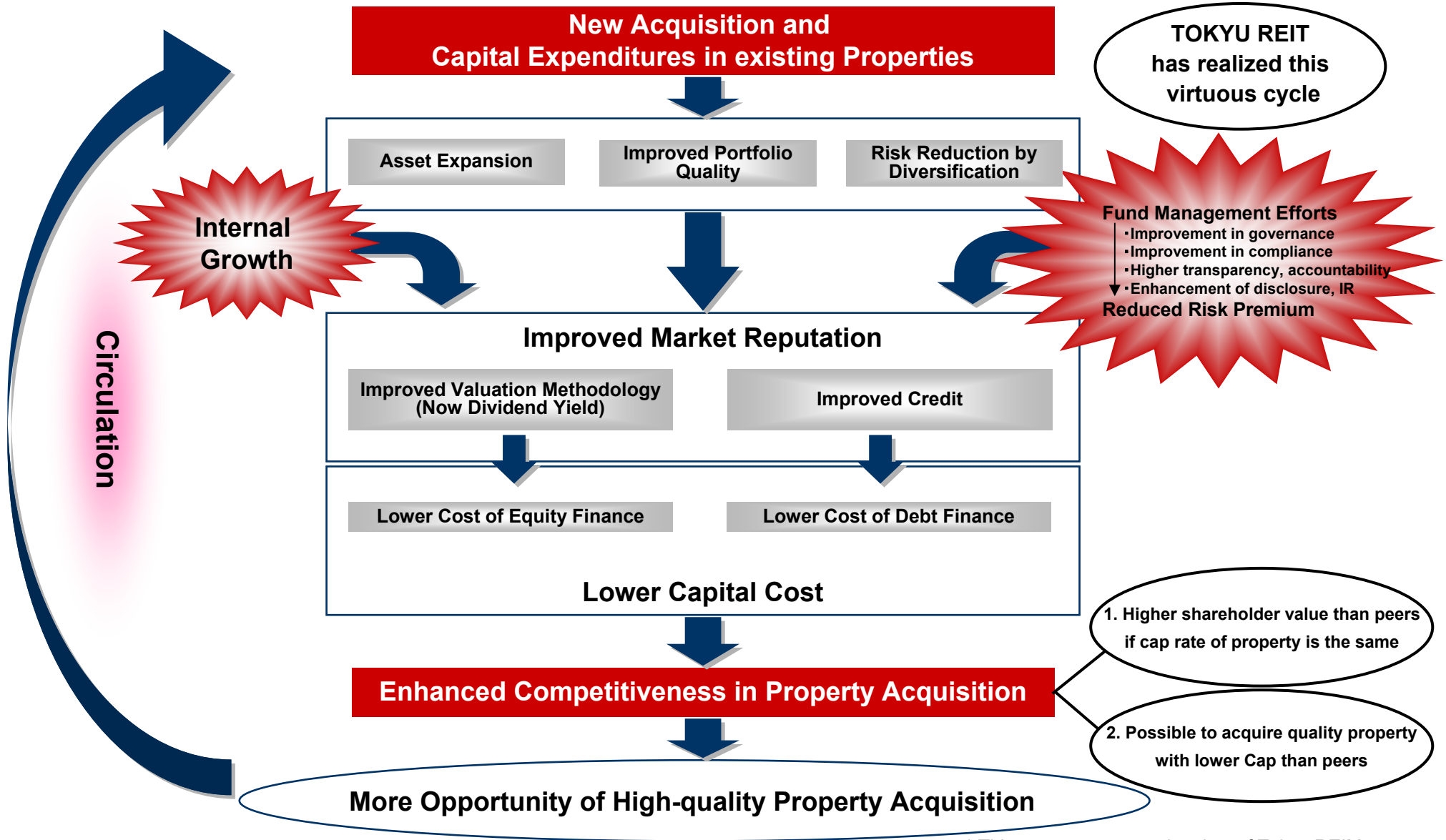


Tightness in Real Estate Finance and Changes in Property Price (View of TOKYU REIT)

The real estate price may be derived from income capitalization, but TOKYU REIT believes that it reacts to changes in sentiment for real estate finance in the medium- to long-term



How to Achieve Our External Growth?



