

TOKYU REIT

TOKYU REIT, Inc. Semiannual Report Tenth Fiscal Period
From February 1, 2008 to July 31, 2008



Stable Earnings and Cash Distributions through Investment in Highly Competitive Properties in Areas with Strong Growth Potential





TOKYU REIT, Inc.

Semiannual Report Tenth Fiscal Period

From February 1, 2008 to July 31, 2008

10th

TOKYU REIT listed its units on the Tokyo Stock Exchange on September 10, 2003.

With the ultimate goal of maximizing unitholder value, TOKYU REIT is engaged in asset investment and management based on principles of growth, stability, and transparency. TOKYU REIT is committed to securing stable earnings and cash distributions through investment in highly competitive properties in areas with strong growth potential.

TOKYU REIT invests primarily in retail and office properties located in the five central Tokyo wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) and the Tokyu Areas, which refers to the areas serviced by the Tokyu rail network. As of July 31, 2008, the end of TOKYU REIT's tenth fiscal period, TOKYU REIT held eleven retail facilities and twelve office buildings, for a total of 23 properties.

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BASIC POLICY OF TOKYU REIT

1 Investment strategies that accelerate 'growth'

- Investment in properties in central Tokyo and the Tokyu Areas – areas with strong growth potential
- Committed to continued collaboration with Tokyu Group companies
- Growth through heightened added value of the Tokyu Areas

2 A portfolio that secures 'stability'

- Diversified property uses and limited investment regions
- Winning long-term contracts with well-balanced tenants
- Investment criteria aimed at low risk and steady returns

3 Fund structure that backs 'transparency'

- Original establishment of rules for preventing conflicts of interest
- Independent third-party checks
- Proactive disclosure of transaction details

HIGHLIGHTS

External Growth

- Acquisition of Tokyu Ikejiri-ohashi Building (March 28, 2008)
- Acquisition of Daikanyama Forum (April 22, 2008)
- Acquisition of Ryoshin Harajuku Building (June 27, 2008)



Tokyu Ikejiri-ohashi Building



Daikanyama Forum



Ryoshin Harajuku Building

Internal Growth

- Outstanding occupancy rate (99.4%) as of July 31, 2008, at the end of the tenth fiscal period
- Rise by 1.1% of monthly rental income in the entire portfolio at the end of the tenth fiscal period (Compared with ninth fiscal period)

Implementation of Strict Corporate Governance

Proactive IR Activities

FINANCIAL SUMMARY

		10th Fiscal Period	9th Fiscal Period
Balance Sheets	Number of Properties	23 properties	20 properties
	Total Assets	¥218,205 million	¥193,080 million
	Interest-Bearing Liabilities	¥97,000 million	¥73,500 million
	Total Assets Loan-to-Value (LTV) Ratio	44.5%	38.1%
Statements of Income	Operating Revenues	¥7,336 million	¥6,831 million
	Net Income	¥2,804 million	¥2,602 million
Distributions	Cash Distribution per Unit	¥16,560	¥15,364
	Average Market Price per Unit	¥835,903	¥1,000,664
	Distribution Yield	3.97%	3.05%



To Our Unitholders

On behalf of TOKYU REIT, Inc. (**TOKYU REIT**), I would like to express my sincere appreciation to all of our REIT unitholders for their continued support and understanding. The following pages provide an overview of our operating environment and results for the tenth fiscal period, February 1, 2008 to July 31, 2008.

Masahiro Horie

Executive Director
TOKYU REIT, Inc.

Representative Director & President, Chief Executive Officer
Tokyu Real Estate Investment Management Inc.



Cash Distribution of ¥16,560 per Unit

Operating revenues for the tenth fiscal period amounted to ¥7,336 million, while net income totaled ¥2,804 million. These represented an increase in both revenues and income compared with the previous fiscal period.

Consistent with its existing distribution policy, **TOKYU REIT** allocated 100% of its net income for cash distribution of ¥16,560 per unit. This was ¥1,196, or 7.8%, above the ninth fiscal period distribution of ¥15,364 per unit. Based on the weighted-average issue price of all of TOKYU REIT's public offerings, which amounts to ¥599,113, the cash distribution of ¥16,560 per unit in the tenth fiscal period represents a "return on the public offering price" of 5.5%.

Net assets per unit after deducting the per-unit cash distribution of ¥16,560 stood at ¥578,697. Accounting for unrealized gains (the difference between the total appraisal value of the portfolio at the end of the fiscal period and their book value), adjusted net assets per unit amounted to ¥975,158, an increase of ¥15,161 compared with the previous fiscal period.

Reflecting on the aforementioned, **TOKYU REIT** continues to secure income and asset value growth on a per-unit basis.

Outlook

On September 12, 2008, **TOKYU REIT** announced distribution forecasts of ¥15,800 and ¥15,000 per unit for the eleventh and twelfth fiscal periods, respectively. While these figures are based on currently effective contracts and advance notice of contract cancellations, they are considered conservative estimates that do not take into account rental revenues from potential tenants, plans for rent revisions for existing tenants and potential property acquisitions.

Furthermore, these forecasts are subject to change due to a variety of factors including trends in conditions of investment management and interest rate movements.

Internal Growth Achieved through Rent Increases

Underpinned by stable investment management, 20 of TOKYU REIT's 23 properties were fully occupied as of the tenth period-end, and the occupancy rate for the entire portfolio was 99.4%. During the fiscal period under review, **TOKYU REIT** succeeded in attracting a new tenant to cocoti's second floor, which was vacated through premature contract cancellation by the previous tenant who paid a penalty charge of approximately ¥280 per unit. In total, we attracted 10 tenants that were either new or seeking additional space to replace 8 tenants who vacated or decreased their leasing space.

As Tokyo's real estate leasing market is nearing a turning point, **TOKYU REIT** is proceeding with upward revisions to rental rates. Among 29 tenants whose contracts were scheduled for renewal during the fiscal period under review, **TOKYU REIT** was successful in raising rental rates by an average of 4.3% (including service charges for common areas) for 28 tenants.

Based on these initiatives and activities, rental revenues from 19 properties, excluding the 4 properties acquired at the end of the previous fiscal period and during the fiscal period under review, increased 1.0% compared with the previous fiscal period.

Continuing Stable Investment Management

Across industries, surging natural resource prices are placing downward pressure on corporate earnings, resulting in negative growth of their operating income and

capital investments. Such unfavorable conditions have started adversely impacting the office leasing market, with overall vacancy rates, even in Tokyo, beginning to show upward trends. However, vacancy rates are remaining at lower levels of around 2.0% to 3.0%, and average rental rates continue to increase. The rate of increase in rental rate, however, has begun declining, and depending on future economic conditions, the rate may become flat or negative.

Similarly, retail properties, which had performed well until the end of fiscal 2007 thanks to strong personal spending, may experience declines in rental rates or have tenants vacating due to a slowdown in their business performance attributable to sluggish personal spending spurred by general price increases and other factors.

As described above, the Japanese economy is gradually moving from a standstill to a recession phase. This is why we cannot be so optimistic, though investment management by J-REITs remains stable for the time being. Looking at TOKYU REIT's property portfolio, its overall occupancy rate is staying at a high level, and the frequency of tenant change is slow. Due to these characteristics, the average rental rate for our portfolio tends to rise at a slower pace than that of market rental rates for new tenants. In addition, **TOKYU REIT** has set relatively

high minimum rental rates for certain retail properties under a performance-based rent system.

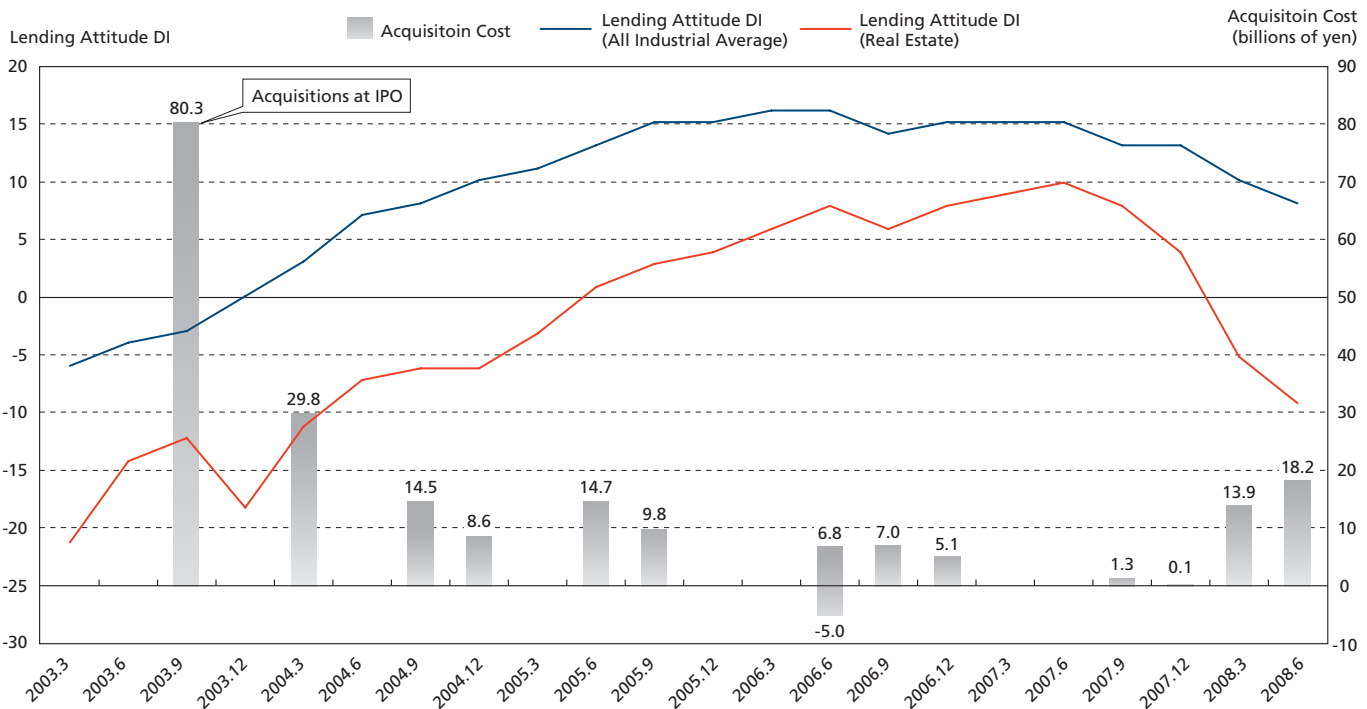
Meanwhile, even when the real estate leasing market is sluggish, we believe that TOKYU REIT's portfolio, which exclusively consists of low-risk and high-quality properties, boasts the strength to withstand unfavorable market conditions.

External Growth Achieved through Property Acquisitions

During the tenth fiscal period, **TOKYU REIT** acquired the Tokyu Ikejiri-ohashi Building for ¥5.48 billion, the Daikanyama Forum for ¥4.13 billion and the Ryoshin Harajuku Building for ¥14.16 billion. As a result of these acquisitions, the total acquisition price of TOKYU REIT's portfolio stood at ¥205.45 billion as of July 31, 2008, with the total appraisal value of the portfolio (assessed by a qualified third-party appraiser) amounting to ¥268.68 billion.

The investment ratios were 58.9% and 41.1% for office and retail properties, respectively. Operating Income from leasing the three properties above and the Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building) acquired at the end of the ninth fiscal period totaled ¥0.26 billion.

Lending Attitude of Financial Institutions & Value of Property Acquisitions of TOKYU REIT



Source: Bank of Japan "Tankan (Figures by Industry)", charts made by Tokyu REIM
 Note: Disposition is referred as minus of acquisition cost.

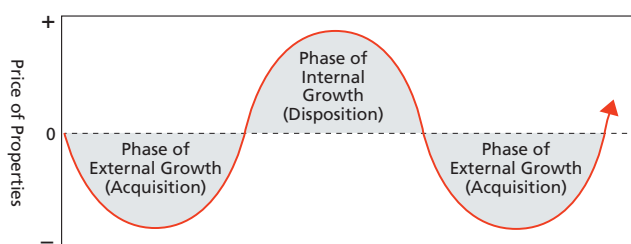
Real Estate Market Cycle and Growth Strategy

Recently, the most significant change in the environment surrounding the real estate market occurred in the financial market. The lending attitude of financial institutions to the real estate sector has rapidly hardened since last summer. This led to a series of bankruptcies of small- and mid-scale real estate companies in Japan as well as to an increase in small- and mid-scale J-REITs' new investment unit issuance through third-party allotment that did not accompany property acquisitions.

Changes in lenders' stance toward real estate financing significantly affect real estate prices. Their relaxed stance increases property seekers and, accordingly, real estate prices (credit relaxation phase), while their hard stance decreases property seekers and, accordingly, real estate prices (tight credit phase). Today, although real estate prices, in general, are calculated using the capitalization method, we have always believed that trends in real estate prices often stay abreast of the stance adopted by financial institutions toward real estate financing.

In terms of REIT management, it is ideal to acquire properties to achieve external growth during a tight credit phase and to sell, or refrain from acquiring, properties to secure investment return during a credit relaxation phase. Also, during a credit relaxation phase with increasing real estate prices, rental rates—a base for price calculation based on the capitalization method—are most likely to rise. This is the very reason why we believe that we should focus on improving profitability through internal growth during a credit relaxation phase.

