

October 26, 2006

For Immediate Release

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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 CONZE Ebisu. Brief details are as follows.

1. Acquisition Details

- | | |
|---------------------------------|--|
| (1) Type of Acquisition: | Real estate |
| (2) Property Name: | CONZE Ebisu |
| (3) Acquisition Price: | ¥5,116,750,000
(Excluding acquisition costs, property tax, city planning tax and consumption tax) |
| (4) Contract Date: | October 26, 2006 (Thursday) |
| (5) Scheduled Acquisition Date: | October 31, 2006 (Tuesday) |
| (6) Seller: | Nomura Real Estate Development Co., Ltd. |
| (7) Financing: | Debt financing (planned) |

2. Rationale

CONZE Ebisu is a retail facility that meets TOKYU REIT’s fundamental investment/acquisition policy as outlined in its Articles of Incorporation. The decision to undertake this acquisition was made to further enhance TOKYU REIT’s property portfolio.

The property is located near Ebisu Station, which is surrounded by Hiroo, Daikanyama and Nakameguro, which attract foreign companies and companies related to fashion, this is one of the areas in Tokyo that has recently drawn a great deal of attention from various media. The area is particularly known as an ideal site for restaurants, and shows potential for further growth.

CONZE Ebisu is a relatively new restaurant complex (completed in March 2004), situated approximately a one-minute walk from Ebisu Station on the Tokyo Metro Hibiya Line and a three-minute walk from Ebisu Station on the JR Yamanote and Saikyo Lines. The building accommodates eight tenants from the basement level to the eighth floor (further details are provided in Attachment 5).

TOKYU REIT considers this 90-*tsubo* (approximately 300 m²) per floor property to be competitive over the long-term, as the area surrounding Ebisu Station has no sizable land for development. Attesting to the property’s credibility, each tenant in CONZE Ebisu has entered into a fixed-term lease contract (with no cancellation and no claim rights for reducing leasing rates) through March 2014. TOKYU REIT intends to continue this stable agreement.

TOKYU REIT highly evaluates the growth potential of the area and the outstanding merits and stability of the property. Given these factors, CONZE Ebisu is considered to be a major contribution to the improvement of TOKYU REIT’s portfolio quality, and therefore TOKYU REIT made the decision for acquisition.

TOKYU REIT will continue acquiring new properties in consideration of capital and real estate market trends while firmly maintaining its investment criteria. Through these endeavors, TOKYU REIT will strive to improve the long-term rate of return of its portfolio and lower portfolio risk.

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3. Property Profile

Property Name		CONZE Ebisu				
Type of Specified Assets		Real estate				
Location	Registered	Land 2-3-5, 2-3-10, Ebisu Minami, Shibuya-ku, Tokyo				
		Building 2-3-5-2, Ebisu Minami, Shibuya-ku, Tokyo				
	Residential	2-3-14, Ebisu Minami, Shibuya-ku, Tokyo				
Access		Approximately a one-minute walk from Ebisu Station, Tokyo Metro Hibiya Line Approximately a three-minute walk from Ebisu Station, JR Yamanote Line and Saikyo Line				
Use		Retail				
Area Classification		Commercial district				
Land Space	Registered	Land	562.07 m ²			
		Building	2,789.35 m ²			
Type of Structure	Registered	S/SRC B1/9F				
Completion Date		March 2004				
Design Company		TOKYU CONSTRUCTION CO., LTD.				
Construction Company		TOKYU CONSTRUCTION CO., LTD.				
Building Certification Authority		Tokyo Disaster Prevention and Urban Development Center				
Earthquake Resistance		PML (Probable Maximum Loss) of 7.1 % is based on an earthquake risk assessment report prepared by Engineering & Risk Services Corporation PML refers to the expected maximum loss ratio 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 Building: Property ownership				
Acquisition Price		¥5,116,750,000				
Appraisal Value (Appraisal Method)		5,020 million (Capitalization method as of the appraisal date of September 1, 2006) Appraiser: Daiwa Real Estate Appraisal Corporation				
Building Assessment Reporter		Takenaka Corporation				
Date of Building Assessment Report		September 7, 2006				
Property Management Company		Tokyu Corporation				
Securities/Guarantee		None				
Special Items		<ul style="list-style-type: none"> In accordance with the building assessment report regarding Takenaka Corporation (the "Report"), dated September 7, 2006, (1) Of six reserved parking spaces, one space at the northeast side of the property is currently not in use, and this space is not regarded as a parking space in the present circumstances. (2) TOKYU REIT plans to renovate the space by constructing a part of the stairs like the slope to immediately after acquisition. According to the Report, the renovation cost will total ¥500,000. An area of the boundary between CONZE Ebisu and an adjoining property has not been confirmed with that property's owner. The Legal Affairs Bureau has filed a land survey map for both properties. 				
Tenant Details	Number of Tenants	8				
	Principal Tenant	Food Scope, Inc.				
	Total Rental Income	¥284 million				
	Lease Deposits and Guarantee Deposits	¥192 million				
	Estimated NOI	¥209 million (annually)				
	Total Leased Area	2,319.24 m ²				
	Total Rentable Area	2,319.24 m ²				
	Occupancy Rate	100%				
	Occupancy Rates over the Last Five Years	As of March 31, 2002	As of March 31, 2003	As of March 31, 2004	As of March 31, 2005	As of March 31, 2006
	—	—	100%	100%	100%	

