

April 14, 2011

Real Estate Investment Trust Unit Issuer:  
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## **Notice Concerning Approval of Partial Amendments to the Articles of Incorporation and Various Decisions Accompanying the Act**

TOKYU REIT, Inc. (“TOKYU REIT”) today announced a decision made by both itself and by its investment management company, Tokyu Real Estate Investment Management Inc. (“TOKYU REIM”) to cancel based on mutual consent the memorandum relating to the purchase and sale of owned real estate assets (“the Former Acquisition Opportunity Memorandum”) dated July 28, 2003 concerning the provision of opportunities to acquire properties to TOKYU REIT and the memorandum on unitholdings dated July 28, 2003 concerning the holding of TOKYU REIT investment units (hereafter combined with the Former Acquisition Opportunity Memorandum as the “Former Memorandums”), based on terms of a letter of intent concluded between TOKYU REIT, Tokyu REIM, Tokyu Corporation, and Tokyu Land Corporation as announced in the press release, “Notice Concerning Conclusion of Letter of Intent regarding Sponsor’s Structure” dated January 13, 2011, due to the fact that the proposal to partially amend the “Scope and Policy of Investment Management” described in the attachment of TOKYU REIT’s Articles of Incorporation was approved at the general meeting of unitholders held today (“Recent Amendments to the Articles of Incorporation”). Furthermore, accompanying this decision, we partially amended our Investment Policy and Related-Party Transactions Rules. Details are as follows.

### **1. Concerning Cancellation of the Former Memorandums Based on Mutual Consent**

Accompanying the Recent Amendments to the Articles of Incorporation, the Former Memorandums will be cancelled based on mutual consent, once conditions precedent to new memorandums to replace Former Memorandums announced in the press release, “Notice Concerning Conclusion of Memorandums Regarding Sponsor’s Structure” dated March 4, 2011 (“New Memorandums”) are fulfilled and the moment the New Memorandums take effect.

### **2. Concerning Partial Amendments to the Investment Policy and Related-Party Transactions Rules**

We partially amended TOKYU REIT’s Investment Policy in line with the Recent Amendments to the Articles of Incorporation (please refer to “Notice Concerning Amendments to the Articles of Incorporation, the Election of Directors” dated March 7, 2011 for details of the Recent Amendments to the Articles of Incorporation.).

Furthermore, after the New Memorandums become effective, we are planning to acquire properties from a “Warehousing SPC” (Note). Therefore, we newly formulated a separate version of the Related-Party Transactions Rules for the acquisition of properties from the “Warehousing SPC”.

Other than this, we adjusted terminology or amended the wording of TOKYU REIT’s Investment Policy and Related-Party Transactions Rules.

Moreover, please refer to the Attachment for details of the actual amendments made to the Investment Policy and Related-Party Transactions Rules.

(Note) A “Warehousing SPC” refers to an entity established based on the intention of Tokyu Corporation whose purpose is solely to own investment properties of TOKYU REIT. However, in relationship to the abovementioned separate version of Related-Party Transactions Rules to be newly formulated, the warehousing SPC shall include entities that are established based on the intention of Tokyu Land Corporation and whose purpose is solely to own investment properties of TOKYU REIT, during the period when the memorandum relating to the provision of opportunities to acquire owned real estate assets dated March 4, 2011 concluded between Tokyu Land Corporation, TOKYU REIT and Tokyu REIM remains effective.

### **3. Forecasts of Business Results**

This incident will have no quantitative impact on TOKYU REIT’s net assets or its profit and loss. No changes are foreseen to the forecasts of business results at the present time.

### **Attachment**

Extraordinary Report dated April 14, 2011 (submitted to the Director of the Kanto Local Finance Bureau of the Ministry of Finance)

\*Please refer TOKYU REIT’s website as the various amendments accompanying the above have been reflected.

Representative amendments have been made on the following pages:

<Related-Party Transactions Rules>

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

<Pipeline Support for Property Acquisition>

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

Attachment

[Cover]

[Document submitted]	Extraordinary Report
[Submitted to]	Director-General of the Kanto Local Finance Bureau
[Date submitted]	April 14, 2011
[Issuer name]	TOKYU REIT, Inc.
[Title and name of representative]	Masahiro Horie Executive Director
[Location of head office]	1-12-1 Dogenzaka, Shibuya-ku, Tokyo
[Name of contact person]	Yosuke Koi Director, Senior Executive Officer, Chief Financial Officer & General Manager, Investor Relations Tokyu Real Estate Investment Management Inc.
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[Telephone number]	03-5428-5828
[Location where available for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabuto-cho, Chuo-ku, Tokyo)

## 1. [Reason for Submission]

TOKYU REIT made the following changes in its policy of investment management and investment restrictions. Accordingly, TOKYU REIT is submitting this Extraordinary Report pursuant to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 29, Paragraph 1 and Article 29, Paragraph 2, Item 3 of the Cabinet Office Ordinance on Disclosure of Information of Specified Securities, etc.