Growth Strategy of REIT in Line with the Real Estate Market Cycle



Until 2005, **TOKYU REIT** had acquired 17 properties, including the 11 properties acquired at the time of its 2003 public listing, amounting to total acquisition price of ¥152.8 billion in a period considered to be a tight credit phase. From 2006 to 2007—a period considered a credit relaxation phase—**TOKYU REIT** acquired three

properties and sold a property to increase its asset size by only ¥18.9 billion. During the first half of 2008, which is considered another beginning of a tight credit phase, we acquired four properties for ¥32.2 billion.

The ratio of interest-bearing debt to the total appraisal value of the portfolio, which we refer to as the “appraisal value LTV,” was 38.5% as of the end of the tenth fiscal period. This means that based on its operational guide—indicated by the 50% upper limit of appraisal value LTV—**TOKYU REIT** still has room to draw down approximately ¥61.7 billion to be used for property acquisitions. **TOKYU REIT** aims to strategically achieve external growth by effectively using this extra acquisition capacity while strictly adhering to its investment policy and closely observing the real estate market cycle and fluctuations in debt-financing conditions.

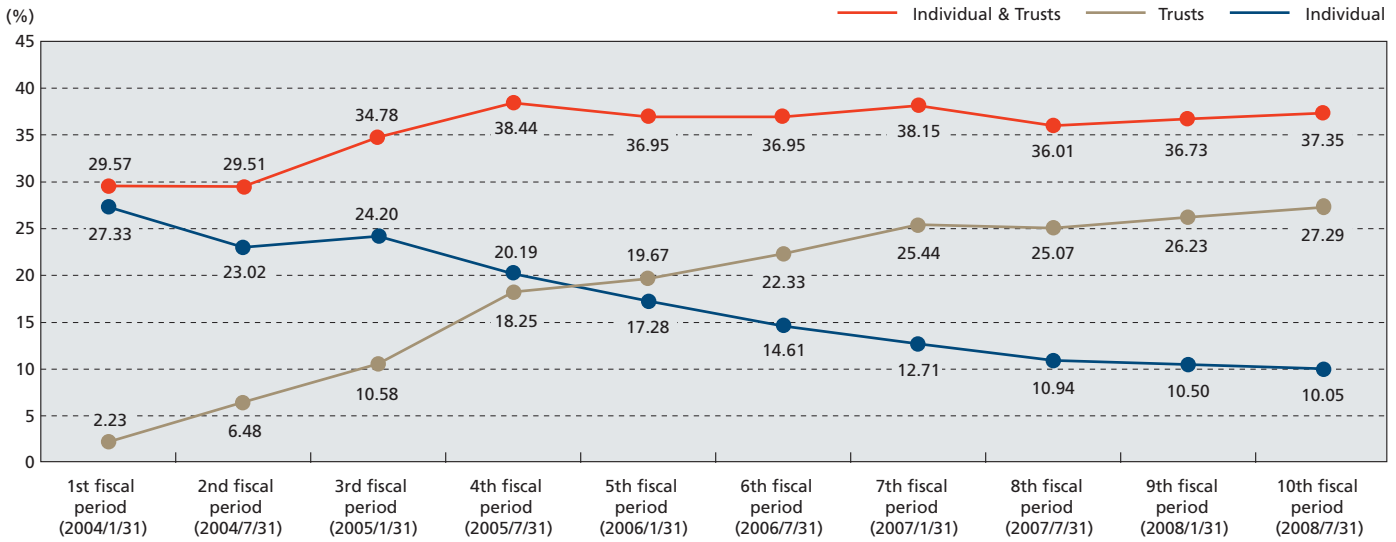
Financial Soundness

Adopting a conservative and strategic financing policy, **TOKYU REIT** restricts its portfolio properties to the Tokyo Metropolitan Area in order to ensure stable cash flows, and it takes all possible measures to minimize the risk of funding difficulties even during periods of tight credit.

Turning to debt financing in the tenth fiscal period, **TOKYU REIT** undertook short-term debt financing totaling ¥23.5 billion for property acquisitions, refinancing of ¥11.0 billion from short-term debt to long-term debt and refinancing of ¥5.0 billion in line with the completion of an agreed long-term debt repayment. As a result, the ratio of long-term debt to total interest-bearing debt, the average repayment term for interest-bearing debt and the average interest rate were 73.2%, 3.26 years and 1.63%, respectively. Amid the increasingly tightening attitude of financial institutions toward financing for the real estate sector, including J-REITs, these figures indicate that **TOKYU REIT** has been able to conduct smooth fund procurement through debt financing.

Some may associate our funding capabilities and financial soundness with our reliable sponsor companies (Tokyu Corporation and Tokyu Land Corporation) that are the shareholders of Tokyu Real Estate Investment Management Inc. (Tokyu REIM), the investment management company of **TOKYU REIT**. If they are referring to the potential of properties contributed by these sponsor companies to generate profits and the ability of personnel seconded from the sponsor companies to Tokyu

Substantial Individual Ownership Percentage



REIM, they are not wrong. However, such a belief is not quite accurate if they are referring to the sponsor companies' responsibility to guarantee TOKYU REIT's debt in a worst-case scenario. On the other hand, it would not be proper to view the sponsor companies' deteriorated financial credibility as negatively affecting a J-REIT's fund procurement activities.

From time to time, we come across such expressions as "a J-REIT under the wing of Corporation" in news coverage and the like. Such an expression is also not quite accurate, because J-REITs, in general, are independent corporate entities and not controlled by their sponsor companies. J-REITs are neither subsidiaries nor affiliates of their sponsor companies. At this point, some may argue that J-REIT's investment management companies are subsidiaries of such sponsor companies, regulatory authorities stringently check the independence of investment management companies from their sponsor companies. TOKYU REIT, in particular, works to assure such independence by proactively employing independent third-party inspection of its decision-making processes.

TOKYU REIT is expanding investments in Tokyu Areas and contributing added value to the areas through collaboration with its sponsor companies in such as property acquisitions and management. At the same time, TOKYU REIT is receiving the benefit of enhanced property values attributable to the investments made by Tokyu Group companies to invigorate the areas. As described above, TOKYU REIT and Tokyu Group

companies share a business model that helps all parties involved achieve growth of their corporate value. As testimony to mutually confirm its collaborative ties with Tokyu Group companies, TOKYU REIT has concluded a trademark licensing agreement with Tokyu Corporation, and accordingly, used the TOKYU brand name. Both TOKYU REIT and Tokyu Corporation have, however, confirmed that this agreement does not establish debt guarantee or any other legal association between the two parties, and such understanding has been described in TOKYU REIT's prospectuses and securities reports.

Increasing Focus on Individual Investors

As shown in the graph on page 74 of this report, the composition of TOKYU REIT's unitholders as of July 31, 2008 was as follows: domestic financial institutions, 54.26%; other domestic corporations, 9.91%; foreign corporations and individuals, 25.77%; and individual investors in Japan, 10.05%. The figure for individuals in Japan has fallen substantially from the 27.33% recorded as of January 31, 2004—the end of the first fiscal period. In fact, we have seen some media reports on individual investors giving up on J-REITs.

However, assuming that investment trust funds managed by domestic financial institutions are capitalized by individual investors, we can say that the ratio of individuals in Japan as our unitholders has not necessarily declined as the graph indicates. Rather, considering that

TOKYU REIT has increased the number of units issued through new unit issues since the end of the first fiscal period, the number of units held by individual investors has significantly expanded.

With due consideration given to this fact, **TOKYU REIT** aims to bolster its IR activities targeting individual investors through the upgrading of its web site and semiannual reports, as well as by holding various events, including investor presentation meeting.

Toward Surviving Competition in the J-REIT Market

On the premise that **TOKYU REIT** shall be a permanently sustainable J-REIT, we are tackling a myriad of management issues, including the improvement of portfolio quality, the strengthening of IR activities, the reinforcement of corporate governance, the formulation and implementation of effective financing strategies and the establishment of a thorough internal control system for achieving appropriate compliance and risk management. Through activities to tackle these issues, **TOKYU REIT** is committed to winning the trust of unitholders, thereby overcoming the intense competition in the J-REIT market.

September 2008



Masahiro Horie

In his role as CEO of REIT's investment manager, Mr. Horie draws on the wealth of experience he has accumulated since entering Tokyu Corporation.

1984

Entered Tokyu Corporation.

1985

Participated in development planning of the Tama Den-en-toshi area.

1986

Logistical support in Japan for overseas real estate development projects located on the west coast of the United States and Hawaii.

1989

Transferred to hotel management company domiciled in Honolulu, Hawaii.

1994

Posted to the Finance & Accounting Division of Tokyu Corporation.

1996

Posted to the Group Controllers Division.

1999

Appointed to the Group Restructuring Strategy & Investor Relations Division. Promoted REIT business proposal as part of the Tokyu Group's Management Policy announced in 2000, commenced REIT business feasibility study.

2001

Posted to Tokyu Real Estate Investment Management Inc. (Tokyu REIM) at the time of company incorporation. Appointed Tokyu REIM Executive Vice President and Representative Director.

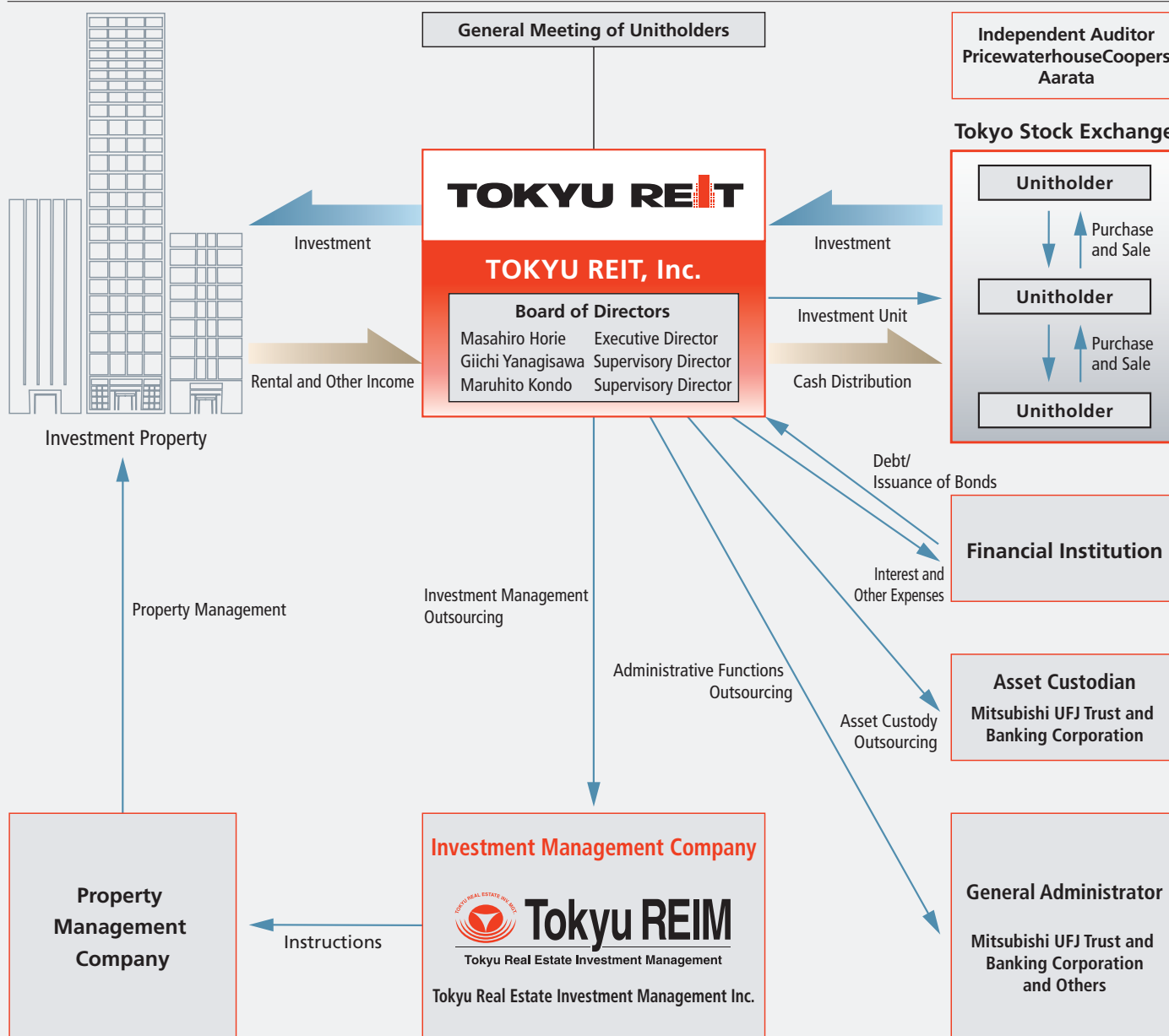
2002

Appointed Representative Director, President and Chief Executive Officer of Tokyu REIM.

2003

Obtained approval from the Financial Services Agency in order to act as an Executive Director of TOKYU REIT, Inc. and as a Representative Director, President and Chief Executive Officer of Tokyu REIM.

