

March 15, 2012

FINANCIAL REPORT

FOR THE SEVENTEENTH FISCAL PERIOD ENDED January 31, 2012

TOKYU REIT, Inc. is listed on the Tokyo Stock Exchange with the securities code number 8957.

 URL: <http://www.tokyu-reit.co.jp/eng/>

Contact: Tokyu Real Estate Investment Management Inc. (Investment Management Company)
 Masahiro Horie, Representative Director & President, Chief Executive Officer
 Yosuke Koi, Director, Senior Executive Officer, Chief Financial Officer & General Manager, Investor Relations
 Tel: +81-3-5428-5828

Planned start of dividend payments: April 12, 2012

This financial report has been prepared in accordance with Japanese accounting standards and Japanese law.

Figures have been rounded down to eliminate amounts of less than one million yen.

PERFORMANCE FOR THE SEVENTEENTH FISCAL PERIOD (AUGUST 1, 2011 – JANUARY 31, 2012)

(1) Business Results

Percentage change shows the increase and decrease ratio to the previous period.

	Operating Revenues		Operating Income		Ordinary Income	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
Seventeenth Fiscal Period	6,819	-1.4	3,049	-2.3	2,220	-3.1
Sixteenth Fiscal Period	6,918	6.0	3,121	8.4	2,292	12.3

	Net Income		Net Income per Unit	Return on Unitholders' Equity (ROE)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	(Millions of Yen)	(%)	(Yen)	(%)	(%)	(%)
Seventeenth Fiscal Period	2,219	-1.0	13,106	2.2	1.1	32.6
Sixteenth Fiscal Period	2,242	9.9	13,239	2.2	1.1	33.1

(2) Distributions

	Distribution per Unit	Total Distributions	Distribution in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
	(Yen)	(Millions of Yen)	(Yen)	(Millions of Yen)	(%)	(%)
Seventeenth Fiscal Period	13,106	2,219	0	0	100.0	2.2
Sixteenth Fiscal Period	13,239	2,242	0	0	100.0	2.2

Note: The payout ratio is rounded down to the nearest first decimal place.

(3) Financial Position

	Total Assets	Net Assets	Unitholders' Capital to Total Assets	Net Assets per Share of Common Stock
	(Millions of Yen)	(Millions of Yen)	(%)	(Yen)
Seventeenth Fiscal Period	205,497	100,239	48.8	591,803
Sixteenth Fiscal Period	207,661	100,262	48.3	591,936

Reference: Unitholders' Capital for the seventeenth fiscal period: ¥100,239 million and for the sixteenth fiscal period: ¥100,262 million

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of Period
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Seventeenth Fiscal Period	3,321	-1,076	-3,243	6,066
Sixteenth Fiscal Period	3,409	-5,059	-2,040	7,064

FORECAST OF RESULTS FOR EIGHTEENTH FISCAL PERIOD (FEBRUARY 1, 2012 – JULY 31, 2012) AND NINETEENTH FISCAL PERIOD (AUGUST 1, 2012 – JANUARY 31, 2013)

Percentage change shows the increase and decrease ratio to the previous period.

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution Per Unit	Distribution in Excess of Earnings per Unit
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Yen)	(Yen)
Eighteenth Fiscal Period	6,328	(-7.2)	2,664	(-12.6)	1,850	(-16.7)	1,863	(-16.1)	11,000	0
Nineteenth Fiscal Period	6,214	(-1.8)	2,656	(-0.3)	1,864	(0.8)	1,863	(-0.0)	11,000	0

Reference: Estimated net income per unit for the eighteenth fiscal period: ¥11,000

Estimated net income per unit for the nineteenth fiscal period: ¥11,000

OTHERS

(1) Changes in Account Policies, changes in accounting estimates, and restatement of accounting errors

Changes according to revision of account standard: No

Changes according to another reason: No

Changes in accounting estimates: None

Restatement of accounting errors: None

(2) The number of investment units outstanding

The number of investment units outstanding totaled 169,380 units as of January 31, 2012 and July 31, 2011.

No investment unit is held by TOKYU REIT itself as of January 31, 2012 and July 31, 2011.