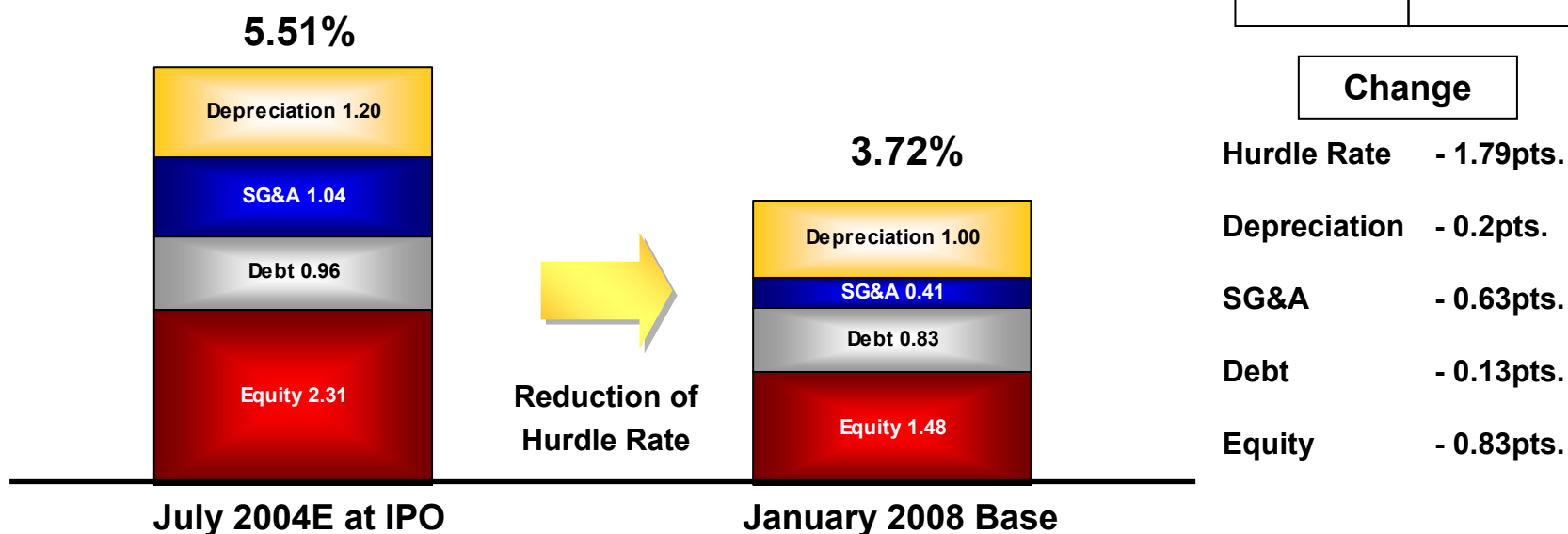
* This page represents the view of Tokyu REIM **74**

External Growth

- Changes in Acquisition Hurdle Rate (based on NOI)

- Costs shown as % of implied total acquisition
- Cost calculated based on a maximum LTV of 50%
- The depreciation charge is presently estimated to be around 1.00% of acquisition (differs from property to property)