TOKYU REIT Structure and External Service Providers



Investment Management Fee

Base 1	Amount of total from the following calculation about asset value at the end of previous period ■ For the portion under 200 billion yen: Asset value at the end of previous period × 0.150% ■ For the portion exceeding 200 billion yen: Asset value at the end of previous period × 0.125%
Base 2	Amount of total from the following calculation about operating cash flow*1 in current period ■ For the portion under 5 billion yen: Operating cash flow in current period × 6.0% ■ For the portion exceeding 5 billion yen: Operating cash flow in current period × 5.0%
Incentive	Amount from the following calculation about closing unit price in current period ■ (Average unit price in current period - Record the highest average price*2) × Number of investment unit × 0.4%

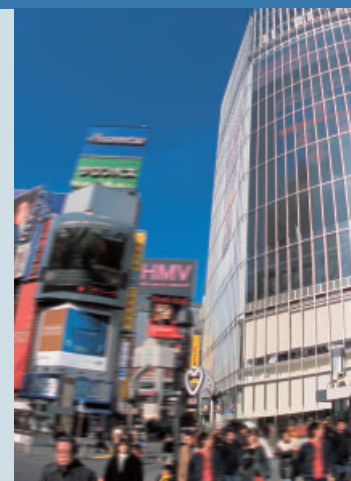
* Apart from the above fees, TOKYU REIT pays service charges to an asset custodian, general administrator, property management companies, and accounting auditor, among others.

Notes: 1 Operating cash flow = ordinary income + depreciation and amortization of deferred assets – profit or loss from valuation
 2 As of the tenth fiscal period ¥1,241,537 (average in 8th period)

Special Feature

What Was behind Wide Fluctuations in J-REIT Unit Prices?

Seven years have passed since the listing of the first two J-REITs on the Tokyo Stock Exchange (TSE) in September 2001. When it first started up, the J-REIT market showed only moderate growth in terms of the number of listings and aggregate market value; but, around the second half of 2006 J-REIT unit prices began climbing rapidly, not hitting a ceiling until May 2007, when they took a sudden downturn, as illustrated by the Unit Price Chart on page 74 of this report. The second half of 2007 witnessed a series of failures in new listings and public offerings in the J-REIT market, which had until then seen dramatic expansion, and since then the environment surrounding the market has undergone drastic changes. At this point, it is useless to complain about how J-REIT units are undervalued as a financial instrument by investors. In this special feature section, we present a summary and analysis of recent wide fluctuations in J-REIT unit prices and the causes of such fluctuations. Our aim here is to lay the groundwork for a new beginning in the J-REIT market, which can be considered simultaneously “undervalued” and incapable of “bottoming out.”



Trends in the J-REIT Market

Looking at the trends in the J-REIT market, both aggregate market value and the number of listings showed modest increases for a time following the listing of the first two J-REITs in September 2001. Around September 2003, however, the number of listings started to rapidly increase, driving up aggregate market value. In June 2007, this value peaked out at a record ¥6,700 billion. Since then, despite repeated rises and falls in both indicators, the market as a whole has been declining. As of August 29, 2008, aggregate market value stood at approximately ¥3,700 billion, about 55% of the previously mentioned peak. With regard to the number

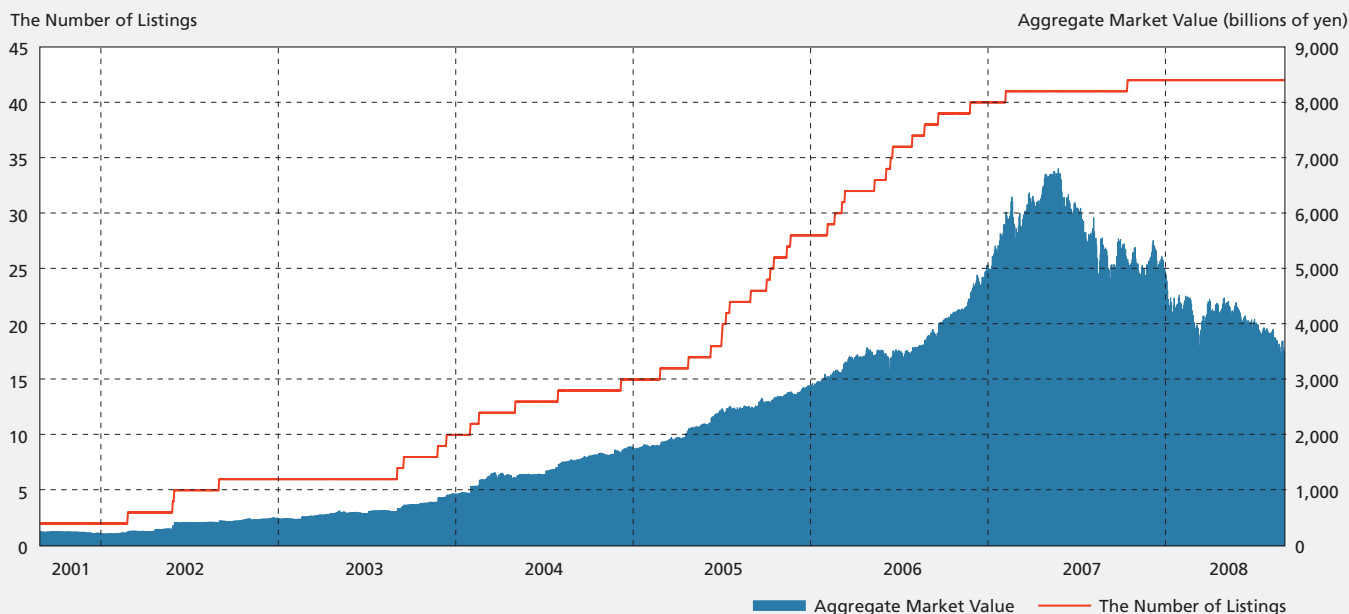
of listings, there is no new listings since the 42nd J-REIT was listed on October 18, 2007. (as of September 12, 2008)

Foreign Investors Responsible for Heavy Capital Inflows and Outflows

Among the causes of recent wide fluctuations in J-REIT unit prices were heavy capital inflows and consequent outflows attributable to the activities of foreign investors and others. These occurred within a short period of time. How did such capital inflows and outflows happen?

We would like to discuss the inflows and outflows separately.

The trends in the J-REIT market, both Aggregate Market Value and the Number of Listings



Factors behind the inflows included: (1) recovery in the Japanese economy as indicated by its breaking free from a deflationary spiral; (2) reports of robust conditions in the country's real estate market, with improvements in land prices and rental rates; (3) real estate in Japan being relatively undervalued due to a widening gap between the yields of Japanese government bonds and real estate investments; and (4) stronger incentives for global real estate market players to incorporate Japanese real estate demonstrating increased management transparency into their portfolios. Foreign capital flowed not only into the J-REIT market and companies in the real estate sector, but also into the physical real estate market, driving growth in real estate transactions and prices.

After this influx of investment, J-REIT unit prices started deteriorating. Suddenly, the tide of foreign capital was ebbing. The outflows were spurred by such factors as: (1) media reports on a Building Standards Law revision aimed at preventing earthquake-resistance data falsification and on regulatory reinforcement in line with the Financial Instruments and Exchange Law implemented to protect investors and other purposes; (2) the departure of investors from securitized products and accelerated selling for profit-taking to offset losses from other financial products, both attributable to the subprime loan crisis; and (3) a disparity in the volume of Japanese real estate market information available to investors in languages other than Japanese or English.

J-REITs' Credit Risks

In the J-REIT market, which has recently witnessed a series of failed IPOs and capital increase through equity financing, debt financing capabilities have grown into a significant factor that affects J-REIT unit prices. Some J-REITs are conducting liability management or implementing debt strategy in an amateur manner, while others are exposed to credit risks despite their high credit ratings due to the hardening lending attitude of financial institutions. With only seven years under its belt, the young J-REIT market has yet to complete its first market cycle; therefore, we believe that there is room for improvement in the credit analysis of J-REITs. There is a danger that this state of affairs could be misconstrued by investors to mean that J-REITs are risky investment targets similar to newly established real estate companies or subprime loan-related financial products.

The Shrinking Gap between the Dividend Yields of J-REITs and Other Income-Focused Financial Products

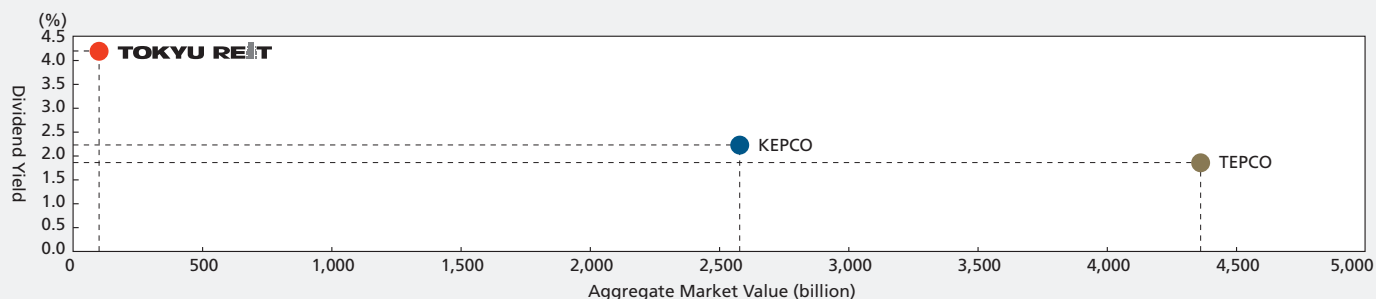
Recent trends show that corporations in general are increasing dividend payments to clarify their stance vis a vis returning profits to shareholders and thereby reduce their vulnerability to hostile takeover bids. J-REITs, on the other hand, tend to announce relatively conservative performance and cash distribution forecasts. This is because when announcing performance forecasts, J-REITs cannot factor in future revenues for properties whose tenants have submitted advance notices of contract cancellation until new tenants have signed rental agreements. J-REITs thus do not reflect estimated revenues from the new tenants in their forecasts unless the timing of a change in tenant falls in the right timeframe. Consequently, the gap between the dividend yields of J-REITs' conservative distribution forecasts and other income-focused financial products has shrunk, which has led to a deceleration in the drive of investors to invest in J-REITs. Despite the current market conditions, however, we still believe that investors will come to recognize the appeal of the stable cash distributions J-REITs can offer, especially in light of potential reductions in corporate dividend payments.

J-REIT Units as Mid- and Small-Cap Stocks

In addition to shifting investor sentiments and activities, the relative youth of the still-developing J-REIT market may also have contributed to the recent wide fluctuations in J-REIT unit prices. J-REIT units are, in principle, defined as income-focused rather than growth-focused financial products and are supported by stable rental revenues from portfolio properties. However, they also incorporate some of the characteristics of real estate company stocks and high-returning securities while possessing a nature that makes them utterly unlike bonds.

Power company stocks are another major income-focused financial product. Compared with the aggregate market value of the electric power industry, that of the J-REIT market is still small, and the liquidity of investment units is at present limited. So, in terms of the market scale, J-REIT units can be classified as mid- and small-cap stocks. As a result of the aforementioned heavy inflows and outflows of foreign capital, J-REIT units lost their original characteristics as stable income-focused financial products and were transformed into highly volatile mid- and small-cap stocks.

Dividend Yield (TOKYU REIT, TEPCO, KEPCO)



Note: TOKYU REIT has calculated its aggregate market value and distribution yields, as presented in the graph above, based on the closing price of its investment units on September 3, 2008, its cash distribution forecast (the sum of the cash distribution amount for the tenth fiscal period and the forecast cash distribution amount for the eleventh fiscal period) and the number of investment units issued and outstanding as of the end of the ninth fiscal period. In addition, the dividend yields of The Tokyo Electric Power Company, Incorporated (TEPCO) and The Kansai Electric Power Company, Incorporated (KEPCO) have been calculated based on the closing prices of their respective stocks on September 3, 2008 and their projections for total annual dividend amounts for the fiscal year ending March 31, 2009, which have been disclosed in their financial reports for the first three months ended June 30, 2008.

J-REIT Units Used in Loans for Margin Transactions

There is another reason why the J-REIT market has yet to mature. Namely, a small number of J-REITs can be used as loans for margin transactions. At present, investment units issued by nine J-REITs including TOKYU REIT—only 20% of all J-REITs—can be used as loans for margin transactions. The ratio is much lower compared with real estate company stocks listed on the First Section of TSE, approximately 60% of which are eligible for such use. To be eligible for use in margin transactions, a stock must achieve a certain level of liquidity, be purchased through a securities company and deposited with securities finance companies.

Some issuers in the J-REIT market may express concerns about their units being used as loans for margin transactions because short selling may cause a temporary decline in unit prices. However, any successful transaction involves both a seller and a buyer. Time limits imposed on the lending of units require sellers to buy back units lent regardless of the unit price level. TOKYU REIT believes that the system of loans for margin transactions not only increases options for investors, but also broadens and strengthens investment unit trading.

Another byproduct of J-REIT units being available for use as loans for margin transactions is that “short selling of real estate”—a new possibility for real estate transactions—becomes indirectly possible. Short selling is often viewed negatively as the incentive to “sell” may take the lead in transactions. However, TOKYU REIT believes that the short selling of real estate is a necessary mechanism to ensure appropriate real estate pricing.

Rules of Thumb in Investment Unit Pricing

Because the history of J-REIT units as financial products is short and the market for them has not yet completed its

first cycle, rules of thumb for investment unit pricing have yet to be established. This means that it remains difficult to anticipate the precise causes and magnitude of price fluctuations. Thus, whenever something occurs in the J-REIT market, it tends to snowball—one buy sets off another buy, resulting in a surge in unit prices, while a sell-off is likely to trigger further selling, causing a nosedive in unit prices.

We have concluded that this type of investor behavior has been another factor contributing to the recent wide price fluctuations in the J-REIT market, with a significant price change in one direction closely followed by a switch in the other direction. In our opinion, the pattern will calm and stabilize to remain within a certain price range as the J-REIT market matures.

