

March 15, 2010

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Notice Concerning Acquisition of Property

TOKYU REIT, Inc. (“TOKYU REIT”) today announced that it has executed a purchase agreement in connection with the acquisition of trust beneficiary interest in real estate. Brief details are as follows.

1. Acquisition Details

- | | |
|------------------------------|---|
| ① Type of Acquisition: | Trust beneficiary interest in real estate |
| ② Property Name: | Kojimachi Square |
| ③ Acquisition Price: | ¥9,030,000,000
(Excluding acquisition-related costs, property tax,
city planning tax and consumption tax) |
| ④ Contract Day: | March 15, 2010 (Monday) |
| ⑤ Scheduled Acquisition Day: | March 19, 2010 (Friday) |
| ⑥ Seller: | <i>Verde Investment Ltd</i> |
| ⑦ Financing: | Cash on hand |

2. Rationale

This property is an office building that meets TOKYU REIT’s fundamental investment and acquisition policies outlined in its Articles of Incorporation. The decision to undertake this acquisition was made with an eye to further enhancing TOKYU REIT’s property portfolio.

The Bancho-Kojimachi area where this property is located has numerous commuter train lines running through it with stations including Kojimachi, Ichigaya, Yotsuya and Hanzomon. Demand for this property is expected to come from tenants who are looking for an area imbued with tradition and history that also offers easy access to Nagatacho and Kasumigaseki as well as a pleasant quiet environment.

The property is favorably located a one-minute walk from Kojimachi Station on the Tokyo Metro Yurakucho Line and there are a number of train lines and stations including JR Lines nearby. The building specifications are competitive: ceiling height of approximately 2,700 mm, raised access floors with an 100 mm aperture for the under-floor placement of office equipment cables and individually controlled air conditioners. Moreover, with a standard floor area of approximately 254 tsubo (838 m²) and a highly versatile design, a broad range of tenant needs can be accommodated. The property has operated at a high occupancy rate since its completion and the outlook is for continued stable demand.

TOKYU REIT rates this property highly for its profit performance and stability and considers it one that will contribute to raising the quality of the Company’s portfolio and has therefore decided upon its acquisition. Furthermore, *Verde Investment, Ltd.*, the seller of this property, is a special-purpose company established on behalf of Tokyu Land Corporation. The acquisition of this property will also establish a track record of collaboration with Tokyu Group companies.

Moving forward, TOKYU REIT will continue to acquire new properties while adhering to its investment criteria and taking into consideration trends in capital and real estate investment markets. This approach will help TOKYU REIT improve the overall long-term yield on the entire portfolio and minimize portfolio risks.

3. Property Details

Property Name		Kojimachi Square				
Type of Specified Assets		Trust beneficiary interest in real estate				
Trustee		The Chuo Mitsui Trust and Banking Company, Limited Trust Period : March 19, 2010 to March 18, 2020 (Planned)				
Location	Registered	Land 3-9, 3-3, Nibancho, Chiyoda-ku, Tokyo				
	Residential	Building 3-9, 3-3, Nibancho, Chiyoda-ku, Tokyo				
Access		Approximately a one-minute walk from Kojimachi Station, Tokyo Metro Yurakucho Line. Approximately a seven-minute walk from Hanzomon Station, Tokyo Metro Hanzomon Line. Approximately an eight-minute walk from Yotsuya Station, JR Chuo and Sobu Lines. Approximately an eight-minute walk from Ichigaya Station, JR Sobu Line, Tokyo Metro Yurakucho and Namboku Lines and Toei Shinjuku Line. Approximately a ten-minute walk from Yotsuya Station, Tokyo Metro Marunouchi and Namboku Lines.				
Use		Office				
Area Classification		Commercial district/Residential Classification 2				
Land Space	Registered	Land		1,269.24 m ²		
		Building		6,803.47 m ²		
Structure	Registered	SRC B1/7F				
Completion Date		January 2003				
Design Company		Mitsubishi Jisho Sekkei Inc.				
Construction Company		SHIMIZU CORPORATION				
Building Certification Authority		JAPAN ERI CO., LTD.				
Earthquake Resistance		PML (Probable Maximum Loss) of 4.8% is based on an earthquake risk assessment report prepared by Engineering & Risk Services Corporation. PML refers to the expected damages caused by earthquakes. Although there is no single authoritative definition of PML, it refers to the percentage of expected damages caused by a small-to large-scale earthquake that happens within the next 475 years to the replacement value. Calculations also include data relating to individual property surveys, assessment of building conditions, conformity to architectural design, surveys of local areas and structural evaluation.				
Type of Ownership		Land		Property ownership		
Acquisition Price		¥ 9,030 million				
Appraisal Value (Appraisal Method)		¥ 9,100 million (Capitalization method as of the appraisal date of February 1, 2010) Appraiser: JAPAN REAL ESTATE INSTITUTE				
Building Assessment Reporter		Engineering & Risk Services Corporation				
Date of Building Assessment Report		February 17, 2010				
Property Management Company		Tokyu Community Corp. (Planned)				
Securities/Guarantee		None				
Special Items		There is a discrepancy between the borderline that divides the public and private property along the Ward-owned road on the North side and the current use of that property, however, the Chiyoda Ward Office acknowledges that there is no problem with the existing rights and the building's use. In 1946, an urban planning decision was made to widen the road facing the trust land on the north side from the current borderline to the trust land. Although building restrictions apply to this section (approx. 15 m ²) under the City Planning Act, the setback for the trust building has been completed (as of March 15, 2010, the date of this notice, a specific time for a business decision on this matter had not been made).				
Tenant Details	Number of Tenants	5				
	Major Tenants	Japan Science and Technology Agency, Construction industry Engineers center, Bussan Logistics Solutions Co., LTD.				
	Total Rental Income	¥ 616 million				
	Lease Deposits and Guarantee Deposits	¥ 269 million				
	Estimated NOI	¥ 510 million				
	Total Leased Area	5,409.11 m ²				
	Total Rentable Area	5,409.11 m ²				
	Occupancy Rate	100.0%				
Occupancy Rates over the Last Five Years	As of February 28, 2006	As of February 28, 2007	As of February 29, 2008	As of February 28, 2009	As of February 28, 2010	
	100.0%	100.0%	100.0%	100.0%	100.0%	
<p>* Figures for the number of tenants, major tenants and occupancy rate are forecasts as of the scheduled settlement date of March 19, 2010.</p> <p>* Estimated NOI are forecast exclusive of special items related to the acquisition. Figures are based on the following assumptions.</p> <p>1) Total rental income is calculated based on effective lease contracts as of the scheduled acquisition date, and total estimated income is listed as an item.</p> <p>2) Calculations are based on the assumption that there will be no change in public taxes and dues from fiscal 2009.</p> <p>3) Estimated repair, maintenance and renovation expenses for the next 15 years are calculated based on the engineering report.</p>						