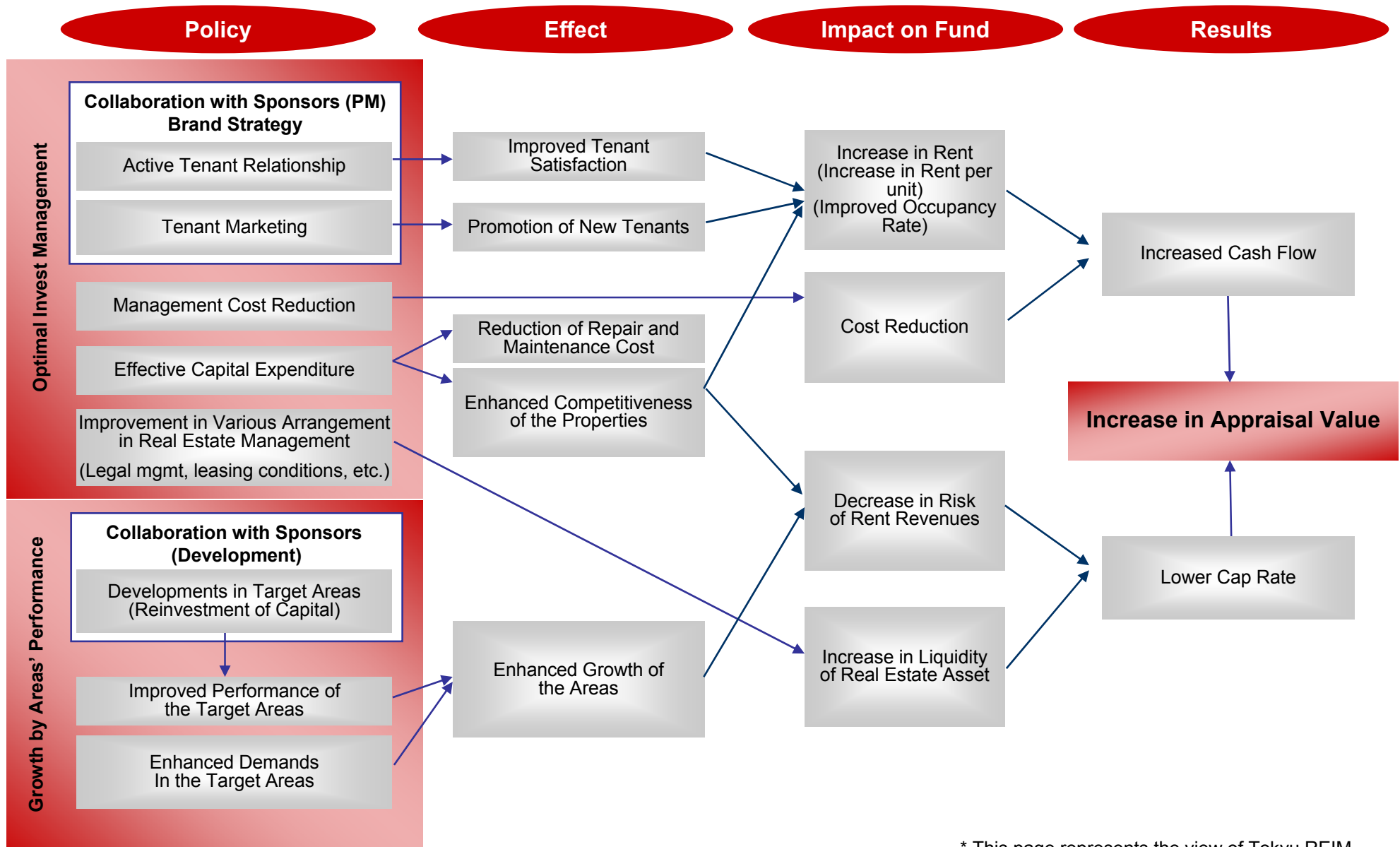
Acquisition Price	Debt 50
100	Equity 50



Use this as a base rate, coupled with CF growth of properties, for assessment

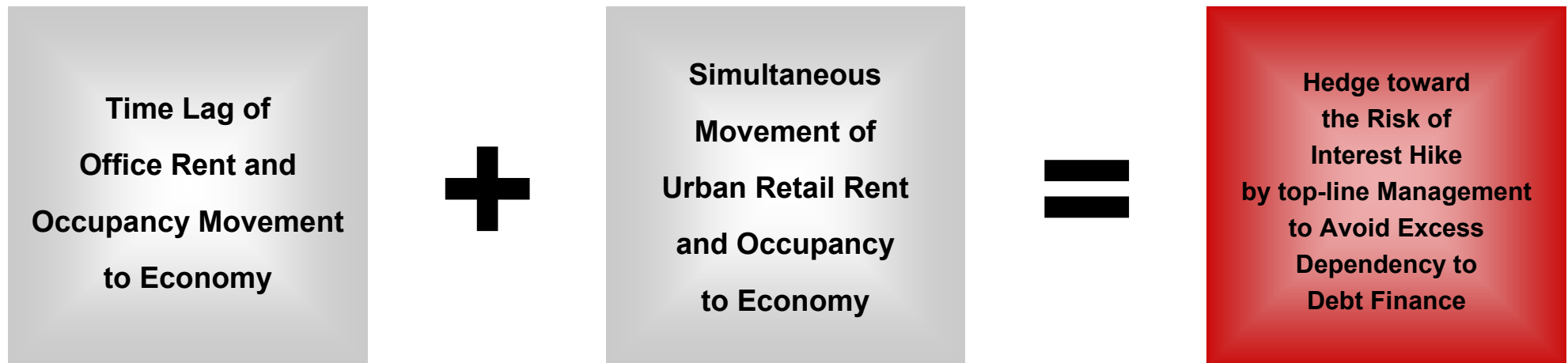
- SG&A ratio is operating expense excluding leasing cost divided by average acquisition for the respective periods
- Debt cost is equal to 50% of average interest during respective periods except July 2004E at IPO which is an estimate then based on hearing from banks
- We have determined equity cost to be 50% of the yield (Estimated Distribution / Investment Unit Price) during each respective periods

How to Achieve Our Internal Growth?