In Conclusion

J-REITs have a social mission to contribute to the development of the financial and real estate markets and the Japanese economy. Without doubt, the market environment surrounding J-REITs is severe and it is not certain that all J-REITs will be able to fulfill this mission. However, if the J-REIT market completes its first cycle in step with the current cycles of the financial and real estate markets, it is possible that this market will evolve into something that is more sophisticated. At the same time, as more J-REITs achieve steady growth in their per-unit income and asset value, the marketability of J-REIT units will come to be appreciated by investors. Finally, once J-REITs gain long-standing favor among investors, we believe that they will be able to accomplish their social mission. (For details of the social mission of J-REITs, please refer to TOKYU REIT, Inc. Semiannual Report Fifth Fiscal Period.)

Tokyu Real Estate Investment Management Inc. Investment Management Company

URL: www.tokyu-reim.co.jp

Tokyu Real Estate Investment Management Inc. ("Tokyu REIM") contracted with **TOKYU REIT** on June 20, 2003, to act as its investment manager. Underpinned by investment policies held in common with **TOKYU REIT**, Tokyu REIM strives to maximize unitholder value through business growth, stability and transparent operations.

In addition, Tokyu REIM follows strict internal rules governing conflicts of interest and takes all necessary care in transactions with Tokyu Group companies.

Tokyu REIM is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (*Kin-sho*) No. 360).

History

Date	Remark
June 27, 2001	Tokyu REIM established (capital ¥100 million)
August 31, 2001	Acquired real estate brokerage license (No. 79964 Governor of Tokyo (updated on September 1, 2006))
September 26, 2001	Capital increase (increase in capital from ¥100 million to ¥125 million)
September 28, 2002	Capital increase (increase in capital from ¥125 million to ¥300 million)
April 3, 2003	Acquired discretionary transaction agent approval in accordance with the Building Lots and Building Transactions Business Law (Minister of Land, Infrastructure and Transport No. 17)
June 16, 2003	Acquired investment trust management business transaction authorization from the Office of the Prime Minister (No. 27)
June 16, 2003	Acquired approval to provide consulting services and agency services (Financial Service Agency No. 1961)
June 20, 2003	Concluded an investment management agreement with TOKYU REIT
July 25, 2003	Registered as a general real estate investment management company (No. 000016)
September 30, 2007	Registered as a financial instruments dealer (Kanto Financial Bureau (<i>Kin-sho</i>) No. 360)

Major Unitholders (as of March 31, 2008)

Name	Address	Shares Held	Ratio
Tokyu Corporation	5-6, Nampo-dai-cho, Shibuya-ku, Tokyo	3,600 shares	60%
Tokyu Land Corporation	1-21-2, Dogenzaka, Shibuya-ku, Tokyo	2,400 shares	40%
Total		6,000 shares	100%

Board of Directors

A management structure has been implemented whereby the Board of Directors is responsible for business management, such as decision making on business strategy and other important matters relating to the execution of business operations. In addition, the Board of Directors supervises business operations undertaken by the representative director and executive officers. During the tenth fiscal period, the Board of Directors met on 16 occasions.

Investment Committee

The Investment Committee is comprised of the president (who serves as chairperson), three non-executive directors and a real estate appraiser. The Investment Committee discusses the initial drafts of, and any amendments to TOKYU REIT's management guidelines and fund management plan, portfolio asset allocation, and possible investment and disposal of a property. This information is presented to the Board of Directors with the Committee's opinion and recommendation. During the tenth fiscal period, the Investment Committee met on 17 occasions.

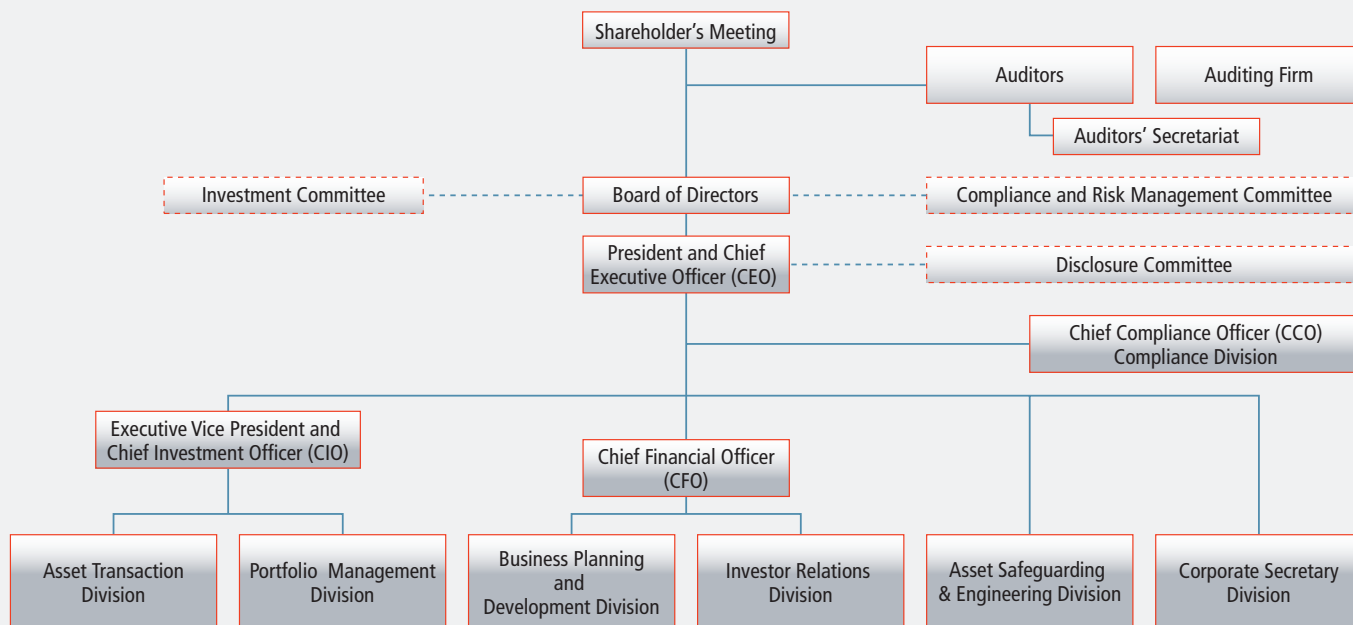
Compliance and Risk Management Committee

The Compliance and Risk Management Committee was established to ensure independent third-party checks of internal rules regarding related-party transactions. The Compliance and Risk Management Committee is comprised of two non-executive directors (one of whom serves as chairperson) and two external committee members. Under the guidance of the Board of Directors, the Compliance and Risk Management Committee discusses material matters relating to compliance and risk management as well as the adequacy of internal rules regarding related-party transactions. It also provides opinions and recommendations to Tokyu REIM's Board of Directors. While third-party confirmation is obtained regarding the adequacy of rules applicable to individual transactions, matters are referred to the compliance officer and forwarded to the Compliance and Risk Management Committee for discussion as required, when the third party determines the matter warrants special mention. During the tenth fiscal period, the Compliance and Risk Management Committee met on 13 occasions.

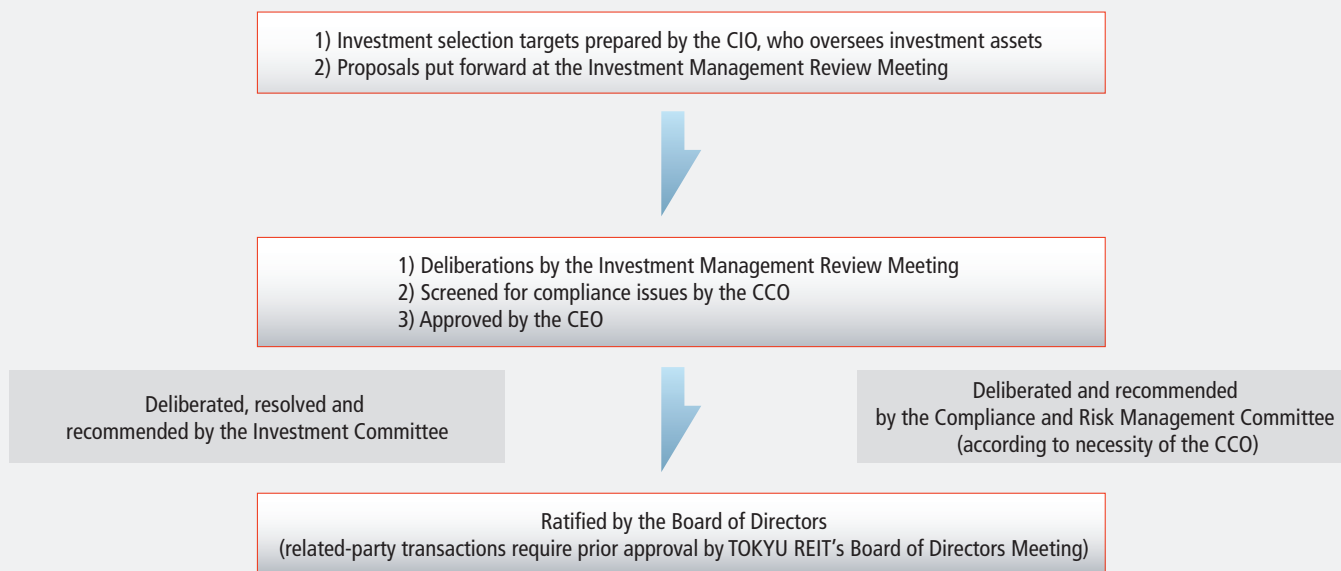
Disclosure Committee

The head of the Disclosure Committee is the Investor Relations Officer. The other members of the Committee include the Compliance Officer, Corporate Secretary Officer, Business Planning Officer and other members the Committee head judged to be necessary. Of information that is disclosed on a timely basis, the Committee reviews the handling of disclosure concerning matters that occur regarding **TOKYU REIT**, Tokyu REIM and TOKYU REIT's assets under management. The results of the Committee's discussions are reported to the Representative Director, President and Chief Executive Officer. During the tenth fiscal period, the Disclosure Committee met on 1 occasion.

■ Organization Chart



■ Decision-Making Process Concerning Acquisition and Sale of Investment Properties



As for the acquisition and sale of investment properties, the CIO puts forward proposals concerning that at the Investment Management Review Meeting.

Proposals are deliberated by the Investment Management Review Meeting and screened for compliance issues by the CCO. Proposals are subject to approval by the CEO, and then submitted to the Board of Directors for ratification.

The Board of Directors, if necessary, requests that proposals be screened, resolved and recommended by the Investment Committee, and screened and recommended by the Compliance and Risk Management Committee. Then, the proposals for the acquisition and sale of investment properties are ratified.

Participants of the Investment Management Review Meeting are the CEO, CIO, CFO, CCO, and all division heads, comprised of the heads of the Asset Transaction Division, Portfolio Management Division, Business Planning and Development Division, Investor Relations Division, Asset Safeguarding & Engineering Division, and the Corporate Secretary Division.

TOKYU REIT's Financial Strategies

With its financial strategies based on stability, flexibility and efficiency, **TOKYU REIT** strives to maximize unitholder value by reducing capital costs as well as fostering external growth with minimal expenditures.

Basic Policies

Stability in Funding

- Management of Low LTV to Ensure Financial Soundness
- Long-term Fixed-interest Debt Financing
- Assurance of Multiple Lenders
- Diversification of Repayment Dates

Flexibility in Financing

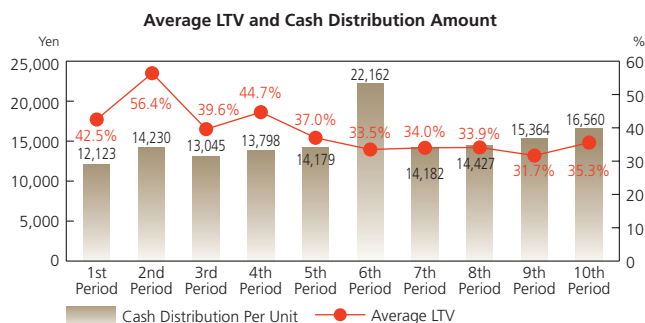
- Assurance of Prompt Fund Procurement Schemes

Efficiency

- Effective Cash Management
- Assurance of Low-rate Financing Based on Stable Management

Note: LTV (Loan to Value) = (interest-bearing debt + security and guarantee deposits without reserved cash) / Total appraisal value as of acquisition or of the end of fiscal period.
This formula derives the liability level to the acquired property's value. Low LTV (namely, less liabilities or high-valued properties) is considered as high level of financial soundness.

Average LTV and Cash Distribution Amount



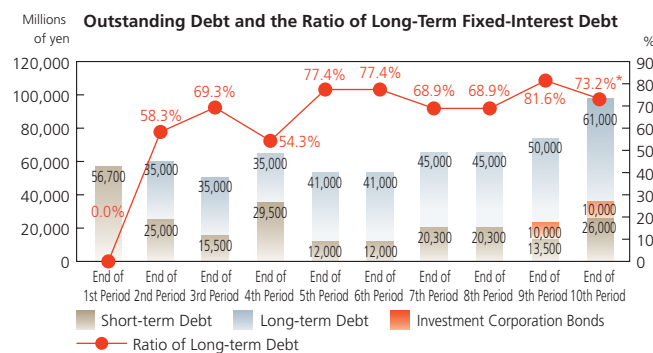
Generally, the level of cash distribution amount will increase as LTV rises by the leverage effect. An excessive increase of LTV, however, decreases financial soundness.