## 2. [Content of Report]

### (1) Summary of Content of Changes

#### a. Change in Policy of Investment Management

The following changes are being made in part of “Section I. Fund Information; Part 1. Status of Fund; 1. Overview of Investment Corporation; (2) Objectives and Basic Nature of Investment Corporation” and “2. Investment Policy; (1) Investment Policy” of the Securities Report that was submitted on October 27, 2010 (the “latest Securities Report”). Unless otherwise noted, the terms defined in the latest Securities Report shall have the same meaning in this Report also.

The \_\_\_\_\_ portions indicate changes.

## Section I. [Fund Information]

### Part 1. [Status of Fund]

#### 1. [Overview of Investment Corporation]

##### (2) [Objectives and Basic Nature of Investment Corporation]

###### a. Objectives and Basic Nature of Investment Corporation

(portion that precedes is omitted)

###### (i) Growth Potential

(portion that is in between is omitted)

#### II. External growth factors

##### ● Proactive property acquisition and maintenance and improvement of portfolio quality

TOKYU REIT shall proactively acquire office buildings and retail facilities located in the Tokyo central 5 wards area and Tokyu Areas, which are primary investment targets of TOKYU REIT, at reasonable prices, based on the original information collection ability and property assessment ability of the asset management company. When acquiring property, individual real estate shall be selected based on property assessments and on the assumption they will be held long-term. By replacing portfolio properties as needed, and through other acts, we shall strive to maintain and improve portfolio quality and shall make it our goals to enhance asset value and achieve growth of net income per investment unit.

##### ● Property acquisition from Tokyu Corporation and its subsidiaries\*

TOKYU REIT shall secure acquisition opportunities for stable and continuous properties out of properties owned by Tokyu Corporation and its subsidiaries. To this end, a memorandum relating to the purchase and sale of real estate was concluded between Tokyu Corporation, TOKYU REIT and the asset management company.

Please refer to “2. Investment Policy; (1) Investment Policy; b. Investment Posture, (vi) Overview of Memorandum on Purchase and Sale of Owned Real Estate Assets” below for the content of the Memorandum.

Note: “Tokyu Corporation and its subsidiaries” refers to any entity that falls under the following (i) to (iii):

(i) Tokyu Corporation

(ii) A consolidated subsidiary of Tokyu Corporation

(iii) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

(ii) Stability

(portion that is in between is omitted)

● Aversion of development risk

TOKYU REIT shall, in principle, does not invest in properties that are under construction and not yet in operation. Development risks borne in the development business or as a developer shall be borne by Tokyu Corporation and its subsidiaries and other third parties. TOKYU REIT plans to secure opportunities to acquire properties after making sure that any development risks that may be borne are averted.

(iii) Transparency

To secure transparency, TOKYU REIT intends to proactively and in a timely manner disclose to unitholders all material information to the extent TOKYU REIT deems the disclosure of such information useful and proper, aside from legal disclosures.

Furthermore, while keeping in mind that business and transaction opportunities may be brought about to Tokyu Corporation and its subsidiaries through investment activities in general, TOKYU REIT shall give due consideration to avoidance of conflicts of interests arising with Tokyu Corporation and its subsidiaries, as well as other related parties, etc. of the asset management company in individual businesses and transactions by abiding with the following.

- Thorough implementation of transactions at market price
- Enhancement of information disclosure
- Securing of an independent management structure and corporate governance structure

Specifically, TOKYU REIT shall formulate self-imposed rules known as the Related Party Transactions Rules and shall amend them as needed. The company shall also disclose these and comply with these. Furthermore, TOKYU REIT shall ensure the workability of the Rules and related party transactions by implementing multiple checks. These checks include having external parties check the adequacy of the Rules and transactions with Tokyu Corporation and its subsidiaries and other related parties of the asset management company at the asset management company, and obtaining their prior approval from TOKYU REIT's board of directors. (Please refer to "Section II. Detailed Information on Investment Corporation; Part 3. Management and Operation; 2. Restrictions on Transactions with Interested Persons; B. Voluntary Measures of TOKYU REIT (Measures to Prevent Conflicts of Interest)" below.).

(portion that is in between is omitted)

## 2. [Investment Policy]

### (1) [Investment Policy]

(portion that is in between is omitted)

#### a. Basic Policy

(portion that is in between is omitted)

#### (i) Growth Potential

(portion that is in between is omitted)

##### I . Internal Growth Factors

(portion that is in between is omitted)

##### □ **Growth based on the area where the investment target is located and its type of use**

(portion that is in between is omitted)

- Originality based on expectations of cooperation with Tokyu Corporation and its subsidiaries
  - Expectations for strategic investment and business activities being operated by Tokyu Corporation and its subsidiaries primarily in Tokyu Areas.
  - Superiority of Tokyu Corporation and its subsidiaries

- Tenant sales performance backed by an information network on retail tenants and local contacts
- By making Tokyu Corporation and its subsidiaries our PM companies in principle, their expertise in real estate management towards management properties outsourced from third parties other than from TOKYU REIT as well as their ability to reduce management and operations costs taking advantage of their economies of scale brought about through their conducting property management operations.

