

December 12, 2003

For Immediate Release

TOKYU REIT, Inc.
2-17, Nampeidai-cho
Shibuya-ku, Tokyo 150-0026, Japan
Masahiro Horie
Executive Director
(Securities Code: 8957)

Inquiries:
Tokyu Real Estate Investment Management Inc.
Yosuke Koi
Chief Financial Officer and General Manager
TEL: +81-3-5428-5828

**Notice Concerning Acquisition of Property
(TOKYU REIT Shibuya Udagawa-cho Square)**

TOKYU REIT, Inc. ("TOKYU REIT") today announced details of the acquisition of a certain property, summarized as follows.

1. Acquisition Details

1. Type of Acquisition: Real estate
2. Property Name: TOKYU REIT Shibuya Udagawa-cho Square (tentative name)
3. Acquisition Price: ¥6,600 million (excluding acquisition costs, property tax, city planning tax, and consumption tax)
4. Scheduled Acquisition Date: March 1, 2004 (Monday)
5. Seller: TC PROPERTIES CO., LTD. (TC PROPERTIES CO., LTD. is a related party to Tokyu Real Estate Investment Management Inc., TOKYU REIT's asset management company)
6. Financing: Cash on hand and debt financing (proposed)

2. Rationale

The acquisition of TOKYU REIT Shibuya Udagawa-cho Square (tentative name) falls within TOKYU REIT's fundamental scope and policy as outlined in TOKYU REIT's Articles of Incorporation. This acquisition is anticipated to further enhance portfolio stability and growth.

In addition, the acquisition from TC PROPERTIES CO., LTD. of a retail property located in Shibuya Ward, Tokyo, is consistent with TOKYU REIT's fundamental policy to leverage the collective strengths of the Tokyu Group and represents a positive step in the purchase of Tokyu Group properties. Accordingly, TOKYU REIT's Internal Rules Regarding Related Party Transactions have been applied to this acquisition.

3. Property Profile

TOKYU REIT Shibuya Udagawa-cho Square (tentative name) is located in the center of Shibuya, one of Tokyo's main retail and commercial districts, facing the principal thoroughfares of Inokashira-dori and Center-gai.

The building's principal tenant is ZARA, a Spain-based retailer of ZARA brand casual clothing. ZARA boasts a global network of over 550 stores in 46 countries, with the Shibuya store being the company's flagship and first outlet in Asia.

Location	Registered	Land	86-2 Udagawa-cho, Shibuya-ku, Tokyo		
		Bldg.	86-2 Udagawa-cho, Shibuya-ku, Tokyo		
	Residential	Bldg. 1	25-10 Udagawa-cho, Shibuya-ku, Tokyo		
		Bldg. 2	25-5 Udagawa-cho, Shibuya-ku, Tokyo		
Access		2 minutes on foot from Shibuya Station -- JR Yamanote Line/Tokyu Line/Keio Inokashira Line/ Eidan Subway Lines			
Use		Retail			
Area Classification		Commercial district			
Land Space	Registered	Land	679.27 m ²		
		Bldg.	Bldg. 1	1,473.10 m ²	
			Bldg. 2	56.39 m ²	
Type of Structure	Registered	Bldg.	Bldg. 1	S, 3F	
			Bldg. 2	S, 2F	
Completion Date		Bldg. 1	July 1998		
		Bldg. 2	June 1995		
Earthquake Resistan		<p>The property conforms to earthquake-resistance standards (revised in 1981). PML of 15.8% is based on earthquake risk assessment report prepared by Engineering & Risk Services Corporation</p> <p>PML (Probable Maximum Loss) refers to the expected maximum loss ratio caused by earthquakes. Although there is no single authoritative definition of PML, PML refers to the percentage of expected damages caused by a small-to large-level earthquake that happens during an assumed period for the economic life of a building, to procurement cost for restoring the expected damages. Earthquake probability is statistically calculated as occurring once every 475 years. Calculations also include data relating to individual property survey, assessment of building conditions, conformity to architectural design, surveys of local areas and structural evaluation.</p>			
Type of Ownership		Land:	Proprietary ownership	Bldg.:	Proprietary ownership
Appraisal		¥6,680 million (capitalization method as of October 1, 2003)			
		Appraisers	HIRO & REAS network, Inc. Jones Lang LaSalle Inc.		
		Joint valuation			