* Figures for the number of tenants, total rental income and occupancy rate are forecasts as of the scheduled settlement date of October 31, 2006.

* Estimated NOI is forecast exclusive of special items related to the acquisition. Figures are based on the following assumptions:
1) Total rental income is calculated based on the occupancy rate as of the scheduled acquisition date.
2) Calculations are based on the assumption that there will be no change in public taxes and dues from fiscal 2006.

4. Seller Profile

Company Name	Nomura Real Estate Development Co., Ltd.
Head Office Address	Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Hirohisa Suzuki, President
Capital	¥2,000 million (as of April 1, 2006)
Major Shareholder	Nomura Real Estate Holdings, Inc. (as of April 1, 2006)
Principal Activities	Management operations of condominiums, single-unit homes, offices (corporate brokerage, investment and development, building operations, property management, architectural design and technology business) and asset management
Relationship with TOKYU REIT or its Investment Management Company	No related interest with TOKYU REIT or its Investment Management Company (Tokyu Real Estate Investment Management Inc.).

5. Transactions with Related Parties

Tokyu Corporation, the company to which TOKYU REIT plans to outsource property management of CONZE Ebisu, falls under the category of a related party as stipulated in Article 15, Item 2 of the Law Concerning Investment Trusts and Investment Corporations. TOKYU REIT concluded property management agreement in accordance with measures to prevent conflicts of interest regarding related-party transactions.

6. Brokerage

No brokerage transaction will be undertaken for this acquisition.

7. Acquisition Schedule

October 26, 2006	Decision of acquisition, execution of real estate purchase agreement
October 31, 2006	Settlement (planned)

8. Financing Details

TOKYU REIT intends to procure ¥5,000 million in debt financing on the scheduled acquisition date. Details of debt financing will be disclosed as and when determined.

9. Outlook

As the acquisition of the property will have little effect on operating conditions, no changes are foreseen to the forecasts for the seventh fiscal period ending January 31, 2007, and the eighth fiscal period ending July 31, 2007.

Attachments

1. Property appraisal summary
2. Property portfolio after acquisition (as of October 31, 2006)
3. Photograph of CONZE Ebisu
4. Location map of CONZE Ebisu
5. Floor map of CONZE Ebisu

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Attachment 1

Property Appraisal Summary

(Unit : JPY '000)

Property Name : CONZE EBISU	Details	Specific Notes
Appraisal Firm Daiwa Real Estate Appraisal Co., Ltd.		-
Final Appraised Value	5,020,000	Income Approach applied
Date of value	1 st -Sep-2006	-
Value Indicated by Income Approach	5,020,000	much of a price by DCF method
Value Indicated by Direct Capitalization Method	5,120,000	-
(1)Gross Income	285,680	-
①Potential Gross Income	290,483	Estimated based on market rent
②Vacancy Loss	4,803	Estimated based on market ratio considering current lease conditions
(2)Total Expenses	70,718	-
③Maintenance/Management/Repairs/PM Fee, etc	58,197	Actual applied and Estimated
④Real Estate Taxes	9,394	Land · Building: FY2006 actual applied
⑤Insurance Premium	942	Estimated
⑥Other Expenses	2,186	Leasing cost and other expenses
(3)Net Operating Income	214,962	-
(4)interest revenue on deposit	4,047	Yield on investment:2.0%
(5)Long-term Repair Cost Reserve	3,923	Annual average of long-term repair cost reserve indicated in the engineering report
(6)Net Cash Flow	215,086	-
(7)Overall Capitalization Rate	4.20%	Based on market cap rate
Value Indicated by DCF Method	4,970,000	-
Discount Rate	4.00%	-
Terminal Capitalization Rate	4.40%	-
Value Indicated by Cost Approach	2,110,000	-
Ratio of Land Price	80.3%	-
Ratio of Building Price	19.7%	-
Particular Attention to have been paid in Application of Appraisal Methodology and Final Value Conclusion	About facilities specifications, a geographical condition, the building scale that narrowed down a target to branch needs of high-quality eating and drinking store definitely, that it is accepted market superiority is considered.	