* This page represents the view of Tokyu REIM **76**

- **As Our First Core Fund, TOKYU REIT is Designed to Achieve both Growth Potential and Stable Performance toward Interest Hike by Combining Office and Retail with Strict Investment Criteria**



Built-in Stabilizer Function of Combining Office and Retail

Why Office and Retail? (2)



**Strategic Resource Allocation with Experienced Staffs
who have various Skills, Know-how, and Experiences in AM/PM Companies**



**On the other hand, not invest in hotels and residential properties
which shows different risk-return profile to office/retail**

Acquisition

- Pipeline Support: 10 of 20 Properties (¥81.34bn out of acquisition price of ¥181.67bn)
 - 6 of 11 Properties at time of IPO
 - TOKYU REIT Shibuya Udagawa-cho Square (2nd Period / ¥6.6bn)
 - Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building) (9th Period / ¥8.5bn)
 - 2 of the 11 Properties at time of IPO (Lexington Aoyama, Tokyo Nissan Taito Building)
- } ... Developed and contributed by Tokyu Group companies
- } ... Contributed by Tokyu Group companies

PM (Property Management)

- Warehousing
 - 3 properties acquired at time of IPO: ¥14.06bn
 - Yokohama Yamashita-cho Building : 3rd period / ¥5.10bn
 - Beacon Hill Plaza (Ito Yokado Noukendai Store) : 3rd period / ¥9.52bn
 - cocoti (Net Collective Ownership 40%) : 5th period / ¥9.80bn
 - Shonan Mall Fill (*Sokochi*) : 6th Period / ¥6.81bn
- Reference by Tokyu Land Corporation
 - Resona Maruha Building
 - Beacon Hill Plaza (Ito-Yokado Noukendai Store)
- PM by Tokyu Corporation / Tokyu Land Corporation
- Community-based tenant promotion capability and cost reduction potential by scale of economy

Brand Strategy

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

Japanese Potential Growth and Social Responsibility of REIT Managers

1. Real Estate Viewpoint (most effective use of capital goods)

- (1) Improving efficiency of real estate management
- (2) Maintenance of quality real estate as stock of social capital
- (3) Playing an infrastructure-related role which allows the actual property market to function

2. Investment Market Viewpoint (vs. Investors)

- (1) Providing mid-risk/return financial vehicle
- (2) Driver of disclosure in Japan

3. National Economic Viewpoint

- (1) Producing results that are essentially a remedy to real estate deflation
- (2) Contributing to higher growth (potential growth) of Japanese economy

Potential Growth Japanese Economy (as of 2007/8/7) (Unit: %)

	Contribution			Potential Growth
	Capital Input	Labor Input	TFP	
1990	2.2	0.0	2.1	4.3
91	2.1	-0.2	1.8	3.8
92	2.0	-0.4	1.4	3.0
93	1.8	-0.4	1.0	2.4
94	1.6	-0.3	0.6	1.9
95	1.4	-0.1	0.3	1.6
96	1.2	0.0	0.2	1.3
97	1.1	-0.1	0.1	1.1
98	1.2	-0.3	0.2	1.1
99	0.8	-0.4	0.4	0.8
2000	0.6	-0.4	0.6	0.8
01	0.4	-0.5	0.8	0.8
02	0.2	-0.4	0.9	0.7
03	0.2	-0.3	0.9	0.9
04	0.4	-0.2	0.9	1.1
05	0.5	-0.1	0.9	1.3
06	0.6	0.0	0.8	1.4

Source: Cabinet Office

TFP: Total Factor Productivity

(Note) The Real GDP calculation was changed on December 2004 from the fixed-base year method to the chain method, so the figures after this period might differ in certain situations

We believe that REITs will help increase productivity by improving the capital efficiency of the Japanese economy, while positive contribution is unlikely from the “labor force” in the medium-term despite its potential for growth as it faces the impact of the falling birth rate and the aging population

We also understand that there are numerous benefits to the system for these reason

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