Translation Purpose Only

Special Items		<ul style="list-style-type: none"> ● TOKYU REIT has not received a letter of confirmation regarding certain section of the land's boundaries from the owners of adjacent land. ● The current owner of Bldg. 1 maintains a master lease agreement with Tokyu Department Store Co., Ltd. Tokyu Department Store has executed a sublease agreement with Zara Japan Corporation. Following purchase of Bldg. 1 by TOKYU REIT, the master lease agreement will be terminated and replaced by a same conditioned lease agreement with Zara Japan Corporation. ● Bldg. 2 is currently leased to a related party Tokyu Bus Corporation. Following settlement, TOKYU REIT intends to extend the term of the lease to April 30, 2004. 	
Tenant Details	Number of Tenants	2	
	Principal Tenants	Zara Japan Corporation, Tokyu Bus Corporation	
	Total Rental Income	¥324 million	(Annually)
	Estimated NOI	¥289 million	(Annually)
	Total Leased Area	1,543.05 m ²	
	Total Rentable Area	1,543.05 m ²	
	Occupancy Rate	100%	
<p>Figures for the number of tenants, principal tenants, total rental income and other items are forecasts as of the settlement date, March 1, 2004. Estimated NOI is forecast exclusive of special items related to the acquisition. Figures are based on the following assumptions:</p> <p style="padding-left: 40px;">Revenues are calculated based on the current occupancy rate of 100%.</p> <p style="padding-left: 40px;">Calculations are based on the assumption there will be no change in public taxes and dues.</p>			

4. Seller Profile

1.	Company Name:	TC PROPERTIES CO., LTD. (The company changed its name from Tokyu Construction Co., Ltd. on October 1, 2003)
2.	Head Office Address:	1-16-14 Shibuya, Shibuya-ku, Tokyo
3.	Representative:	Kazuo Ochiai, President and Representative Director
4.	Capital:	¥76,833 million (as of September 30, 2003)
5.	Principal Activities:	Real estate
6.	Other:	TC PROPERTIES CO., LTD., is a consolidated subsidiary of Tokyu Corporation, which maintains a 60% shareholding in TOKYU REIT's asset management company Tokyu Real Estate Investment Management Inc. TC PROPERTIES CO., LTD. and Tokyu Real Estate Investment Management Inc. are related parties in accordance with the Investment Trust Law.

5. Acquisition Schedule

December 12, 2003 Resolution by TOKYU REIT's Board of Directors

December 12, 2003 Execution of Purchase and Sale Agreement

March 1, 2004 Scheduled property settlement

6. Financing Details

TOKYU REIT has decided to procure ¥5,500 million (planned) in debt financing on the scheduled acquisition date to assist in the purchase of TOKYU REIT Shibuya Udagawa-cho Square (tentative name). Any shortfall will be met by cash on hand. Details of the lender, debt amount, interest rate and other terms and conditions will be disclosed as determined.

7. Outlook

TOKYU REIT anticipates no change in its operating forecasts for the first fiscal period ending January 31, 2004. TOKYU REIT also expects the impact on the operating results for the second fiscal period ending July 31, 2004 due to the acquisition of TOKYU REIT Shibuya Udagawa-cho Square (tentative name) will be minimal.

[Attachments]

1. Property Appraisal and Property Appraisal third-party second opinion (The Chuo Mitsui Trust and Banking Company, Limited) in accordance with TOKYU REIT's measures to prevent conflicts of interest regarding related-party transactions
2. Property portfolio after acquisition
3. Photograph and map of TOKYU REIT Shibuya Udagawa-cho Square (tentative name)

For further information please refer to the TOKYU REIT's Web site at <http://www.tokyu-reit.co.jp>.

Translation Purpose Only

Attachment 1

Appraisal Summery

(Unit: JPY '000)

Property Name : Udagawa-cho ZARA		Details	Specific Notes
Appraisal Firm		HIRO & REAS network, Inc. Jones Lang LaSalle K.K.	-
Final Appraised Value		6,680,000	Income Approach applied
Date of value		2003/10/1	-
Characteristics of the Subject Property	Two buildings and their sites located in highly accumulated shopping zone. Both of two buildings (Total Leasable Floor Area: 466.77 tsubo) do not fully utilize the current FAR and leave space for additional development. However, approximately 96.4% of th		
Value Indicated by Income Approach		6,680,000	Value indicated from DCF method applied as it is more viable
Value Indicated by Direct Capitalization Method < Assumed continuation of current use for existing 2 buildings >		5,850,000	-
(1)Gross Income		328,275	-
Potential Gross Income		328,782	< Building 1 > Based on current lease conditions < Building 2 > Based on tenant turnover with new rent
Vacancy Loss		507	Based on current lease conditions and vacancy rate of comparables, etc.
(2)Total Expenses		33,710	-
Maintenance/Management/Repairs/PM Fee, etc.		3,283	Based on historic figures and lease conditions
Leasing Commissions		127	Based on assumed turnover rate
Real Estate Taxes		30,272	FY2003 actual applied
Insurance Premium		28	Based on historic figures
(3)Net Operating Income		294,565	-
(4)Long-term Repair Cost Reserve		2,111	Annual average of long-term repair cost reserve indicated in the engineering report
(5)Net Cash Flow		292,454	-
(6)Overall Capitalization Rate		5.00%	Based on market cap rate
Value Indicated by DCF Method < Two buildings are assumed to be demolished after continuing current use for 10 years. The value at the 11th year is derived based on the assumption where high-rise retail/office building will be newly built. >		6,680,000	-
Discount Rate		5.00%	-
Terminal Capitalization Rate		Approx.3.4%	Value at the end of assumed ownership period is derived by DCF method based on projected cash flow of new high-rise retail/office building. Thus, reversion value does not reflect the direct capitalization method. Therefore, the terminal capitalization rat
Value Indicated by DCF Method		6,680,000	-
Value Indicated by Cost Approach		5,080,000	-
Ratio of Land Price		96.7%	-
Ratio of Building Price		3.3%	-
Particular Attention to have been paid in Application of Appraisal Methodology and Final Value Conclusion		Although the subject is located in one of the most accumulated shopping zones in Tokyo, FAR has not been fully utilized and therefore there is sufficient space for additional development. In addition, construction cost, rent projection, and such at the time of future new development are carefully examined.	