In light of this principle, **TOKYU REIT** implements conservative management that considers the balance between the level of cash distribution amount and financial soundness, as shown left.

Cash distribution amount increased on the sixth fiscal period by selling property.

Notes: 1. Average LTV = (average interest-bearing debt during the period + average security and guarantee deposits without reserved cash) / Total appraisal value at the end of previous fiscal period and weighted average of appraisal value as of acquisition.
2. Cash distribution amount in 1st fiscal period was ¥9,488 based on the actual operating days of 144 days, but cash distribution amount of ¥12,123 recalculated based on 184 days is used in the above graph for the sake of comparison with 2nd fiscal period onwards.

Outstanding Debt and the Ratio of Long-Term Fixed-Interest Debt



Note: 62.9% (excluding the long-term debt maturing within a year)

TOKYU REIT has been implementing a conversion to long-term fixed-interest debt financing, as shown left. The ratio of long-term fixed-interest debt as of the end of the tenth fiscal period is 73.2% (62.9%: excluding the long-term debt maturing within a year).

Long-term debt financing enables **TOKYU REIT** to curb any excessive burden resulting from increases in interest rates.

Lenders and Outstanding Debt by Repayment Dates and Issuance of Investment Corporation Bonds

Lenders and Outstanding Debt by Repayment Dates (as of the end of the tenth fiscal period)

Category	Lender	Amount (billions of yen)	Type
Short-term Debt	Mitsubishi UFJ Trust and Banking Corporation	12.4	Unsecured Unguaranteed
	The Sumitomo Trust and Banking Co., Ltd.	3.4	
	The Chuo Mitsui Trust and Banking Company, Limited	3.4	
	The Bank of Tokyo/Mitsubishi UFJ, Ltd.	3.4	
	Mizuho Corporate Bank, Ltd.	3.4	
	Sub Total	26.0	
Long-term Debt	The Development Bank of Japan	14.0	Unsecured Unguaranteed
	The Sumitomo Trust and Banking Co., Ltd.	6.0	
	The Chuo Mitsui Trust and Banking Company, Limited	6.0	
	Mitsubishi UFJ Trust and Banking Corporation	6.0	
	The Bank of Tokyo/Mitsubishi UFJ, Ltd.	5.0	
	The Dai-ichi Mutual Life Insurance Company	5.0	
	Nippon Life Insurance Company	4.0	
	The National Mutual Insurance Federation of Agricultural Cooperatives	4.0	
	Daido Life Insurance Company	4.0	
	Mizuho Corporate Bank, Ltd.	2.0	
	Shinkin Central Bank	2.0	
	The Norinchukin Bank	1.0	
	Aioi Insurance Co., Ltd.	1.0	
	Mitsui Sumitomo Insurance Company, Limited	1.0	
Sub Total	61.0	Average Interest Rate 1.82%	
Total	87.0		

Note: Average Interest Rate is calculated by weighted- average interest rate during the tenth fiscal period.

Issuance of Investment Corporation Bonds (as of the end of the tenth fiscal period)

Category	Name of Investment Corporation Bonds	Amount (billions of yen)	Type
Long-term Bonds	1st Series Unsecured Investment Corporation Bond (Ranks pari passu in right of payment with certain investment corporation bonds)	5.0	Interest Rate 1.65% Unsecured/Unguaranteed
	2nd Series Unsecured Investment Corporation Bond (Ranks pari passu in right of payment with certain investment corporation bonds)	5.0	Interest Rate 1.89% Unsecured/Unguaranteed
Total		10.0	

TOKYU REIT conducts stable fund procurement through transactions with 14 Japanese financial institutions and strategic issuances of investment corporation bonds. By continuing to secure multiple funding sources, **TOKYU REIT** aims to minimize refinancing-related risks and thereby achieve financial stability.

Execution of Commitment Line Agreement

- **Lender** : The Sumitomo Trust and Banking Corporation, Ltd.
: The Chuo Mitsui Trust and Banking Corporation, Limited
- **Commitment Line Limit** : ¥1 billion, respectively
- **Securities/Guarantee** : Unsecured/Unguaranteed

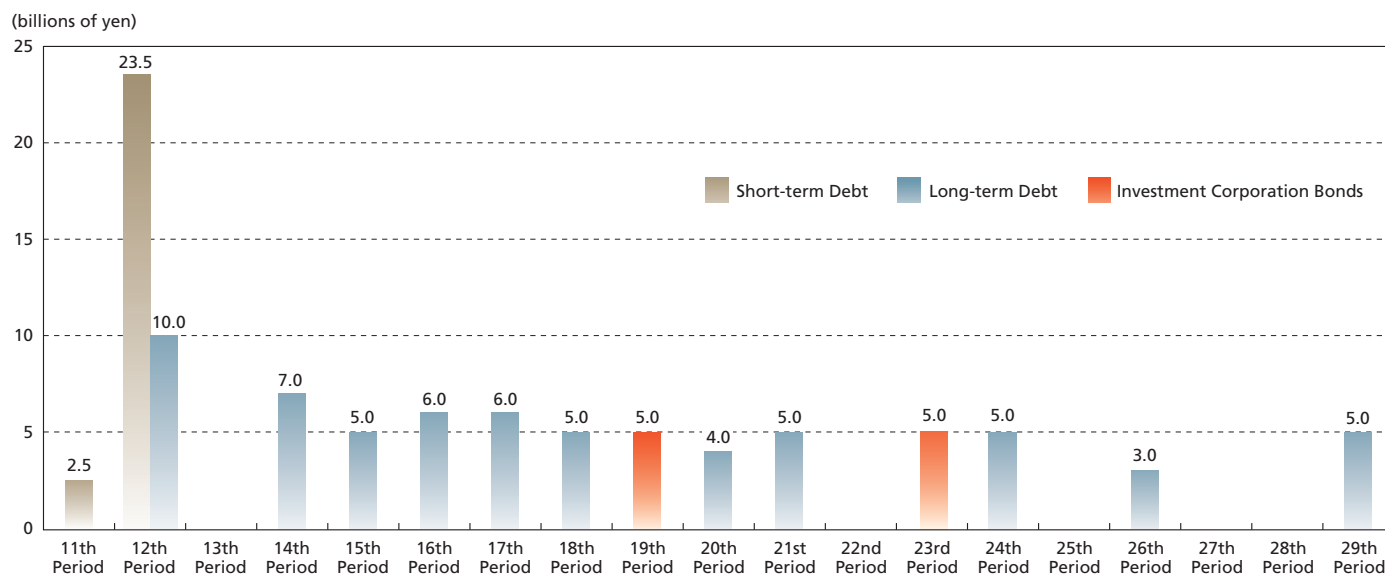
The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured.

During the tenth fiscal period, **TOKYU REIT** undertook debt financing ¥0.2 billion on April 8, 2008 and the full amount was repaid by April 15, 2008.

Ratings

- **Rating and Investment Information, Inc. (R&I)**
:R&I Issuer Rating AA- (Rating Outlook: Stable)
- **Standard & Poor's (S&P)**
:Long-term Issuer Rating A (Outlook: Stable)
:Short-term Issuer Rating A-1
- **Moody's Investors Service (Moody's)**
:Moody's Issuer Rating A2 (Rating Outlook: Stable)

Debt Balance by Repayment Date (Maturity Ladder)



In addition, **TOKYU REIT** works to diversify repayment dates for its debt financing in order to avoid the risk of large-scale refinancing within a short period of time.



Investment Policy: Investment in Highly Competitive Properties in Areas with Strong Growth Potential

<ul style="list-style-type: none"> Investment Targeted Areas 	<ul style="list-style-type: none"> Focusing on Five central Tokyo wards and Tokyu Areas expecting economic and population growth. Limited to Tokyo Metropolitan Area.
<ul style="list-style-type: none"> Investment Criteria 	<ul style="list-style-type: none"> Limited to office and retail portfolios with lower risk and more stable returns. Limited to the properties with prime locations and large scales for assuring market competitiveness.

Portfolio Overview

Use	Name of Property	Location	Area	Total Land Area (m ²)	Total Floor Area (m ²)
R	QFRONT	Udagawa-cho, Shibuya-ku, Tokyo	Five central Tokyo wards Tokyu Areas (Shibuya)	784.26 (728.30)	6,692.14 (4,821.09)
R	Lexington Aoyama	Minami-Aoyama, Minato-ku, Tokyo	Five central Tokyo wards	776.59	2,342.21
R	TOKYU REIT Omotesando Square	Jingumae, Shibuya-ku, Tokyo	Five central Tokyo wards, Tokyu Areas	1,259.21	3,321.20
R	Tokyu Saginuma Building	Saginuma, Miyamae-ku, Kawasaki City, Kanagawa	Tokyu Areas	5,658.00	18,326.99
R	Tokyu Saginuma 2 Building	Kodai, Miyamae-ku, Kawasaki City, Kanagawa	Tokyu Areas	1,807.21	4,409.50
R	TOKYU REIT Shibuya Udagawa-cho Square	Udagawa-cho, Shibuya-ku, Tokyo	Five central Tokyo wards Tokyu Areas (Shibuya)	679.27	(Bldg. 1) 1,473.10 (Bldg. 2) 56.39
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Noukendai-Higashi, Kanazawa-ku, Yokohama City, Kanagawa	Others	17,318.78	46,587.87
R	cocoti	Shibuya, Shibuya-ku, Tokyo	Five central Tokyo wards Tokyu Areas (Shibuya)	1,705.35	11,847.87
R	Shonan Mall Fill (sokochi)*1	Tsujido Shinmachi, Fujisawa City, Kanagawa	Others	44,078.12	—
R	CONZE Ebisu	Ebisu Minami, Shibuya-ku, Tokyo	Five central Tokyo wards, Tokyu Areas	562.07	2,789.35
R	Daikanyama Forum	Sarugaku-cho, Shibuya-ku, Tokyo	Five central Tokyo wards Tokyu Areas	(East) 942.30 (West) 1,108.01	(East) 1,441.57 (West) 2,338.70 (1,182.62)
⊙	Setagaya Business Square	Yoga, Setagaya-ku, Tokyo	Tokyu Areas	21,315.68	94,373.72
⊙	Tokyu Nampocho Building	Nampocho, Shibuya-ku, Tokyo	Five central Tokyo wards, Tokyu Areas (Shibuya)	2,013.28	7,003.88
⊙	Tokyu Sakuragaoka-cho Building	Sakuragaoka-cho, Shibuya-ku, Tokyo	Five central Tokyo wards, Tokyu Areas (Shibuya)	1,013.03	6,505.39
⊙	Tokyo Nissan Taito Building	Moto-Asakusa, Taito-ku, Tokyo	Five central Tokyo wards	1,718.45	11,373.20
⊙	TOKYU REIT Akasaka Hinokicho Building	Akasaka, Minato-ku, Tokyo	Five central Tokyo wards	866.61	4,058.92
⊙	TOKYU REIT Kamata Building	Kamata, Ota-ku, Tokyo	Tokyu Areas	1,642.86	10,244.51
⊙	Resona Maruha Building	Otemachi, Chiyoda-ku, Tokyo	Five central Tokyo wards	6,893.71	74,379.30 (19,542.77)
⊙	TOKYU REIT Toranomom Building	Toranomon, Minato-ku, Tokyo	Five central Tokyo wards	1,728.38	15,343.73 (10,787.59)
⊙	TOKYU REIT Hatchobori Building	Hatchobori, Chuoku, Tokyo	Five central Tokyo wards	974.32	8,810.21
⊙	TOKYU REIT Akasaka 4-chome Building (Tokyu Agency Inc., Head Office Building)	Akasaka, Minato-ku, Tokyo	Five central Tokyo wards	712.49	5,002.36
⊙	Tokyu Ikejiri-ohashi Building	Higashiyama, Meguro-ku, Tokyo	Tokyu Areas	2,382.67	7,619.56
⊙	Ryoshin Harajuku Building	Jingumae, Shibuya-ku, Tokyo	Five central Tokyo wards Tokyu Areas	1,205.07	6,466.94 (4,612.58)
Total					

Notes: *1. "Sokochi" means ownership of land with a fixed-term leasehold for commercial use. *2. 60% trust beneficiary interest *3. 40% trust beneficiary interest
 *4. Total Floor Area 9,688.59m² 73.585% interest *5. Total Floor Area 865.14m² 8.579% interest *6. Total Floor Area 139.93m² 1.322% interest *7. Total Floor Area 93.93m² 1.166% interest
 *8. All of compartmentalized ownerships with whole building of Tokyu Sakuragaoka-cho Building are entrusted.
 *9. PML (Probable Maximum Loss) refers to the expected maximum loss ratio caused by earthquakes. As used in these documents PML is the percentage of expected loss due to small- to large-level earthquakes (those

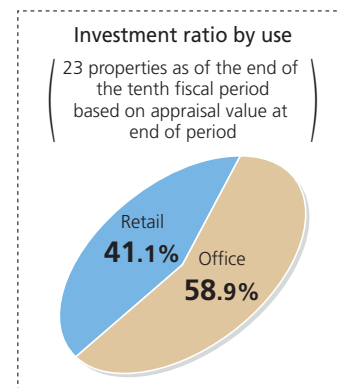
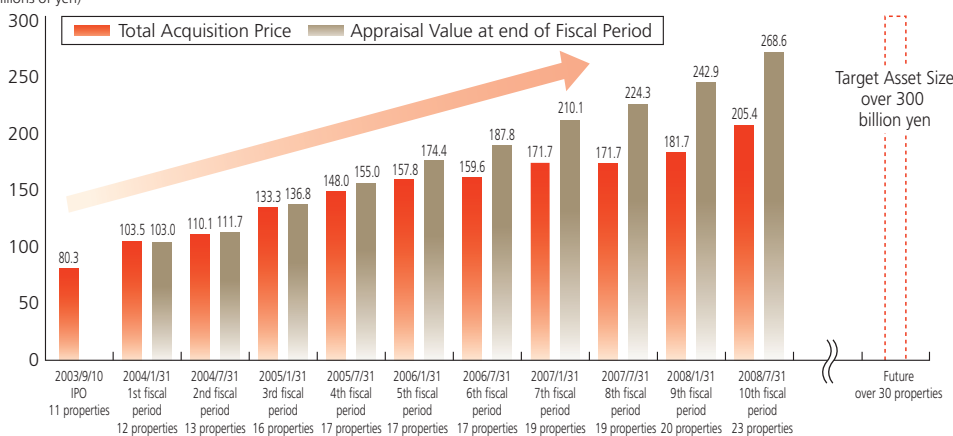
Total Acquisition Price and Appraisal Value, Investment Ratio

Total acquisition price as of the end of the tenth fiscal period ended July 31, 2008, stood at ¥205.4 billion, and appraisal value at the end of fiscal period stood at ¥268.6 billion. Given TOKYU REIT's portfolio diversification, mobility of property acquisition, and liquidity of investment units, we believe that the asset portfolio should eventually reach ¥300.0 billion or more. TOKYU REIT will steadily expand asset size with high quality properties on proper price, not pursuing expansion of asset size only, but considering real estate market as intensification of property acquisition competition and rise of property price.