Notes:

Forecasts presented in this document are based on “Assumptions for Forecasts for the Eighteenth Fiscal Period (from February 1, 2012 to July 31, 2012) and the Nineteenth Fiscal Period (from August 1, 2012 to January 31, 2013)” identified in the separate reference attached. Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may differ significantly from actual results due to changes in operating conditions and a variety of factors. Accordingly, TOKYU REIT does not guarantee any distribution amount.

Assumptions for Forecasts for the Eighteenth Fiscal Period (from February 1, 2012 to July 31, 2012) and the Nineteenth Fiscal Period (from August 1, 2012 to January 31, 2013)

Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit and distributions in excess of earnings per unit for the eighteenth fiscal period (from February 1, 2012 to July 31, 2012) and the nineteenth fiscal period (from August 1, 2012 to January 31, 2013) are based on the following preconditions and assumptions. If major discrepancies between the following assumptions and initial forecast are found, and if they may cause a certain level of change in forecast figures displayed above, a revised forecast shall be drafted and announced immediately.

	Preconditions and Assumptions
Property portfolio	<ul style="list-style-type: none"> It is assumed that there will be no transfers (new properties added or existing properties removed from the initial portfolio, etc.) by the end of the Nineteenth Fiscal Period (January 31, 2013) from the 26 properties as of January 31, 2012.
Operating revenues	<ul style="list-style-type: none"> Rental revenues are calculated based on lease agreements effective as of the issuance date of February 29, 2012. For tenants, announced lease cancellation by the issuance date of this document is considered as vacant during the period from the cancellation date to the end of the nineteenth fiscal period. Average leasing rates are calculated based on those for competitive properties located in the same areas and exhibiting the same market trends. Forecasts are based on the assumption that there is no payment delay or nonpayment of tenants. Occupancy Rates as of the end of the eighteenth fiscal period and the end of the nineteenth fiscal period are projected to be 93.3% and 93.3%, respectively.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses for the eighteenth and nineteenth fiscal periods are projected to be ¥415 million and ¥408 million, respectively. Repair, maintenance and renovation expenses for buildings for the eighteenth and nineteenth fiscal periods are projected to be ¥127 million and ¥94 million, respectively. Actual repair, maintenance and renovation expenses for each fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies and the others. Property and other taxes, such as fixed property tax and city planning tax TOKYU REIT possesses are calculated based on the amount expected to be imposed in each fiscal period (eighteenth fiscal period: ¥619 million / nineteenth fiscal period: ¥612 million). Fixed property tax and other taxes paid as part of the purchase prices to the seller upon the property acquisition were not recorded as expenses but included in the relevant property acquisition costs. Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (eighteenth fiscal period: ¥1,000 million / nineteenth fiscal period : ¥997 million). Rental expenses other than those listed above were calculated in consideration of fluctuation factors based on results in past fiscal periods. Operating expenses other than expenses from real estate operation (investment management fees and asset custodian fees, etc.) for the eighteenth and nineteenth fiscal periods are expected to be ¥595 million and ¥598 million, respectively.
Debt financing	<ul style="list-style-type: none"> With borrowings (long-term debt financing of ¥12,200 million) repayment dates approaching in the eighteenth and nineteenth Fiscal Periods, it is assumed that the long-term debt financing of ¥12,200 million will be refinanced. With a investment corporation bond (¥5,000 million) redemption date approaching in the nineteenth Fiscal Period, it is assumed that the investment corporation bond will be redeemed by Cash and Bank Deposits. LTVs as of the end of the eighteenth fiscal period and the end of the nineteenth fiscal period are projected to be 43.4% and 42.1%, respectively. LTV: Interest-bearing debt (forecast) / total assets (forecast) Interest expenses for the eighteenth and nineteenth fiscal periods are expected to be ¥811 million and ¥788 million, respectively. Interest expenses include interest expense, interest expense on investment corporation bonds, interest expense on security deposits and other financial expenses.
Investment units	<ul style="list-style-type: none"> TOKYU REIT has 169,380 investment units issued and outstanding as of January 31, 2012.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated based on the distribution policy stipulated in the Articles of Incorporation. Calculations are based on a 100% distribution of retained earnings. It is possible that the distribution per unit could change due to various factors, including changes in assets under management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> TOKYU REIT does not currently anticipate distributions in excess of earnings per unit.

Other	<ul style="list-style-type: none">● Forecasts are based on the assumption that any major revisions to regulatory requirements, accounting standards and taxation will not impact forecast figures.● Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.
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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.