This appraisal was performed by licensed real estate appraisers in conformity with the Real Estate Appraisal Act and Real Estate Appraisal Standards that were in placed as of the effective date of this appraisal. The real estate appraisers do not make an

Second Opinion Summery

Item	Summary
Appraised Value	CMTB essentially agrees with appraiser's appraisal.
Premise	CMTB's appraisal standards make the same assumptions.
Best usage of the property	Though CMTB shares appraiser's opinion that the best usage of this land would be a high-rise office/retail building, the present usage as a medium/low-rise retail building might be reasonable for the time being.
Capitalized value (A)	According to CMTB's appraisal standards, the discount rate in the eleventh year should be higher, but CMTB estimated approximately the same capitalized value in conclusion.
Cost approached value (B)	According to CMTB's appraisal standards, the additional deduction with respect to the combined building and land should be included so that CMTB's estimation is lower than that of the appraiser.
Adjustment to (A) and (B)	CMTB makes the similar adjustment.

With respect to the summary of the second opinion, each was prepared by CMTB to describe its opinion about the approach of Jones Lang LaSalle and HIRO & REAS network, Inc., the adequacy of the appraisal values and appraisal methods used. The second opinion was prepared based on the opinion of Jones Lang LaSalle and HIRO & REAS network, Inc., certain other information about the property, certain index and property-related information and other information. CMTB makes no representation or warranty (express or implied) with respect to the completeness or accuracy of any information in the summary of the second opinion. Additionally, the information included herein is a translation of the same summary of the second opinion. CMTB takes no responsibility for the accuracy of the translation. Please note that the second opinion is not an appraisal report subject to the Property Appraisal Law (Law No.152 of 1963, as amended) (Fudosan Kantei Hyoka-ho).

Attachment 2

Property Portfolio after Acquisition

	Property	Location	Acquisition Date	Acquisition Price (Millions of Yen)	Ratio
R1	QFRONT	Central Tokyo and Tokyu Areas	September 10, 2003	15,100	17.4%
R2	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	5.5%
R3	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas	September 10, 2003	5,770	6.6%
R4	Tokyu Saginuma Building	Tokyu Areas	September 10, 2003	6,920	8.0%
R5	Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	1.5%
R6	TOKYU REIT Shibuya Udagawa-cho Square (tentative name)	Central Tokyo and Tokyu Areas	March 1, 2004	6,600	7.6%
	Subtotal			40,480	46.6%
O1	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	25.8%
O2	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas	September 11, 2003	4,660	5.4%
O3	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas	September 11, 2003	6,620	7.6%
O4	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	5.1%
O5	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	4.1%
O6	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	5.4%
	Subtotal			46,420	53.4%
	Total			86,900	100.0%

Note: 1. The acquisition price is the contract price and is exclusive of acquisition costs, property taxes, city planning taxes, and consumption tax.

2. "Central Tokyo" refers to the region comprising Shinjuku, Shibuya, Chiyoda, Minato, and Chuo wards. "Tokyu Area" refers to the region adjoining the Tokyu rail network.

Attachment 3

Photograph of External Façade and Location Map



Location:	Bldg 1. Bldg 2.	25-10 Udagawa-cho, Shibuya-ku, Tokyo 25-5 Udagawa-cho, Shibuya-ku, Tokyo
Access:	2 minutes on foot from Shibuya Station (JR Yamanote Line/ Tokyu Line/ Keio Inokashira Line/ Eidan Subway Lines)	
Land Space:	679.27 m ²	
Total Floor Space:	Bldg 1. Bldg 2	1,499.11 m ² 55.84 m ²
Type of Structure:	Bldg 1 Bldg 2	S, 3F S, 2 F
Completion date:	Bldg 1 Bldg 2	July 1998 June 1995
Type of Ownership:	Land Bldg.	Proprietary ownership Proprietary ownership
Tenants:	Bldg 1 Bldg 2	Zara Japan Corporation Tokyu Bus Corporation