TOKYU REIT focuses on highly competitive office and retail properties and strives to maintain a ratio of 60% in office buildings and 40% in retail properties (based on appraisal value at the end of fiscal period) over the long term.

As of the end of the tenth fiscal period (23 properties), investment ratio by use based on appraisal value at end of fiscal period is as follows:

Total Acquisition Price
(billions of yen)



(as of July 31, 2008)

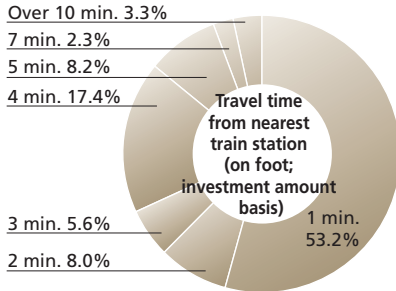
Structure	Floors	Completion	Acquisition Date	Acquisition Cost (Billions of yen)	Appraisal Value (Billions of yen)	Type of Ownership		PM	Number of Tenants	Occupancy Ratio	Earthquake PML*9
						Land	Building				
SRC/S	B3/8F	Oct. 1999	Sep. 10, 2003	15.1	22.3	Proprietary Ownership	Compartmentalized ownership	Tokyu Corporation	4	100.0%	4.1%
S/RC	B1/4F	Jan. 1998	Sep. 11, 2003	4.8	8.2	Proprietary Ownership	Proprietary Ownership	Tokyu Land Corporation	2	100.0%	2.3%
S/SRC	B1/4F	Oct. 1985	Sep. 10, 2003	5.7	8.5	Proprietary Ownership	Proprietary Ownership	Tokyu Land Corporation	4	100.0%	9.5%
RC	B1/4F	Sep. 1978	Sep. 10, 2003	6.9	9.2	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	1	100.0%	9.9%
SRC	B2/4F	Oct. 1979	Sep. 11, 2003	1.2	1.6	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	1	100.0%	9.3%
S	3F	Jul. 1998	Mar. 1, 2004	6.6	8.7	Proprietary Ownership	Property Ownership	Tokyu Corporation	2	100.0%	7.3%
S	2F	Jun. 1995				Proprietary Ownership	Property Ownership				
SRC	B2/4F	Jun. 1998	Aug. 3, 2004	9.5	9.5	Proprietary Ownership	Proprietary Ownership	Tokyu Land Corporation	1	100.0%	9.5%
S/SRC	B2/12F	Sep. 2004	Apr. 6, 2005 Aug. 2, 2005	14.7*2 9.8*3	26.2	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	15	100.0%	6.2%
—	—	—	Apr. 28, 2006	6.8	6.7	Proprietary Ownership	—	—	1	100.0%	—
S/SRC	B1/9F	Mar. 2004	Oct. 31, 2006	5.1	5.0	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	8	100.0%	4.1%
(East) RC (West) RC	(East) B1/2F (West) B1/5F	Feb. 1993	Apr. 22, 2008	4.1	4.1	(East) Proprietary Ownership (West) Proprietary Ownership (Co-ownership ratio 64.13%)	(East) Compartmentalized ownership (West) Compartmentalized ownership	Tokyu Corporation	5	100.0%	8.0%
SRC/RC/S	B2/28F	Sep. 1993	Sep. 11, 2003	22.4	33.5	Proprietary Ownership (Co-ownership ratio 55%)	Proprietary Ownership (Co-ownership ratio 55%)	Tokyu Land Corporation	58	99.8%	2.8%
SRC	B2/5F	Jul. 1992	Sep. 11, 2003	4.6	6.8	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	1	100.0%	7.9%
SRC	B3/9F	Jun. 1987	Sep. 11, 2003	6.6	9.8	Proprietary Ownership	Compartmentalized ownership*8	Tokyu Corporation	2	100.0%	11.1%
SRC	B2/10F	Sep. 1992	Sep. 11, 2003	4.4	5.9	Proprietary Ownership	Proprietary Ownership	Tokyu Land Corporation	13	100.0%	7.4%
RC	7F	Aug. 1984	Sep. 10, 2003	3.5	5.0	Proprietary Ownership	Proprietary Ownership	Tokyu Land Corporation	5	100.0%	11.2%
S/SRC	B1/9F	Feb. 1992	Sep. 10, 2003	4.7	7.7	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	4	100.0%	7.7%
S/SRC	B4/25F	Nov. 1978	Jan. 15, 2004	23.2	37.8	Proprietary Ownership (Co-ownership ratio 27%)	Compartmentalized ownership	Tokyu Land Corporation	3	100.0%	4.1%
SRC/RC	B2/9F	Apr. 1988	Dec. 15, 2004*4 Sep. 21, 2007*5 Sep. 21, 2007*6 Oct. 26, 2007*7	8.6 1.1 0.2 0.1	16.8	Proprietary Ownership (Co-ownership ratio 84.652%)	Compartmentalized ownership and co-ownership of compartmentalized ownership	Tokyu Corporation	7	100.0%	7.2%
SRC	B2/9F	Sep. 1965	Sep. 29, 2006	7.0	7.3	Proprietary Ownership	Proprietary Ownership	Tokyu Land Corporation	9	99.0%	4.0%
S/SRC	B1/9F	Feb. 2003	Jan. 31, 2008	8.5	8.6	Proprietary Ownership	Proprietary Ownership	Tokyu Land Corporation	1	100.0%	3.9%
SRC	7F	Oct. 1989	Mar. 28, 2008	5.4	5.5	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	5	100.0%	5.8%
SRC	B1/9F	Mar. 1989	Jun. 27, 2008	14.1	13.4	Proprietary Ownership (Co-ownership ratio 95.77%)	Compartmentalized ownership	Tokyu Corporation	6	71.8%	5.1%
				205.4	268.6				158	99.4%	4.0%

statistically calculated as possible over a 475 year period) that occur during an assumed period for the economic life of a building, to procurement cost for restoring expected damage. Calculations incorporate data relating to individual property survey, assessment of building conditions, conformity to architectural design, surveys of local areas and structural evaluation.

Damages in this instance refer to property damage and do not include secondary damages such as loss of life and damages to fixtures. In addition, damages are limited to structural damage and damages to facilities and building interior and exterior, and do not cover damages caused by earthquake fire and fire damage from surrounding facilities.

In the acquisition of investment properties, **TOKYU REIT** considers a variety of factors, including a comprehensive analysis of forecasted revenue stream, growth potential of the area, property size, construction and facility specifications, earthquake resistance, leasing rights, occupancy and appeal to tenants, property management, the environment and foundation quality, and the property's competitiveness.

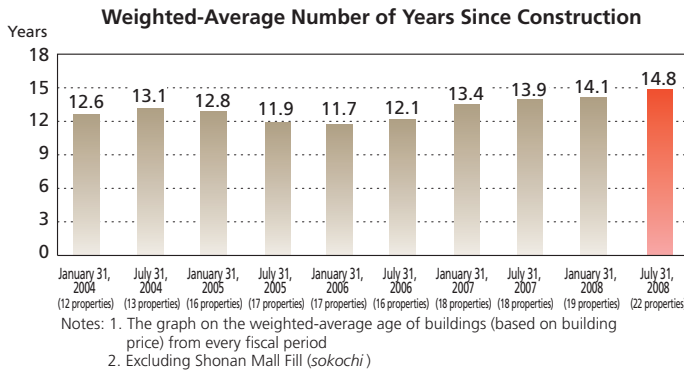
Location



Properties conveniently located near train stations increase the stability of TOKYU REIT's portfolio. In principal, **TOKYU REIT** only considers office properties located within seven minutes walking distance from the nearest train station. **TOKYU REIT** decides to invest in retail properties based on a comprehensive analysis of the surrounding business area.

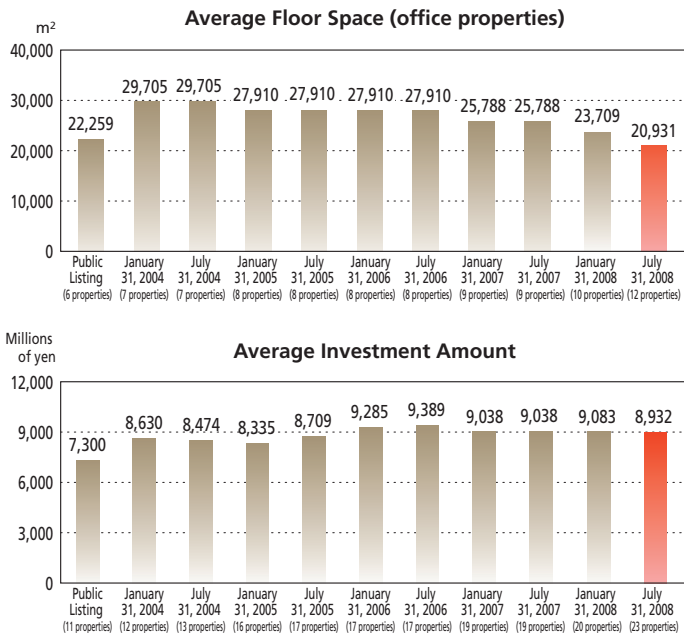
As of the end of the tenth fiscal period, approximately 66% (investment amount basis) of TOKYU REIT's properties were located within about three minutes from the nearest train station.

Investment Property Age



The graph on the left shows the weighted-average age of buildings (based on building price) at the end of each fiscal period. Based on 22 properties as of the end of the tenth fiscal period, 14.8 years have passed since construction and the number of years increases only 2.2 years from the point of January 31, 2004 in elapsed 4 years from then.

Investment Property Size



In principle, **TOKYU REIT** invests in office properties with a total floor space exceeding 5,000m² and office properties with compartmentalized ownership of 330m² or more of proprietary floor space per standard floor. As of the end of the tenth fiscal period, office properties owned by **TOKYU REIT** have an average floor space of approximately 20,931m².

In principle, **TOKYU REIT** invests a minimum of ¥4,000 million in each property, excluding taxes and acquisition expenses.

As of the end of the tenth fiscal period, **TOKYU REIT** had invested an average of ¥8,932 million per property. **TOKYU REIT** intends to continue investing in mainly large-scale properties.

Top 10 Tenants by Leased Area

Top 10 Tenants by Leased Area

As of July 31, 2008

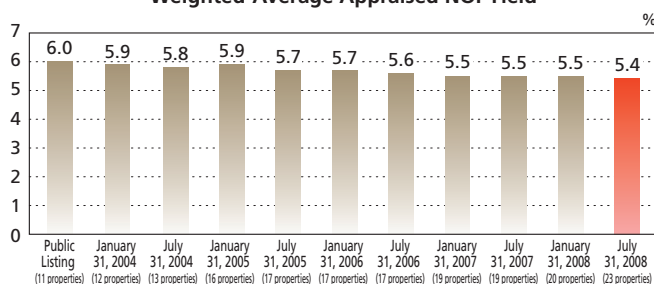
No.	Tenant Name	Business Category	Property Name	Leased Area (m ²)	Ratio ^(*)
1	Ito-Yokado Co., Ltd.	Retail	R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	50,285.89	21.1%
2	Daiwa House Industry Co., Ltd.	Construction	R Shonan Mall Fill (sokochi)	44,078.12	18.5%
3	Tokyu Store Chain Co., Ltd.	Retail	R Tokyu Saginuma Building	19,610.06	8.2%
4	Maruha Nichiro Seafoods, Inc.	Fishery and Agriculture	☐ Resona Maruha Building	11,097.27	4.7%
5	Tokyu Corporation	Land Transportation	☐ Tokyu Nampeidai-cho Building	7,148.18	3.0%
			☐ Tokyu Sakuragaoka-cho Building	3,878.36	1.6%
6	Japan Nuclear Energy Safety Organization	Other	☐ TOKYU REIT Toranomon Building	6,579.05	2.8%
7	Sun Microsystems K.K.	Information and Telecommunication	☐ Setagaya Business Square (*2)	5,800.76	2.4%
8	Fujitsu Advanced Solutions Limited	Information and Telecommunication	☐ TOKYU REIT Kamata Building	4,253.55	1.8%
9	Tsutaya Stores Co., Ltd.	Service	R QFRONT	3,556.31	1.5%
			☐ Setagaya Business Square (*2)	338.13	0.1%
10	Tokyu Agency Inc.	Service	☐ Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	3,533.03	1.5%
Total leased area of top 10 tenants				160,158.71	67.3%
Total leased area of 23 properties at the end of tenth fiscal period				237,838.22	100.0%

Notes: *1. "Ratio" indicates ratio of each tenant's leased areas to total leased area at the end of tenth fiscal period (23 properties).