## II. External growth factors

### ● **Proactive property acquisition and maintenance and improvement of portfolio quality**

TOKYU REIT shall proactively acquire office buildings and retail facilities located in the Tokyo central 5 wards area and Tokyu Areas, which are primary investment targets of TOKYU REIT, at reasonable prices, based on the original information collection ability and property assessment ability of the asset management company. When acquiring property, individual real estate shall be selected based on property assessments and on the assumption they will be held long-term. By replacing portfolio properties as needed, and through other acts, we shall strive to maintain and improve portfolio quality and shall make it our goals to enhance asset value and achieve growth of net income per investment unit.

Moreover, portfolio properties shall be replaced in accordance with investment management strategies formulated as needed by the asset management company in line with the basic principles stated in (a) above, such as TOKYU REIT's strategy called the Long-term Investment Management Strategy (Surf Plan) formulated in September 2009 by the asset management company based on the basic principles stated in (a) above in the desire to construct a strong balance sheet even in times of a recession and to develop a portfolio with permanent competitiveness.

### ● **Property acquisition from Tokyu Corporation and its subsidiaries**

TOKYU REIT shall secure acquisition opportunities for stable and continuous properties out of properties owned by Tokyu Corporation and its subsidiaries. To this end, a memorandum relating to the purchase and sale of real estate was concluded between Tokyu Corporation, TOKYU REIT and the asset management company.

(portion that is in between is omitted)

## III. Synergies Produced with Tokyu Corporation and its Subsidiaries (Growth achieved by adding value to the Tokyu Areas)

Through synergies produced with Tokyu Corporation and its subsidiaries, TOKYU REIT shall strive to achieve growth by adding value to the Tokyu Areas.

### ● **Tokyu Group Management Policy**

In the Tokyu Group Management Policy announced by Tokyu Corporation, which is the central company of Tokyu Corporation and its subsidiaries, on April 18, 2000, the company decided to focus its management resources in the revitalization of Shibuya and Tokyu Line areas, and positions its real estate investment trust business as one of its growth strategies. Furthermore, in the management plan announced by the company later on, it continues to place expectations on the role of the real estate investment trust business of the Group.

### ● **Growth achieved through business activities of Tokyu Corporation and its subsidiaries in Tokyu Areas (capital re-investment model)**

In the event properties owned by or new properties developed by Tokyu Corporation and its subsidiaries are sold to third parties, including TOKYU REIT, Tokyu Corporation and its subsidiaries may invest the collected investment capital in real estate development investment in Tokyu Areas or other businesses (e.g. construction to improve the transportation capacity, effective use of spaces inside stations, development of station buildings, development of infrastructure such as cable TVs, etc. conducted by Tokyu Corporation). Through such strategic investments, the quality of living environment is expected to rise and the population in the Tokyu Areas and ability to attract customers are expected to increase. As a result, economic activities of Tokyu Areas are expected to be revitalized and in turn are expected to contribute to the external and internal growth in the following points.