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 any warranty in respect of the possible discrepancies in value of the same properties appraised under different parties, conditions or timing. Neither does this appraisal make warranty of any sales transactions at the said value at any time.

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Attachment 2

Property portfolio after acquisition (as of October 31, 2006)

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	8.8
R	Lexington Aoyama	Central Tokyo	September 11, 2003	4,800	2.8
R	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu Areas (Shibuya)	September 10, 2003	5,770	3.4
R	Tokyu Saginuma Building	Tokyu Areas	September 10, 2003	6,920	4.0
R	Tokyu Saginuma 2 Building	Tokyu Areas	September 11, 2003	1,290	0.8
R	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu Areas (Shibuya)	March 1, 2004	6,600	3.8
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	August 3, 2004	9,520	5.5
R	cocoti	Central Tokyo and Tokyu Areas (Shibuya)	April 6, 2005 *1 August 2, 2005 *2	14,700 9,800	14.3
R	Shonan Mall Fill	Other	April 28, 2006	6,810	4.0
R	CONZE Ebisu	Central Tokyo and Tokyu Areas	October 31, 2006 (planned)	5,116	3.0
	Subtotal			86,426	50.3
O	Setagaya Business Square	Tokyu Areas	September 11, 2003	22,400	13.0
O	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	4,660	2.7
O	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu Areas (Shibuya)	September 11, 2003	6,620	3.9
O	Tokyo Nissan Taito Building	Central Tokyo	September 11, 2003	4,450	2.6
O	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	September 10, 2003	3,570	2.1
O	TOKYU REIT Kamata Building	Tokyu Area(s)	September 10, 2003	4,720	2.7
O	Resona Maruha Building	Central Tokyo	January 15, 2004	23,260	13.5
O	TOKYU REIT Toranomom Building	Central Tokyo	December 15, 2004	8,630	5.0
O	Sigma Hatchobori Building	Central Tokyo	September 29, 2006	7,000	4.1
	Subtotal			85,310	49.7
	Total			171,736	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 Ratios are rounded to the nearest first decimal place. Accordingly, subtotal and totals may not exactly match the sum of relevant items.

*4 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.

*5 The overall portfolio PML is 5.9% and is recorded in a PML Report prepared by Engineering & Risk Services Corporation and OYO RMS Corporation.

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Attachment 3

Photograph of CONZE Ebisu



Location Map of CONZE Ebisu



Location : 2-3-14, Ebisu Minami, Shibuya-ku, Tokyo
: Approximately a one-minute walk from Ebisu Station, Tokyo Metro Hibiya Line
Nearest station : Approximately a three-minute walk from Ebisu Station, JR Yamanote Line and Saikyo Line
Total land area : 562.07 m²
Total floor area : 2,789.35 m²
Structure : S/SRC B1/9F
Completion : March 2004
Type of ownership : Land : Proprietary ownership
Building : Proprietary ownership
Representative tenants : Food Scope, Inc.

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Attachment 5

Floor map of CONZE Ebisu

8F	GOLDEN TONGUE Modern Japanese Cuisine
7F	
6F	TORATTORIA KIORA THE FUOCO Italian restaurant
5F	Silver.g Relaxed dining
4F	ginseng Authentic char-grilled Japanese beef restaurant
3F	WAKAS' Fusion cuisine (opening on October 30, 2006)
2F	Toki no Ma Japanese sake bar and restaurant
M2F	De Roanne French restaurant
1F	
B1F	NOS BAR & DINING Bar & restaurant