4. Seller Profile

Company Name	<i>Verde Investment Ltd.</i>
Head Office Address	c/o Sakura & Co, 11th Floor, DSM Jimbocho Building, 1-11, Kanda Jimbocho, Chiyoda-ku, Tokyo
Representative	Shigeru Sugimoto, Director
Capital	¥ 3 million
Principal Activities	1. Acquisition, holding and disposal of trust beneficial interest(s) 2. Real estate holding, acquisition and disposal, leasing and maintenance 3. Business pertaining to the above items
Foundation Date	November 13, 2001
Relationship with TOKYU REIT or its Investment Management Company	<i>Verde Investment Ltd.</i> is a special-purpose company established by Tokyu Land Corporation that is deemed a Tokyu Group company* by the Investment Management Company and is subject to voluntary rules established by the Investment Corporation to prevent conflicts of interest.

*“Tokyu Group companies” are not only defined as related parties and others specified in the Enforcement Order for the Law Concerning Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, including its subsequent revisions. Hereafter “Investment Trust Law Enforcement Order”), but also “related parties prescribed under voluntary rules (whose majority of voting rights is held by a company that has a stake in the Investment Management Company and their subsidiaries)” and “special-purpose business entities in which related parties under laws and ordinances hold a majority stake.”

5. Conditions of Property Acquisition

	Investment Corporation	Previous Owner	Owner before the Previous Owner
Company Name	TOKYU REIT, Inc.	<i>Verde Investment Ltd.</i>	No owner before the previous owner as it was a development project.
Relationship with Specially Related Parties	None	Please refer above to “Relationship with TOKYU REIT or its Investment Management Company” in “4. Seller Profile”	
Acquisition Process and Rationale	Please refer above to “2. Rationale”	Investment management purpose	
Acquisition Price	¥9,030 million	Details omitted as it was a development project.	

Acquisition Date	March 19, 2010 (Planned)	Acquisition of land: February 2002 Construction of the property: January 2003	
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6. Transaction with Related Parties

Owing to the status of the seller, *Verde Investment*, is a special-purpose company established by Tokyu Land Corporation, TOKYU REIT will acquire this property in accordance with its own voluntary measures to prevent conflicts of interest, which approves acquisitions whose costs are not in excess of real estate appraisal values. In addition, TOKYU REIT received a second opinion prepared by DAIWA REAL ESTATE APPRAISAL CO., LTD with regard to the value of and validity of the valuation calculation process for the subject real estate property.

Tokyu Community Corp, the company to which TOKYU REIT plans to outsource property management of the Kojimachi Square, falls under the category of a related party (prescribed under law). Accordingly, TOKYU REIT will enter into a property management agreement with Tokyu Community Corp on acquisition date in accordance with its own voluntary measures to prevent conflicts of interest. In addition, TOKYU REIT received an opinion summary compiled by Urban Research Institute, Corp with regard to its property management fees being within the standard range of other investment corporations listed on the Tokyo Stock Exchange.