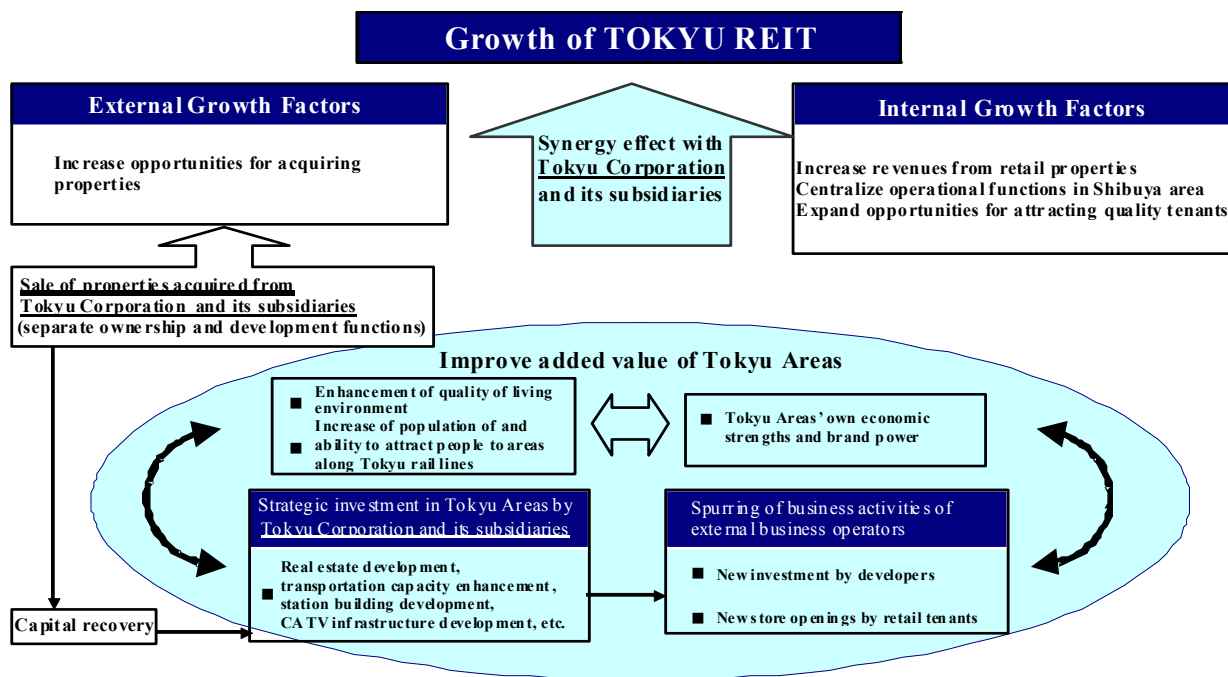
- ・ Increase of acquisition opportunities for development properties
- ・ Revenue increase of retail facilities through an increase in consumption, and accumulation of business functions based on Shibuya

### ● **Growth achieved through business activities of companies other than Tokyu Corporation and its subsidiaries in Tokyu Areas**

The addition of value to Tokyu Areas brought about by the above business activities carried out by Tokyu Corporation and its subsidiaries are expected to attract business activities of companies other than Tokyu Corporation and its subsidiaries and to further raise the economic strength and brand ability of the areas in the Tokyu Area itself. As a result, they are expected to contribute to the external and internal growth in the following points.

- Increase of property acquisition opportunities based on expansion of real estate development investment
- Increase of opportunities to obtain superior tenants based on an increase of opportunities for tenants to open a store.

Please refer to “b. Investment Posture; (i) Portfolio Management Standards; ③ Area” below for the growth potential of Tokyu Areas.



(ii) Stability

(portion that is in between is omitted)

#### ● **Aversion of development risk**

TOKYU REIT, in principle, does not invest in properties that are under construction and not yet in operation. Development risks borne in the development business or as a developer shall be borne by Tokyu Corporation and its subsidiaries and other third parties. TOKYU REIT plans to secure opportunities to acquire properties after making sure that any development risks that may be borne are averted.

(iii) Transparency

To secure transparency, TOKYU REIT intends to proactively and in a timely manner disclose to unitholders all material information to the extent TOKYU REIT deems the disclosure of such information useful and proper, aside from legal disclosures.

Furthermore, while keeping in mind that business and transaction opportunities may be brought about to Tokyu Corporation and its subsidiaries through investment activities in general, TOKYU REIT shall give due consideration to avoidance of conflicts of interests arising with Tokyu Corporation and its subsidiaries, as well as other related parties, etc. of the asset management company in individual businesses and transactions by abiding with the following.

- **Thorough implementation of transactions at market price**
- **Enhancement of information disclosure**
- **Securing of an independent management structure and corporate governance structure**

Specifically, TOKYU REIT shall formulate self-imposed rules known as the Related Party Transactions Rules and shall amend them as needed. The company shall also disclose these and comply with these. Furthermore,

TOKYU REIT shall ensure the workability of the Rules and related party transactions by implementing multiple checks. These checks include having external parties check the adequacy of the Rules and transactions with Tokyu Corporation and its subsidiaries and other related parties of the asset management company at the asset management company, and obtaining their prior approval from TOKYU REIT's board of directors. (Please refer to "Section II. Detailed Information on Investment Corporation; Part 3. Management and Operation; 2. Restrictions on Transactions with Interested Persons; B. Voluntary Measures of TOKYU REIT (Measures to Prevent Conflicts of Interest)" below.).

b. Investment Posture

(i) Portfolio Management Criteria

I. Property Possession Period

TOKYU REIT intends to acquire properties for its long-term ownership of over five years and does not intend to make short-term investments of five years or less.

(portion that is in between is omitted)

IV. Selling Policy

TOKYU REIT, in principle, premises on holding properties for the long term, but considers selling as appropriate in light of the market environment and the following aspects to replace, etc. properties in its portfolio in view of maintaining and increasing the quality of the portfolio.

