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**For Immediate Release**

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**Notice Concerning Acquisition of Property  
(Fujita Kanko Toranomom Building)**

TOKYU REIT, Inc. ("TOKYU REIT") has executed a purchase agreement in connection with the acquisition of the Fujita Kanko Toranomom Building. Brief details were announced today as follows.

**1. Acquisition Details**

1. Type of Acquisition: Real estate
2. Property Name: Fujita Kanko Toranomom Building  
Land: 1,728.38 m<sup>2</sup> (co-ownership of the right to use the underlying building site; *shikichi-ken* 73,585/100,000 interest)  
Building: Compartmentalized ownership of floors B1, B2 and 5 through 9, and compartmentalized ownership and co-ownership of compartmentalized ownership of floors 1, 3 and 4 (please refer to Attachment 5 for details)
3. Acquisition Price: ¥8,630 million  
(excluding brokerage commission, acquisition costs, property tax, city planning tax, and consumption tax)
4. Scheduled Acquisition Date: December 15, 2004
5. Seller: Fujita Kanko Inc.
6. Financing: Cash on hand and debt financing

**2. Rationale**

Fujita Kanko Toranomom Building is located in Toranomom, Minato-ku, one of Tokyo's principal business districts, the property meets TOKYU REIT's fundamental investment/acquisition policy, as outlined in its Articles of Incorporation. The decision of this acquisition was taken to further enhance TOKYU REIT's office property portfolio within the five Central Tokyo wards.

The property is a one-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line and faces National Route 1 (Sakurada-dori). Since its completion, occupancy has remained stable. The property boasts a standard office floor layout of 350 *tsubo* (approximately 1,140 m<sup>2</sup>) and is expected to deliver long-term competitive advantage.

In addition to acquiring approximately 80% of the property under compartmentalized ownership including co-ownership portions, TOKYU REIT subleases co-ownership of compartmentalized ownership portions of private individuals and floor 2. TOKYU REIT takes over the management role for portions under compartmentalized ownership in accordance with the Law for Compartmentalized Ownership. Agreement terms and conditions provide for the preferential transfer of ownership rights among compartmentalized owners and co-ownership portions.

Soon after the acquisition, TOKYU REIT will take over the management of the entire property and proceed strengthening competitiveness through management cost reductions and refurbishments.

**3. Property Profile**

Location	Registered	Land	3-45-6 Toranomom, Minato-ku, Tokyo
		Building	Fujita Kanko Toranomom Building (Whole building) 3-45-6-2 Toranomom, Minato-ku, Tokyo (Six other sections, private-use) Section Nos. 101, 102, 106, 301, 401, 501, 11
	Residential	3-17-1 Toranomom, Minato-ku, Tokyo	
Access		Approx. a one-minute walk from Kamiyacho Station, Tokyo Metro Hibiya Line Approx. a nine-minute walk from Toranomom Station, Tokyo Metro Ginza Line Approx. a nine-minute walk from Onarimon Station, Toei Mita Line	
Use		Office, retail and parking	
Area Classification		Retail district	
Land Space	Registered	Land	1,728.38 m <sup>2</sup> ; Total land space laid out <i>shikicki-ken</i>
		Building	15,343.73 m <sup>2</sup> ; Total floor space including other compartmentalized ownership
Type of Structure	Registered	SRC/RC, B2/9F	
Completion Date		May 1988	
Earthquake Resistance		<p>PML of 9.2% is based on earthquake risk assessment report prepared by Engineering &amp; 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 within the next 475 years to replacement value. 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 (Refer to Attachment 5 for details)		Land	Co-ownership of <i>shikichi-ken</i> 73,585/100,000 interest
		Building	Compartmentalized ownership and co-ownership of compartmentalized ownership Private-use portion 8,021.22 m <sup>2</sup> Co-ownership of compartmentalized ownership portion 2,915.56 m <sup>2</sup> (Including that of other owners)
Appraisal Value (Appraisal Method)		¥8,640 million (Capitalization method as of November 1, 2004)	
		Appraiser: Japan Real Estate Institute	
Special Items		<ul style="list-style-type: none"> <li>· There is encroach item on part of the property's boundary from adjoining land.</li> <li>· As parts of the property's underground storage and outdoor signage were erected without building permission, it is planned these will be removed by the seller by the end of December 2004.</li> </ul>	
Tenant Details	Number of Tenants	8 *Number of tenants leasing from TOKYU REIT, Inc. (including sub-leasing portion)	
	Principal Tenants	Japan Nuclear Energy Safety Organization; Takihyo Co., Ltd.	
	Total Rental Income	¥783 million (include sub-leasing portion, Annually)	
	Estimated NOI	¥458 million (include sub-leasing portion, Annually)	
	Total Leased Area	9,997.69 m <sup>2</sup> (leasing from TOKYU REIT, Inc., include sub-leasing portion)	
	Total Rentable Area	9,997.69 m <sup>2</sup> (including sub-leasing portion)	
	Occupancy rate	100%	
<p>Figures for the number of tenants, principal tenants, total rental income and occupancy rate are forecasts as of the scheduled acquisition date, December 15, 2004.</p> <p>Estimated NOI is an annual forecast, exclusive of special items related to the acquisition, and not a forecast for the current fiscal period. Figures are based on the following assumptions:</p> <ol style="list-style-type: none"> <li>1) Total Rental Income is calculated based on the current occupancy rate.</li> <li>2) Calculations are based on the assumption there will be no change in taxes and dues.</li> </ol> <p>On November 19, 2004, a notice of contract cancellation was received from K.K. Ashisuto (Planning to vacate the end of May, 2005) The leased area to the aforementioned tenant ratio to the total rentable area is 6.7%.</p>			