These two transactions were monitored by an audit firm other than TOKYU REIT's accounting auditor and confirmed the consistency with TOKYU REIT's measures to prevent conflicts of interest. Based on the results, the acquisition of this property was approved at a meeting of TOKYU REIT's Board of Directors.

Also, despite EWEL Inc., a tenant of the Kojimachi Square, falling under the category of a related party (prescribed under law), because of the direct carrying over of the existing lease agreement after acquisition by TOKYU REIT, TOKYU REIT does not consider EWEL Inc. to be a related party based on its own voluntary rules concerning conflicts of interest transactions.

7. Brokerage

No brokerage transaction will be undertaken for this acquisition.

8. Acquisition Schedule

March 15, 2010	Decision of acquisition Execution of trust beneficiary interest transfer agreement
March 19, 2010	Lump-sum payment of acquisition costs (planned) Settlement (planned) Execution of property management agreement (planned)

9. Financing Details

TOKYU REIT intends to acquire the ownership using cash on hand.

10. Outlook

Please refer to TOKYU REIT's "FINANCIAL REPORT FOR THE THIRTEENTH FISCAL PERIOD ENDED January 31, 2010" announced today for details of forecasts for the fiscal periods ending July 31, 2010 and January 31, 2011.

Attachments

1. Property appraisal summary (Kojimachi Square)
2. Second opinion summary (Kojimachi Square)
3. Property portfolio after acquisition (as of March 19, 2010)
4. Photograph of the Kojimachi Square
5. Location map of the Kojimachi Square

Attachment 1

Property appraisal summary (Kojimachi Square)

(Unit : JPY '000)

Property Name: Kojimachi Square	Estimation	Notes
Appraisal Firm: Japan Real Estate Institute		—
Effective Date of Value	01-Feb-2010	—
Value Indicated by Income Approach	9,100,000	—
Value Indicated by Direct Capitalization Method	9,190,000	—
(1) Effective Gross Income(①－②)	539,090	—
①Potential Gross Income	567,105	The stabilized revenue was estimated considering the current lease conditions and past actual performance, etc. of the subject property as well as the market rent level and its forecast
②Vacancy Loss and Collection Loss Allowances	28,015	Considered the leasing situation and vacancy rate in the local market
(2) Total Expenses (③+④+⑤+⑥)	102,255	—
③Building Maintenance/Utilities/PM Fee, etc.	73,055	Considered the past actual figures, etc.
④Property Taxes	28,439	Based on the taxable value in FY2008
⑤Property Insurance	761	Considered the insurance premium rates of similar properties
⑥Other Expenses	0	—
(3) Net Operating Income ((1)－(2))	436,835	—
(4) Investment Profits from Refundable Deposits	4,687	—
(5) Capital Expenditure	9,750	Considered the building age, the annual average of the long-term renewal costs in the engineering report, etc.
(6) Net Cash Flow ((3)+(4)－(5))	431,772	—
(7) Overall Capitalization Rate	4.70%	Considered the market cap rates, etc.
Value Indicated by DCF Method	9,010,000	—
Discount Rate	4.50%	—
Terminal Capitalization Rate	4.90%	—
Value Indicated by Cost Approach	7,130,000	—
Ratio of Land Value	76.1%	—
Ratio of Building Value	23.9%	—
Appraisal Value Conclusion	9,100,000	
Reconciliation before Arriving at the Value Conclusion		The subject property is an office building located in Tokyo's central part with stable demand. Because the subject property is classified as an investment-grade asset, we judged that the income capitalization approach could indicate more reliable value than the cost approach after considering the typical behavior of the property's potential investors. The former approach fully reflects the profitability of a real property. Therefore, we employed the value by the income capitalization approach as the appraised value of the subject property and used the cost approach as a check for determining the value conclusion.

The above appraisal value conclusion is a value opinion as of the effective date of value, indicated by the licensed real estate appraiser in conformity with the Japanese Real Estate Appraisal Act and Real Estate Appraisal Standards. A reappraisal of the same property could result in another value if it were carried out either by a different appraiser, with different methods, or at a different time. This appraisal does not guarantee or assure, at present or in the future, any sales transactions at the concluded value.

Attachment 2

Second Opinion Summary (Kojimachi Square)

(Summarized Written Statement of Opinion)

Property name	Kojimachi Square
Opinions on the property value	Judged to be of reasonable value.
Assumptions	Judged to be proper on the whole.
Highest and best use of the subject property	The existing use as a high-rise office building was judged to be the highest and best use of the subject property.
Value indicated by the income approach (A)	Judged to be of reasonable value.
Value Indicated by the cost approach(B)	Judged to be of reasonable value.
Reconciliation of the indicated values (A) and (B)	The reconciliation procedures and the final opinion of the value of the subject property are judged to be reasonable and appropriate.