- Current recognition and prospects of the conditions of the real estate trading market and real estate leasing market
- Developments expected in the surrounding area
- Revenue projections
- Anticipated future investment amount (repairs and maintenance and capital expenditures)
- Projected increase/decrease in future asset value
- Review of the overall portfolio (review from the perspective of distribution of investment by area, tenants, use, etc., and review from the perspective of impact, etc. on average age of buildings and distributions)

Based on the "Memorandum on Purchase and Sale of Owned Real Estate Assets" entered into between Tokyu Corporation, TOKYU REIT and Tokyu REIM, an agreement has been reached that, in the event that TOKYU REIT intends to sell properties that it has acquired from Tokyu Corporation and its subsidiaries or a warehousing SPC\*, it shall first make an offer to sell it to Tokyu Corporation. The Memorandum also states that, in the event that Tokyu REIM makes an offer to sell real estate assets, Tokyu Corporation may request to make an entity that falls within the scope of Tokyu Corporation and its subsidiaries other than itself the purchasing entity (Please refer to "(vi) Overview of Memorandum on Purchase and Sale of Owned Real Estate Assets" below for the detailed content.).

Note: A warehousing SPC refers to an entity established under the instruction of Tokyu Corporation and whose purpose is solely to own investment properties of TOKYU REIT. However, in terms of the specific rules of the rules regarding conflicts of interest in related-party transactions as detailed below in "Section II. Detailed Information on Investment Corporation; Part 3. Management and Operation; 2. Restrictions on Transactions with Interested Persons; B. Voluntary Measures of TOKYU REIT (Measures to Prevent Conflicts of Interest); (ii) Specific Measures" during the period of validity of the Memorandum concerning the provision of opportunities to acquire held real estate entered between Tokyu Land Corporation, TOKYU REIT and Tokyu REIM on March 4, 2011, a warehousing SPC refers also to an entity established under the instruction of Tokyu Land Corporation and whose purpose is solely to own investment properties of TOKYU REIT. The same shall apply hereafter.

(ii) Portfolio Management Criteria

(portion that is in between is omitted)

	Office	Retail
(portion that is in between is omitted)		



IV. Investment Amount	
(portion that is in between is omitted)	
III) Limitation of Acquisition Price	In principle, the acquisition price (not taking into account transaction costs) for any property acquired from Related Parties and warehousing SPC does not exceed the appraisal value of such property. However, in situations where TOKYU REIT acquires a property from <u>a Related Parties and warehousing SPC</u> , the acquisition price may exceed the appraisal value, depending on the characteristics of such property and the management policies of its portfolio.
(portion that is in between is omitted)	

Note “Related parties” refer to any of (i) to (iii) below:

(i) Tokyu Corporation and its subsidiaries;

(ii) Affiliates included in the scope of consolidation of Tokyu Corporation; or

(iii) A corporation that constitutes any of I to III below:

I. Tokyu Land Corporation;

II. A consolidated subsidiary of Tokyu Land Corporation; or

III. A party that constitutes either a tokutei mokuteki kaisha (TMK) or special purpose company (SPC) established under the instruction of Tokyu Land Corporation or a consolidated subsidiary of Tokyu Land Corporation and whose majority of silent partnership and other capital are invested by such.

(iii) Properties Handling Policy

(portion that is in between is omitted)

IV. Property management operations

(portion that is in between is omitted)

B. Selection criteria for a property management company

In principle, a selection will be made out of Tokyu Corporation and its subsidiaries based on their tenant marketing ability backed by an information network on retail tenants and local contacts, as well as cost reduction wrought about by their economies of scale. However, TOKYU REIT is not prevented from selecting companies other than Tokyu Corporation and its subsidiaries based on a property’s characteristics, continuity of management and various other circumstances. As measures to avoid conflicts of interest, outsourcing terms and conditions shall be decided in view of market rates, content of services provided and operational volume. Relevant rates of fees, contract period and cancelation terms and conditions shall be disclosed. With regards to relevant rates of fees, a written opinion on their adequacy based on the terms and conditions of the said contract shall be acquired beforehand from a third party who possesses expert knowledge, and shall be submitted to TOKYU REIT’s board of directors as decision-making reference. After having gained prior approval, the results will be disclosed. Please refer to “Section II. Detailed Information on Investment Corporation; Part 3. Management and Operation; 2. Restrictions on Transactions with Interested Persons; B. Voluntary Measures of TOKYU REIT (Measures to Prevent Conflicts of Interest); (ii) Specific Measures” below.

C. Renewal of property management contracts

(portion that is in between is omitted)

(ii) With regards to the rates of fees at the time of renewal, a written opinion on their adequacy based on the terms and conditions of the said contract shall be acquired beforehand from a third party who possesses expert knowledge, and shall be submitted to TOKYU REIT’s board of directors as decision-making reference. After having gained prior approval, the results will be disclosed. Please refer to “Section II. Detailed Information on Investment Corporation; Part 3. Management and Operation; 2. Restrictions on Transactions with Interested Persons; B. Voluntary Measures of TOKYU REIT (Measures to Prevent Conflicts of Interest); (ii) Specific Measures” below.