**4. Seller Profile**

- |                          |   |
|--------------------------|---|
| 1. Company Name:         | Fujita Kanko Inc.                                       |
| 2. Head Office Address:  | 1-9-15 Kaigan, Minato-ku, Tokyo                         |
| 3. Representative:       | Shoji Kato  |
| 4. Capital:              | ¥12,081 million   |
| 5. Principal Activities: | Hotels, Japanese-style hotel business, restaurants etc. |
| 6. Other:                | No related interest with TOKYU REIT                     |

**5. Acquisition Schedule**

- |                   |  |
|-------------------|--|
| December 7, 2004  | Execution of purchase and sale agreement |
| December 15, 2004 | Scheduled property settlement            |

**6. Financing Details**

TOKYU REIT has decided to procure ¥8,500 million in debt financing on the scheduled acquisition date. Details of debt financing will be disclosed as and when it is determined.

**7. Outlook**

As the acquisition of the property will have little effect on operating conditions, no changes are foreseen to the forecasts for the Third Fiscal Period, ending January 31, 2005.

**Appendix**

1. Appraisal Summary
2. Property Portfolio after Acquisition (as of December 15, 2004)
3. Photograph of Fujita Kanko Toranomom Building
4. Location Map of Fujita Kanko Toranomom Building
5. Overview of Fujita Kanko Toranomom Building

## Appendix. 1 Appraisal Summary

### Fujita Kanko Toranomom Building

The following table summarizes the information with respect to the appraisal value of Fujita Kanko Toranomom Building as of November 1, 2004:

**Appraiser:** Japan Real Estate Institute

**Appraisal value**<sup>(1)</sup>: ¥8,640,000,000

**As of November 1, 2004**

*(in thousands, except percentages)*

<b>Value based on direct capitalization method:</b>	¥8,650,000
Net operating income(2) .....	497,404
Interest revenue on deposits(3) .....	9,855
Capital expenditures (including repair costs)(4) .....	23,046
Net cash flow(5).....	484,213
Capitalization rate(6) .....	5.60 %
<b>Valued based on discounted cash flow method:</b>	¥8,640,000
Discount rate .....	5.10 %
Terminal capitalization rate .....	5.90 %
<b>Valued based on cost method:</b>	¥6,470,000
Percentage of estimated land value .....	77.9 %
Percentage of estimated building value.....	22.1 %

Notes:

- (1) In determining the appraisal value, the following were taken into account: (i) quality building located at the center of Tokyo, (ii) high volume which is competitive in the neighboring market, and (iii) unfavorable property rights as condominium and joint ownership partly with individuals.
- (2) Net operating income is estimated by subtracting operating expenses, such as maintenance and management costs, real estate taxes and property insurance, from rental income based on the current lease contracts, considering the mid- or long-term viewpoint.
- (3) Calculated based on (i) current contractual terms and conditions with respect to deposits, and (ii) current occupancy rates.
- (4) The amount is the annual average of repair and renovation costs set forth in the engineering report.
- (5) Net cash flow is leasehold income plus interest revenue on deposits, less capital expenditures.
- (6) Capitalization rate was calculated taking into account: (i) the property location, (ii) the conditions of the building, (iii) property rights attaching to the property (contractual or otherwise), and (iv) the capitalization rate of similar properties.