The above is the summary of “Written Statement of Opinion” in which Daiwa Real Estate Appraisal Co., Ltd. verified the propriety of each item of the appraisal report on “Kojimachi Square” issued by Japan Real Estate Institute.
Please note that the “Written Statement of Opinion” is not a real estate appraisal provided by the Real Estate Appraisal Law.

Attachment 3

Property Portfolio after Acquisition of Kojimachi Square (as of March 19, 2010)

Use	Property Name	Location	Acquisition Date	Acquisition Price (Millions of Yen)	Ratio (%)
R	QFRONT	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	15,100	8.5
R	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.7
R	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas	September 10, 2003	5,770	3.3
R	Tokyu Saginuma Building (Saginuma Tokyu Store)	Tokyu Areas	September 10, 2003	6,920	3.9
R	Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	0.7
R	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	3.7
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	5.4
R	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *1 August 2, 2005 *2	14,700 9,800	13.8
R	Shonan Mall Fill (<i>sokochi</i>)	Other	April 28, 2006	6,810	3.8
R	CONZE Ebisu	Central Tokyo and Tokyu Areas	October 31, 2006	5,116	2.9
R	Daikanyama Forum	Central Tokyo and Tokyu Areas	April 22, 2008	4,136	2.3
	Subtotal			90,562	51.1
O	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	12.7
O	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.6
O	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	3.7
O	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	2.5
O	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	2.0
O	TOKYU REIT Kamata Building	Tokyu Areas	September 10, 2003	4,720	2.7
O	TOKYU REIT Toranomom Building	Central Tokyo	December 15, 2004 *3 September 21, 2007 *4 September 21, 2007 *5 October 26, 2007 *6	8,630 1,100 200 140	5.7
O	TOKYU REIT Hatchobori Building	Central Tokyo	September 29, 2006	7,000	4.0
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Central Tokyo	January 31, 2008	8,500	4.8
O	Tokyu Ikejiri-Ohashi Building	Tokyu Areas	March 28, 2008	5,480	3.1
O	Kojimachi Square	Central Tokyo and Tokyu Areas	March 19, 2010 (Planned)	9,030	5.1
	Subtotal			86,500	48.9
	Total			177,062	100.0

*1 Details of the 60% portion of trust beneficiary interests acquired under co-ownership.

*2 Details of the 40% portion of trust beneficiary interests acquired under co-ownership.

*3 Floor space: 9,688.59 m²; Interest of sight rights: 73,585/100,000

*4 Floor space: 865.14 m²; Interest of sight rights: 8,579/100,000

*5 Floor space: 139.93 m²; Interest of sight rights: 1,322/100,000

*6 Floor space: 93.93 m²; Interest of sight rights: 1,166/100,000

*7 Ratios are rounded to the nearest first decimal place. Accordingly, subtotal and totals may not exactly match the sum of relevant items.

*8 Acquisition prices are the acquisition prices identified in purchase and sale agreements for each relevant property. Acquisition prices are exclusive of acquisition expenses, property tax, city planning tax and consumption tax.

*9 The overall portfolio PML is 4.1% and is recorded in a PML Report prepared by Engineering & Risk Services Corporation and OYO RMS Corporation.

Attachment 4

Photograph of the Kojimachi Square



Location Map of the Kojimachi Square



- Location : 3, Nibancho, Chiyoda-ku Tokyo
- Nearest Station : Approximately a one-minute walk from Kojimachi Station, Tokyo Metro Yurakucho Line.
 Approximately a seven-minute walk from Hanzomon Station, Tokyo Metro Hanzomon Line.
 Approximately an eight-minute walk from Yotsuya Station, JR Chuo and Sobeu Lines.
 Approximately an eight-minute walk from Ichigaya Station, JR Sobeu Line, Tokyo Metro Yurakucho and Namboku Lines and Toei Shinjuku Line.
 Approximately a ten-minute walk from Yotsuya Station, Tokyo Metro Marunouchi and Namboku Lines.
- Total land area : 1,269.24 m²
- Total floor area : 6,803.47 m²
- Structure : SRC, B1/7F
- Completion : January 2003
- Type of ownership : Land : Proprietary ownership
 Building : Property ownership
- Major Tenants : Japan Science and Technology Agency,
 Construction industry Engineers center,
 Bussan Logistics Solutions Co., LTD.

This notice may contain forward-looking statements, such as current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations. This notice is a translation of the original document in Japanese and is prepared solely for the convenience of non-Japanese speakers. There is no assurance as to the accuracy of the English translation. The original Japanese notice shall prevail in the event of any discrepancies between the translation and the Japanese original.