*2. "Leased Area" of tenants in Setagaya Business Square are calculated by 55%.

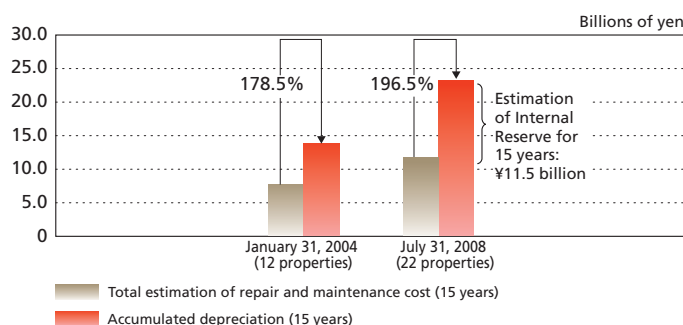
Portfolio Cap Rate

Weighted-Average Appraised NOI Yield



TOKYU REIT has acquired some properties after listing, and as of the end of the tenth fiscal period, the weighted-average appraised NOI yield fell to 5.4%. A low appraised NOI yield is considered an indicator of reduced risk of a decrease in future earnings. **TOKYU REIT** will continue efforts to build a portfolio with low risks and stable returns in the future.

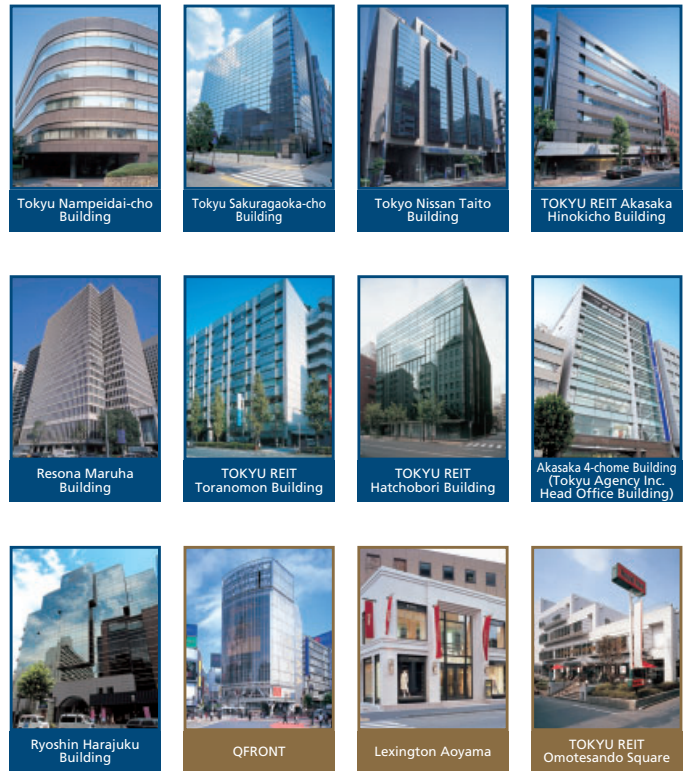
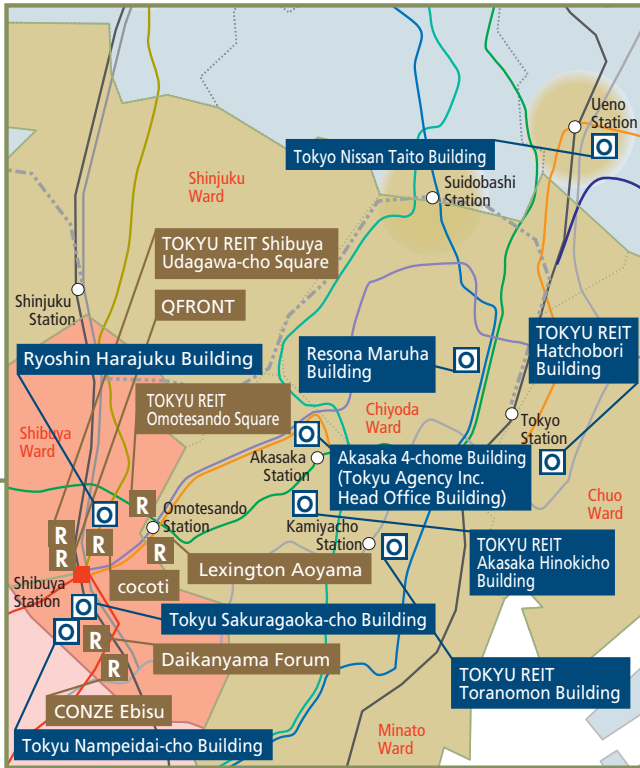
Coverage Ratio by Depreciation of Repair and Maintenance Cost Estimation



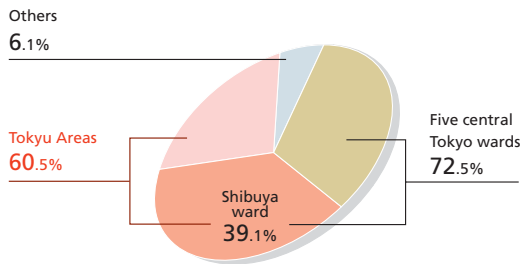
- Notes: 1. Total estimation of repair and maintenance cost (15 years) is extracted from Property Report (including expenses items) and estimated accordingly.
 2. Accumulated depreciation (15 years) is estimated by Tokyu REIM (does not include depreciation application to additional capital expenditure).
 3. Excluding Shonan Mall Fill (sokochi)

Buildings require repairs as they age. Even after recording items such as depreciation on financial statements, funds used for other intangible expenses must be replenished with additional borrowings on occasion.

As of the end of the tenth fiscal period and over the next fifteen years, cumulative depreciation for the portfolio (22 properties) will significantly exceed total repair and maintenance cost, for a coverage ratio of 196.5%. This figure shows that **TOKYU REIT** has secured the funds necessary for projected repair and maintenance costs.



Percentage share in total portfolio by region
(23 properties based on the appraisal value at the end of tenth fiscal period)



TOKYU REIT invests primarily in properties in central Tokyo and the areas along the Tokyu railways. It does not invest outside of the Tokyo Metropolitan Area.

Area	Targeted Areas of Investment		Investment Share
Central Tokyo	Five central Tokyo wards	Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards	More than 85%
	Other major commercial and retail districts of Tokyo	The areas surrounding Ikebukuro, Koraku, Ueno and other areas	
Tokyu Areas	Tokyu rail network hub	Shibuya ward	
	Other Tokyu rail network areas	Tokyo: Shinagawa, Meguro, Setagaya and Ota wards, Machida City Yokohama, Kanagawa Prefecture: Kouhoku, Kanagawa, Naka, Nishi, Midori, Aoba and Tsuzuki wards Kawasaki, Kanagawa Prefecture: Nakahara, Takatsu and Miyamae wards Yamato, Kanagawa Prefecture	
Others	Other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama and Chiba prefectures (excluding the separately mentioned areas above)		Less than 15%

Notes: 1. Percentage share in total portfolio is calculated based on the appraisal value of properties as of the end of the previous fiscal period and the appraisal value (obtained at the time of intended property purchase) of properties purchased during the current fiscal period.

2. Shibuya ward is included in both the five central Tokyo wards and the Tokyu Areas.



RETAIL PORTFOLIO

- QFRONT
- Lexington Aoyama
- TOKYU REIT Omotesando Square
- Tokyu Saginuma Building
- Tokyu Saginuma 2 Building
- TOKYU REIT Shibuya Udagawa-cho Square
- Beacon Hill Plaza (Ito-Yokado Noukendai Store)
- cocoti
- Shonan Mall Fill (*sokochi*)
- CONZE Ebisu
- Daikanyama Forum (P. 33)

The most attractive feature of TOKYU REIT's retail portfolio is the prime location of each of its properties. Adhering to strict criteria in the selection of investment properties, **TOKYU REIT** has maintained a retail portfolio with an extremely high occupancy ratio since it listed on the stock market.

At the end of the tenth fiscal period, TOKYU REIT's retail portfolio comprised a total of eleven properties with the acquisition of Daikanyama Forum which is located in Shibuya-ku, Tokyo. TOKYU REIT's retail properties have a total acquisition price of ¥90.56 billion and total floor space of 101,676.89m². In the tenth fiscal period, revenues from property leasing totaled ¥2.94 billion, NOI was ¥2.23 billion, operating income from property leasing was ¥1.84 billion, and the weighted-average NOI yield was 5.0%.

The most attractive feature of TOKYU REIT's retail portfolio is the prime locations. TOKYU REIT's retail properties situate in Central Tokyo and Tokyu Area, including Shibuya, Omotesando, Aoyama and Saginuma, and situate in suburbs including Noukendai and Fujisawa. Even in the event that a tenant vacates, TOKYU REIT's portfolio consists of retail properties that quickly entice new tenants to enter leasing contracts. As of July 31, 2008, an occupancy ratio of 100.0% indicates the strength of our portfolio.

TOKYU REIT will continue to aggressively, yet prudently acquire competitive properties that meet its strict investment criteria. From this approach, **TOKYU REIT** aims to build a retail portfolio that contributes to maximizing unitholder return over the medium to long term.



R QFRONT



QFRONT is a retail property located directly across from Shibuya Station, an area identified as one of Japan's busiest retail districts. The main tenant is Tsutaya Stores Co., Ltd., a large rental and retail store of videos and CDs. QFRONT contains a coffee shop located on the first and second floors, a movie theater on the seventh floor and a variety of restaurants located on the eighth floor. The building is one of Tokyo's premier retail facilities distinguished by the large LED advertising screen which adorns the outside wall, and has received considerable exposure from a variety of media.

Address: 21-6, Udagawa-cho, Shibuya-ku, Tokyo

Nearest Station: Approximately a one-minute walk from Shibuya Station—JR Yamanote Line/ Tokyu Toyoko Line/ Tokyu Den-en-toshi Line/ Keio Inokashira Line/ Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines

Total Land Space: 784.26m²

Total Floor Space: 6,692.14m²

Structure/Floors: SRC/S, B3/8F

Completed: October 1999

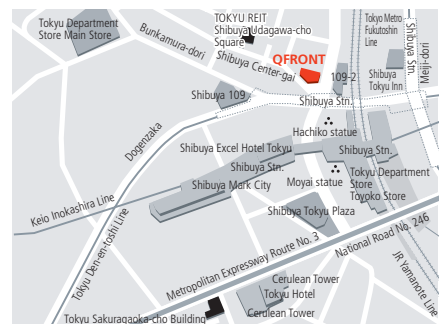
Type of Ownership: Land—Proprietary ownership

Building—Compartmentalized ownership

Representative Tenants: Tsutaya Stores Co., Ltd.;

Tokyu Corporation;

Punraku Co., Ltd.



R Lexington Aoyama



Lexington Aoyama is a retail property along Kotto-dori in the Aoyama district. Main tenants include the specialist apparel company World Co., Ltd., Alux, a restaurant managed by avex Planning & Development Inc. opened on the first underground floor in July 2006. Like Omotesando, Kotto-dori offers a high status location in the Aoyama district, attracting the world's leading fashion brands.

Address: 5-11-9, Minami-Aoyama, Minato-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Omotesando Station—Tokyo Metro Ginza, Hanzomon and Chiyoda Lines

Total Land Space: 776.59m²

Total Floor Space: 2,342.21m²

Structure/Floors: S/RC, B1/4F

Completed: January 1998

Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Tenants: World Co., Ltd.

avex Planning & Development Inc.



R TOKYU REIT Omotesando Square



TOKYU REIT Omotesando Square is a multi-faceted retail property located in Shibuya-ku within one minute's walk of Omotesando Station. The complex contains Barbacoa Grill, offering Churrasco Brazilian barbecue food operated by Wondertable, Ltd. on the first underground floor, and Royal Host, a restaurant managed by Royal Holdings Co., Ltd. on the first floor. On floors one through three, there is the GOLD'S GYM sports gymnasium, operated by Think Fitness Corporation and on the fourth floor, there is an esthetics salon Ci:z. Labo, operated by DR. Ci:LABO CO., LTD.

Address: 4-3-2, Jingumae, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Omotesando Station—Tokyo Metro Ginza, Hanzomon and Chiyoda Lines

Approximately a nine-minute walk from Meiji-jingumae Station—Tokyo Metro Fukutoshin and Chiyoda Lines

Total Land Space: 1,259.21m²

Total Floor Space: 3,321.20m²

Structure/Floors: S/SRC, B1/4F

Completed: October 1985

Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Representative Tenants: Think Fitness Corporation;
 Royal Holdings Co., Ltd.;
 Wondertable, Ltd.



R Tokyu Saginuma Building



Tokyu Saginuma Building is located in Miyamae-ku, Kawasaki city, approximately 15 kilometers southwest of Shibuya. The area is a residential suburb of Tokyo with a growing population, increasing number of households and high growth potential. The entire building is leased to Tokyu Store Corporation, which uses the property as an outlet of its general merchandise store Saginuma Tokyu.