**Appendix. 2 Property Portfolio after Acquisition (as of December 15, 2004)**

	Property	Location	Acquisition Date	Acquisition Price (Millions of Yen)	Ratio (%)
R1	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	11.3
R2	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	3.6
R3	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	4.3
R4	Tokyu Saginuma Building	Tokyu Areas	September 10, 2003	6,920	5.2
R5	Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	1.0
R6	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	5.0
R7	Yokohama Yamashita-cho Building (Barneys New York Yokohama Store)	Tokyu Areas	August 3, 2004	5,050	3.8
R8	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	7.1
	Subtotal	/	/	55,050	41.3
O1	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	16.8
O2	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	3.5
O3	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	5.0
O4	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	3.3
O5	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	2.7
O6	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	3.5
O7	Resona Maruha Building	Central Tokyo	January 15, 2004	23,260	17.4
O8	Fujita Kanko Toranomom Building	Central Tokyo	December 15, 2004	8,630	6.5
	Subtotal	/	/	78,310	58.7
	Total	/	/	133,360	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.

Note 2: Based on an earthquake risk analysis reports compiled by Engineering & Risk Services Corporation and OYO RMS Corporation, the PML of the total portfolio above is 5.8%. (Reference: Portfolio PML prior to the acquisition of the Fujita Kanko Toranomom Building was 5.8%)

Appendix. 3 Photograph of Fujita Kanko Toranomon Building



**Appendix. 4 Location Map of Fujita Kanko Toranomon Building**



Location:	3-17-1 Toranomon, Minato-ku, Tokyo
Access:	Approx. a one-minute walk from Kamiyacho Station, Tokyo Metro Hibiya Line Approx. a nine-minute walk from Toranomon Station, Tokyo Metro Ginza Line Approx. a nine-minute walk from Onarimon Station, Toei Mita Line
Land Space:	1,728.38 m <sup>2</sup> ; Total land space laid out <i>shikicki-ken</i>
Total Floor Space:	15,343.73 m <sup>2</sup> ; Total floor space including other compartmentalized ownership
Type of Structure:	SRC/RC, B2/9F
Completion Date:	May 1988
Type of Ownership:	Land: Co-ownership of the right to use the underlying building site Building: Compartmentalized ownership and co-ownership of compartmentalized ownership
Principal Tenants:	Japan Nuclear Energy Safety Organization; Takihyo Co., Ltd.

**Appendix. 5 Overview of Fujita Kanko Toranomom Building**

9F	Office	TOKYU REIT, Inc. Compartmentalized Ownership 1,140.99 m <sup>2</sup>						Compartmentalized Ownership of one private individual	
8F	"	TOKYU REIT, Inc. Compartmentalized Ownership 1,140.99 m <sup>2</sup>							
7F	"	TOKYU REIT, Inc. Compartmentalized Ownership 1,140.99 m <sup>2</sup>							
6F	"	TOKYU REIT, Inc. Compartmentalized Ownership 1,140.99 m <sup>2</sup>							
5F	"	TOKYU REIT, Inc. Compartmentalized Ownership 1,140.99 m <sup>2</sup>							
4F	"	Co-ownership of compartmentalized ownership of TOKYU REIT, Inc. and one private individual 1,140.99 m <sup>2</sup> (TOKYU REIT, Inc. interest: 90%)							
3F	"	Co-ownership of compartmentalized ownership of TOKYU REIT, Inc. and one private individual 1,140.99 m <sup>2</sup> (TOKYU REIT, Inc. interest: 24%)							
2F	"	Sections owned by Fujita Kanko Inc. and four private individuals							
1F	Retail	Co-ownership of compartmentalized ownership of TOKYU REIT, Inc. and one private individual 278.21 m <sup>2</sup> (TOKYU REIT, Inc. interest: 62%)	Co-ownership of compartmentalized ownership of TOKYU REIT, Inc. and one private individual 355.37 m <sup>2</sup> (TOKYU REIT, Inc. interest: 52%)	TOKYU REIT, Inc. Compartmentalized Ownership 18.36 m <sup>2</sup>	TOKYU REIT, Inc. Compartmentalized Ownership 55.57 m <sup>2</sup>	Compartmentalized Ownership of one private individual	Compartmentalized Ownership of one private individual		Compartmentalized Ownership of one private individual
B1F	Car Parking	TOKYU REIT, Inc. Compartmentalized Ownership 1,150.68 m <sup>2</sup>							
B2F	Car Parking	TOKYU REIT, Inc. Compartmentalized Ownership 1,091.66 m <sup>2</sup>							

From the above diagram, the property is co-owned by Fujita Kanko Inc. (which retains ownership of part of one floor) and 13 private landowners.

TOKYU REIT plans to acquire the sections indicated in the above diagram, and to acquire the position of leasing co-ownership interests held by landowners and subleasing them to current tenants. In addition, it is planned to lease floor 2 from owners and sublease to current tenants.