(portion that is in between is omitted)

(vi) Outline of the Memorandum Concerning the Purchase and Sale of Held Real Estate

As of March 4, 2011, a memorandum relating to the purchase and sale of real estate (the Memorandum”) was concluded between Tokyu Corporation, TOKYU REIT and the asset management company (“Tokyu REIM”). The

Memorandum was concluded to define the codes of conduct regarding the selling and purchasing of real estate assets (refers collectively to real estate, trust beneficiary interest in real estate, silent partnership interests pertaining to real estate, asset-backed securities, etc.; hereafter the same.), provision of information, etc. carried out between Tokyu Corporation (and its subsidiaries) and TOKYU REIT. Doing so is vital in securing opportunities for TOKYU REIT in the stable and continuous acquisition and sales of real estate assets, in enabling Tokyu REIM to follow its duty of loyalty towards TOKYU REIT and as a measure to avoid conflicts of interest. This would help secure trust from and benefit for investors of TOKYU REIT which, in turn, would help secure trust from third parties who are considering to sell real estate assets to Tokyu Corporation and its subsidiaries, or TOKYU REIT. Furthermore, securing the trust from and benefit for investors of TOKYU REIT and securing the trust from third parties would be in the best interests of Tokyu Corporation and its subsidiaries.

An overview of the Memorandum is as follows:

- (i) In principle, Tokyu Corporation and its subsidiaries, TOKYU REIT and Tokyu REIM may freely and individually sell or purchase real estate assets. In the event that Tokyu Corporation, TOKYU REIT, or Tokyu REIM obtains information concerning opportunities to purchase real estate assets from a third party (“Investment Opportunities”), each may decide how to handle the said information at their own discretion and do not bear responsibility for providing it to the other parties.
- (ii) In the event Tokyu Corporation or Tokyu REIM decides to cease pursuing Investment Opportunities concerning certain real estate assets at its own discretion, and in the event it reasonably judges that the said real estate assets may meet investment criteria of the other party, Tokyu Corporation or Tokyu REIM shall provide information it has obtained concerning the said real estate assets at its earliest convenience to the other party (however, this shall not apply to cases where it cannot obtain prior consent from the information source).
- (iii) In the event Tokyu Corporation intends to sell real estate assets which TOKYU REIT may invest in, it shall first make a written offer to sell it to TOKYU REIT through Tokyu REIM, and in the event Tokyu REIM and Tokyu Corporation basically agree on purchasing terms and conditions, Tokyu Corporation and Tokyu REIM shall hold discussions towards concluding a purchase agreement in good faith. In the event a purchase agreement is not concluded within a certain period of time, Tokyu Corporation may make an offer to sell it to a third party (however, in the event the sales price presented to the third party is the same or lower than the purchase price presented to Tokyu REIM, and Tokyu Corporation has the intention of selling the said real estate assets as of that moment, Tokyu Corporation must make an offer to sell the said real estate assets to Tokyu REIM once again). Tokyu Corporation has the right not to apply this rule under certain conditions.
- (iv) In the event Tokyu REIM intends to sell real estate assets which were sold to TOKYU REIT from Tokyu Corporation and its subsidiaries or a warehousing SPC after the Memorandum is concluded, it shall first make an offer to sell it to Tokyu Corporation, and in the event Tokyu Corporation and Tokyu REIM basically agree on purchasing terms and conditions, Tokyu Corporation and Tokyu REIM shall hold discussions towards concluding a purchase agreement in good faith. In the event a purchase agreement is not concluded within a certain period of time, Tokyu REIM may make an offer to sell it to a third party (however, in the event the sales price presented to the third party is the same or lower than the purchase price presented by Tokyu Corporation, and Tokyu REIM has the intention of selling the said real estate assets as of that moment, Tokyu REIM must make an offer to sell the said real estate assets to Tokyu Corporation once again). Tokyu REIM has the right not to apply this rule under certain conditions. Moreover, only this rule number (iv) shall apply even in the event Tokyu REIM ceases to be the asset management company of TOKYU REIT.
- (v) Under certain conditions, such as TOKYU REIT facing difficulties in directly acquiring real estate assets due to time constraints in carrying out a transaction, TOKYU REIT and Tokyu REIM may make requests for warehousing\* to Tokyu Corporation. In the event Tokyu Corporation intends to conduct warehousing, Tokyu Corporation shall make its utmost effort to acquire the said real estate assets by itself, or through its subsidiary or a warehousing SPC, and in the event an acquisition of the said real estate assets has been made, it shall own them for a certain period of time. Following that, it shall first conduct negotiations with Tokyu

REIM concerning transfer of the said real estate assets to TOKYU REIT. In addition, the acquisition price to be paid by TOKYU REIT to the entity that conducted the warehousing shall be the fair price which is agreed on between TOKYU REIT and the entity that conducted the warehousing at the time of concluding the purchase agreement.

Note: “Warehousing” refers to the act of Tokyu Corporation and its subsidiaries or a warehousing SPC acquiring investment properties solely for the purpose of owning it until the time it sells it to TOKYU REIT in the future.

(vi) In the event Tokyu REIM requests cooperation from Tokyu Corporation’s consolidated subsidiaries in accordance with the above procedures to TOKYU REIT and Tokyu REIM, Tokyu Corporation shall have the consolidated subsidiaries provide cooperation which Tokyu REIM requires.

(vii) No time limit is set for the Memorandum. However, the Memorandum shall immediately cease to be effective in the event Tokyu REIM ceases to be the asset management company of TOKYU REIT, except for rule (iv) above.

(vii) Other

I. TOKYU REIT shall adhere to a policy of maintaining a ratio of 75% or higher for the total value of specified real estate (real estate, real estate leasing rights, land surface rights or trust beneficiary interests in real estate ownership, land leasing rights and land surface rights) relative to the total value of specified assets (Articles of Incorporation; Attachment 1: “Scope and Policy of Investment Management; 3. Investment Posture; (5) Other; a.”).

II. TOKYU REIT shall adhere to a policy of maintaining a ratio of 70% or higher for the value of real estate, etc. stipulated in Article 22-19 of the Ordinance for Enforcement of the Special Taxation Measures Law (Ministry of Finance Ordinance No. 15 of 1957, including amendments thereafter) relative to the total value of assets (Articles of Incorporation; Attachment 1: “Scope and Policy of Investment Management; 3. Investment Posture; (5) Other; b.”).

III. The rate above may be changed from that at the commencement of investment management to reflect capital trends, market trends, general economic situation, real estate market trends, etc. (Articles of Incorporation; Attachment 1: “Scope and Policy of Investment Management; 3. Investment Posture; (5) Other; c.”).

IV. Asset portfolio leasing (Articles of Incorporation; Attachment 1: “Scope and Policy of Investment Management; 5. Asset Portfolio Leasing”)

(portion that follows is omitted)

#### b. Change in Investment Restrictions

The following changes are being made in part of “Section II. Detailed Information on Investment Corporation; Part 3. Management and Operation; 2. Restrictions on Transactions with Interested Persons; B. Voluntary Measures of TOKYU REIT (Measures to Prevent Conflicts of Interest)” of the latest Securities Report.

The \_\_\_\_\_ portions indicate changes.

## Section II. [Detailed Information on Investment Corporation]

### Part 3. [Management and Operation]

#### 2. [Restrictions on Transactions with Interested Persons]

##### B. Voluntary Measures of TOKYU REIT (Measures to Prevent Conflicts of Interest)

###### (i) Basic Principles

(portion that follows is omitted)

I. Formulation of Related Party Transactions Rules and their amendments as needed, as well as their disclosure and compliance

(1) TOKYU REIT shall establish self-imposed rules known as “Related party Transactions Rules,” (hereafter, the “Rules”) and shall incorporate them in its management guidelines.

(portion that follows is omitted)

II. Multiple checks

A. Checks of the asset management company (by an external party)

(1) The Compliance and Risk Management Committee shall deliberate on the adequacy of the Rules and shall report to the board of directors.

(portion that follows is omitted)

(ii) Individual Rules

In addition to restrictions based on laws and regulations concerning transaction restrictions with related parties, TOKYU REIT shall earn the prior approval of TOKYU REIT’s board of directors for all the following transactions conducted with a related party or a warehousing SPC for each transaction and shall do so based on the following standards.

I. Acquisition of property from a related party

i. For real estate and trust beneficiary interest in real estate

(a) The “investment amount” (limited to the purchasing amount of the property itself and excluding taxes, acquisition costs, etc. not accounted for in the appraisal value, as well as prorated adjusted amounts of reserves within trust accounts, trust income, fixed property taxes, etc.) for each investment transaction shall not exceed the appraisal value.

However, in the future, in the event a related party temporarily acquires an investment property of TOKYU REIT on the assumption of transferring it to TOKYU REIT, and TOKYU REIT later on acquires the said property, TOKYU REIT shall be able to bear the equivalent to miscellaneous costs (brokerage fees, due diligence costs, professional fees, etc.) borne by the related party upon acquiring the said property at the time of acquiring the property from the related party, apart from the “investment amount.”

(b) To confirm that the said appraisal value is adequate, a second opinion (refers to an opinion concerning its adequacy assuming the said appraisal; hereafter the same.) shall be obtained from a third party who possesses expert knowledge, and it shall be submitted to TOKYU REIT’s board of directors as decision-making reference.

(c) With regards to (i) the appraisal summary of the abovementioned appraisal value or (ii) the second opinion summary, TOKYU REIT shall disclose these immediately after acquisition. Furthermore, in the event TOKYU REIT bears the miscellaneous costs borne by the related party for the purpose of acquiring the said property according to the exceptional rule in the abovementioned (a), TOKYU REIT shall disclose total costs borne, its breakdown, and payees (in the event the payee is a related party, this shall include the amounts individually paid to the said related party.) immediately after the acquisition is decided upon (however, in the case of expenses that are still undecided as of that moment, these shall be disclosed after the amount of the said expenses are finalized.).

ii. For other specified assets

In the case fair value can be ascertained, then the fair value. All other cases shall comply with the abovementioned i. Even with regards to the handling of miscellaneous costs borne by a related party for the purpose of acquiring the said specified assets, the abovementioned i. shall apply.

I-2. Acquisition of property from a warehousing SPC (Special provision under I.)

i. For real estate and trust beneficiary interest in real estate

(a) With regards to restrictions on the “investment amount” for each investment transaction and acquisition of second opinion, these shall be conducted in the same manner as I. above. Furthermore, in that event also, TOKYU REIT shall be able to bear the equivalent to miscellaneous costs (warehousing SPC origination costs, brokerage fees, due diligence costs, professional fees, etc.) borne by the warehousing SPC upon acquiring the said property, apart from the “investment amount.”

(b) In the event TOKYU REIT bears the miscellaneous costs borne by the warehousing SPC for the purpose of acquiring the said property according to the abovementioned (a), TOKYU REIT shall disclose total costs borne, its breakdown, and payees (in the event the payee is a related party or a warehousing SPC, it shall include the amount individually paid to the said related party or warehousing SPC.) immediately after the acquisition is decided upon (however, in the case of expenses that are still undecided as of that moment,

- these shall be disclosed after the amounts of the said expenses are finalized).
- ii. For other specified assets  
In the case fair value can be ascertained, then the fair value. All other cases shall comply with the abovementioned A. Even with regards to the handling of miscellaneous costs borne by the warehousing SPC for the purpose of acquiring the said specified assets, the abovementioned A. shall apply.
- II. Sale of property to a related party
- i. For real estate and trust beneficiary interest in real estate  
 (portion that follows is omitted)  
 (b) To confirm that the said appraisal value is adequate, a second opinion shall be obtained from a third party who possesses expert knowledge, and it shall be submitted to TOKYU REIT's board of directors as decision-making reference.  
 (portion that follows is omitted)
- III. Leasing of property to a related party
- (a) Taking into comprehensive view market rents, standard leasing terms and conditions of the subject property, etc., the said subject property shall be leased based on appropriate leasing terms and conditions. Market data prepared by a third party who possesses expert knowledge (depending on the context, a written opinion from a third party who possesses expert knowledge) that was used as the basis shall be submitted to TOKYU REIT's board of directors and their prior approval shall be obtained.
- (b) Based on the Cabinet Office Ordinance on Disclosure of Information, etc. on Specified Securities (Law No. 22 of the Ministry of Finance of 1993, including all amendments thereafter.), TOKYU REIT shall disclose leasing terms and conditions applied to a related party in addition to "Major Tenants (a tenant who occupies more than 10% of the total leased floor area)" required to be stated in securities registration statements and securities reports. However, a summarized disclosure is permissible for tenants who occupy less than 1% of the total leased floor area.
- IV. Outsourcing property management to a related party
- i. Selection criteria for a property management company  
 In principle, a selection will be made out of Tokyu Corporation and its subsidiaries based on their tenant sales performance backed by an information network on retail tenants and local contacts, as well as cost reduction wrought about by their economies of scale. However, TOKYU REIT is not prevented from selecting companies other than Tokyu Corporation and its subsidiaries based on a property's characteristics, continuity of management and various other circumstances. As measures to avoid conflicts of interest, outsourcing terms and conditions shall be decided in view of market rates, content of services provided and operational volume. Relevant rates of fees, contract period and cancelation terms and conditions shall be disclosed. With regards to relevant rates of fees, a written opinion on their adequacy based on the terms and conditions of the said contract shall be acquired beforehand from a third party who possesses expert knowledge, and shall be submitted to TOKYU REIT's board of directors as decision-making reference. After having gained prior approval, the results will be disclosed.
- ii. Renewal of property management contracts  
 (portion that follows is omitted)  
 (b) With regards to the rates of fees at the time of renewal, a written opinion on their adequacy based on the terms and conditions of the said contract shall be acquired beforehand from a third party who possesses expert knowledge, and shall be submitted to TOKYU REIT's board of directors as decision-making reference. After having gained prior approval, the results will be disclosed.
- V. Outsourcing brokerage of sales and purchasing transactions and leasing to a related party  
 (portion that follows is omitted)
- VI. Construction orders to a related party  
 (portion that follows is omitted)

(2) Date of Change

April 14, 2011