Address: 1-1-1, Saginuma, Miyamae-ku, Kawasaki City, Kanagawa

Nearest Station: Approximately a one-minute walk from Saginuma Station—Tokyu Den-en-toshi Line

Total Land Space: 5,658.00m²

Total Floor Space: 18,326.99m²

Structure/Floors: RC, B1/4F

Completed: September 1978

Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Tenant: Tokyu Store Chain Co., Ltd.



R Tokyu Saginuma 2 Building



Tokyu Saginuma 2 Building was acquired to serve partly as a parking facility for the Tokyu Saginuma Building. Under the Large Retail Store Location Law, Tokyu Store Corporation is required to provide 84 car parking spaces for customers of Saginuma Tokyu Chain. The building comprises three floors (the first to third floors) leased to a bank and three underground floors used as a parking facility.

Address: 1-18-5, Kodai, Miyamae-ku, Kawasaki City, Kanagawa
 Nearest Station: Approximately a one-minute walk from Saginuma Station—Tokyu Den-en-toshi Line
 Total Land Space: 1,807.21m²
 Total Floor Space: 4,409.50m²
 Structure/Floors: SRC, B2/4F
 Completed: October 1979
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: The Bank of Tokyo-Mitsubishi UFJ, Ltd.



R TOKYU REIT Shibuya Udagawa-cho Square



TOKYU REIT Shibuya Udagawa-cho Square is located in the central area of Shibuya, one of Tokyo's main retail and commercial districts, and faces the major retail thoroughfares Inokashira-dori and Shibuya Center-gai. Comprising two buildings, ZARA, a Spain-based retailer of casual clothing, is the principal tenant of Building 1. ZARA boasts a global network of 1,431 stores (as of June 30, 2008). The restaurant UOGASHI NIHON ICHI operated by NIPPAN Co., Ltd. is located in Building 2.

Address: [Bldg. 1] 25-10, Udagawa-cho, Shibuya-ku, Tokyo
 [Bldg. 2] 25-5, Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shibuya Station—JR Yamanote Line/Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line/Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines
 Total Land Space: 679.27m²
 Total Floor Space: [Bldg. 1] 1,473.10m²
 [Bldg. 2] 56.39m²
 Structure/Floors: [Bldg. 1] S, 3F
 [Bldg. 2] S, 2F
 Completed: [Bldg. 1] July 1998
 [Bldg. 2] June 1995
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenants: ZARA Japan Corporation;
 NIPPAN Co., Ltd.

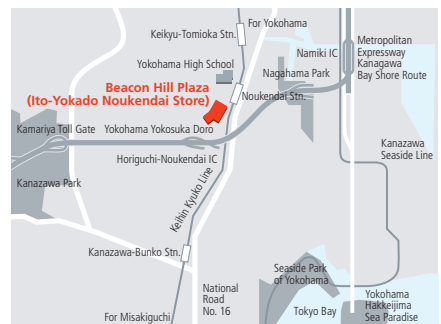


R Beacon Hill Plaza (Ito-Yokado Noukendai Store)



The sole tenant of Beacon Hill Plaza, Ito-Yokado Noukendai Store is a large-scale General Merchandise Store (GMS) with 7,000 *tsubo* (a *tsubo* is Japan's former unit of area and is equivalent to 3.3 m²) of shopping space and provides space for approximately 900 vehicles in its parking garage on the premises. The property is not situated in a major investment area, but was judged to be excellent for its location in a retail and commercial district that is expected to bring stable growth.

Address: 3-1, Noukendai-Higashi, Kanazawa-ku, Yokohama City, Kanagawa
 Nearest Station: Approximately a four-minute walk from Noukendai Station—Keihin Kyuko Line
 Total Land Space: 17,318.78m²
 Total Floor Space: 46,587.87m²
 Structure/Floors: SRC, B2/4F
 Completed: June 1998
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Ito-Yokado Co., Ltd.



R cocoti

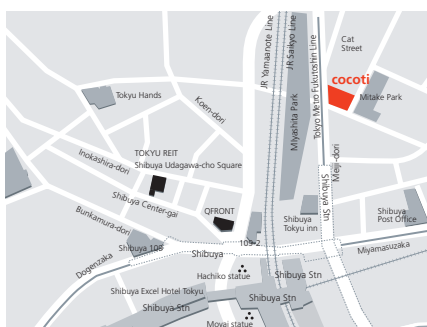


cocoti is approximately a one-minute walk from Shibuya Station and faces Meiji-dori. The property is surrounded by casual brand stores and lies on the outskirts of an area known as “Ura Harajuku.” This property’s tenants are comprised of brand shops, cafes, sports gyms, and other outlets and meet the various needs of a customer.

Address: 1-23-16, Shibuya, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shibuya Station—JR Yamanote Line/Tokyo Toyoko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line/Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines

Total Land Space: 1,705.35m²
 Total Floor Space: 11,847.87m²
 Structure/Floors: S/SRC, B2/12F
 Completed: September 2004

Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: TOMORROWLAND Co., Ltd.; West Corporation; CASSINA IXC Ltd.



R Shonan Mall Fill (*sokochi*)



Shonan Mall Fill (*sokochi*) is the retail property which sits between Fujisawa and Tsujido Stations on the JR Tokaido Line and has achieved steady sales growth since its opening.

TOKYU REIT acquired a trust beneficiary interest in real estate (ownership of land only with a fixed-term leasehold for commercial use, namely *sokochi*).

While the property is inconsistent with TOKYU REIT’s usual investment criteria, it is located in an area offering stable growth potential.

Address: 4-1-1, Tsujido Shinmachi, Fujisawa City, Kanagawa Prefecture

Nearest Station: Approximately three minutes by bus or a twenty-minute walk from Tsujido Station—JR Tokaido Line.

Approximately five minutes by bus from Fujisawa Station—JR Tokaido Line, Odakyu Enoshima Line and Enoshima Electric Railway Line.

Total Land Space: 44,078.12m²
 Type of Ownership: Land—Proprietary ownership
 Representative Tenants: Daiwa House Industry Co., Ltd.



R CONZE Ebisu



CONZE Ebisu is situated approximately a two-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, and contains eight restaurants from the basement level to the eighth floor.

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.

Address: 2-3-14, Ebisu-Minami, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Ebisu Station—Tokyo Metro Hibiya Line.

Approximately a three-minute walk from Ebisu Station—JR Yamanote and Saikyo Lines.

Total Land Space: 562.07m²
 Total Floor Space: 2,789.35m²
 Structure/Floors: SRC B1/9F
 Completed: March 2004

Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Food Scope, Inc.; Task; MYU PLANNING & OPERATORS Inc.





Setagaya Business Square



OFFICE PORTFOLIO

- Setagaya Business Square
- Tokyu Nampeidai-cho Building
- Tokyu Sakuragaoka-cho Building
- Tokyo Nissan Taito Building
- TOKYU REIT Akasaka Hinokicho Building
- TOKYU REIT Kamata Building
- Resona Maruha Building
- TOKYU REIT Toranomom Building
- TOKYU REIT Hatchobori Building
- TOKYU REIT Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)
- Tokyu Ikejiri-ohashi Building (P. 33)
- Ryoshin Harajuku Building (P. 32)

“Stability” is the defining feature of TOKYU REIT’s office portfolio. TOKYU REIT’s goal is to secure a stable earnings platform by adhering to strict property acquisition criteria, securing long-term leasing agreements, and attracting tenants through active marketing.

TOKYU REIT’s office portfolio comprised a total of twelve properties at the end of tenth fiscal period. TOKYU REIT’s office properties have a total acquisition price of ¥114.89 billion and total floor space of 251,181.72m². Revenues from property leasing reached ¥4.38 billion, NOI was ¥3.01 billion, operating income from property leasing activities totaled ¥2.38 billion and the weighted-average NOI yield was 5.9% for the fiscal period under review.

A number of factors make up TOKYU REIT’s real estate investment criteria, including the concentration of office buildings, local rental market conditions, the centrality of the nearest train station and the proximity of the property to the nearest train station in those areas earmarked for investment. In principle, **TOKYU REIT** will invest in large-scale properties that feature a high degree of convenience. **TOKYU REIT** will look toward office buildings with an acquisition price of a minimum ¥4.0 billion, total floor space exceeding 5,000m², and individual floor space in excess of 330m².

At the end of the tenth fiscal period, approximately 4.7% of the office portfolio’s total leasable floor space was subject to lease agreements with an expiry date exceeding five years. **TOKYU REIT** recognizes the critical requirement for long-term (anchor) leasing contracts.

TOKYU REIT is also active in the promotion of leasing activities, well after property acquisition. As of July 31, 2008, the occupancy ratio of the office portfolio reached 98.5%.

TOKYU REIT strives to further enhance earnings stability by investing in prime large-scale properties, securing long-term lease agreements, and actively promoting leasing activities.

Setagaya Business Square is a large complex situated above Yoga Station on the Tokyu Den-en-toshi Line, consisting of a 28-story high-rise connected to the station, four mid-size office towers, two terraces with commercial facilities and a community center. The sight is a high-traffic area, with good road access (National road No.246, Kampachi-dori and the Yoga interchange on Metropolitan Expressway Route No.3) as well as rail (Yoga Station, approximately 12 minutes to Shibuya Station and 27 minutes to Otemachi Station).

Address: 4-10-1,2,3,4,5,6, Yoga, Setagaya-ku, Tokyo
Nearest Station: Approximately a one-minute walk from Yoga Station—Tokyu Den-en-toshi Line

Total Land Space: 21,315.68m²

Total Floor Space: 94,373.72m²

Structure/Floors: SRC/RC/S, B2/28F

Completed: September 1993

Type of Ownership: Land—Proprietary ownership

(co-ownership ratio 55%)

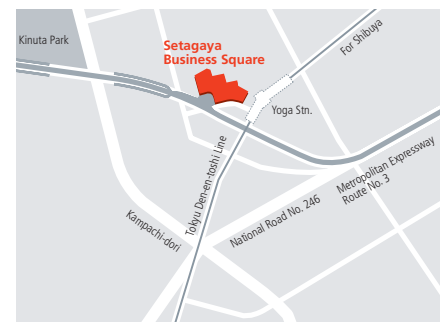
Building—Proprietary ownership

(co-ownership ratio 55%)

Representative Tenants: Sun Microsystems K.K.;

Tokyu Community Co., Ltd.;

Shin Catapillar Mitsubishi Ltd.



Tokyu Nampeidai-cho Building



Tokyu Nampeidai-cho Building is a five-story office building located in Shibuya Ward, which Tokyu Corporation uses as its head office. A fixed-term lease contract is in effect until December 2012, contributing to earnings stability.

Address: 5-6, Nampeidai-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a seven-minute walk from Shibuya Station—JR Yamanote Line/ Tokyu Toyoko Line/ Tokyu Den-en-toshi Line/ Keio Inokashira Line/ Tokyu Metro Hanzomon, Ginza and Fukutoshin Lines

Total Land Space: 2,013.28m²
 Total Floor Space: 7,003.88m²
 Structure/Floors: SRC, B2/5F
 Completed: July 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Tokyu Corporation



Tokyu Sakuragaoka-cho Building



Tokyu Sakuragaoka-cho Building is a nine-story office building located in Shibuya Ward, mostly occupied by Tokyu Corporation, which the operating division uses as its head office. A fixed-term lease contract is in effect until December 2011, contributing to earnings stability.

Address: 31-2, Sakuragaoka-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Shibuya Station—JR Yamanote Line/ Tokyu Toyoko Line/ Tokyu Den-en-toshi Line/ Keio Inokashira Line/ Tokyu Metro Hanzomon, Ginza and Fukutoshin Lines

Total Land Space: 1,013.03m²
 Total Floor Space: 6,505.39m²
 Structure/Floors: SRC, B3/9F
 Completed: June 1987
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership
 Tenants: Tokyu Corporation;
 The Tokyo Electric Power Company, Incorporated



Tokyo Nissan Taito Building



Tokyo Nissan Taito Building is a ten-story office building situated along Kiyosubashi-dori.

The convenience of the location grew even further with the Shin-Okachimachi Station on the Tsukuba Express Line of the Metropolitan Intercity Railway Company opening in August 2005 only about a four-minute walk away.

A fixed-term lease contract for the first two floors and the underground parking area is in place with the principal tenant, Tonichi Carlife Group Inc., contributing to earnings stability.

Address: 2-6-6, Moto-Asakusa, Taito-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Inari-cho Station—Tokyo Metro Ginza Line, a four-minute walk from Shin-Okachimachi Station—Toei Oedo Line/Tsukuba Express Line, and a ten-minute walk from Ueno Station—JR Yamanote Line

Total Land Space: 1,718.45m²
 Total Floor Space: 11,373.20m²
 Structure/Floors: SRC, B2/10F
 Completed: September 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Tonichi Carlife Group Inc.;
 Ataka Construction & Engineering Co., Ltd.;
 Miyachi Corporation



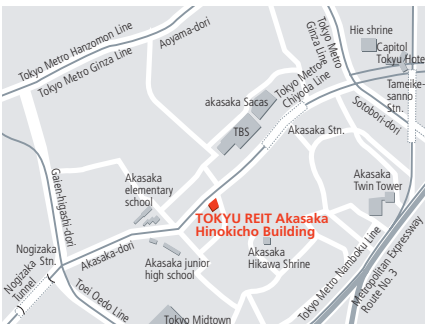
TOKYU REIT Akasaka Hinokicho Building



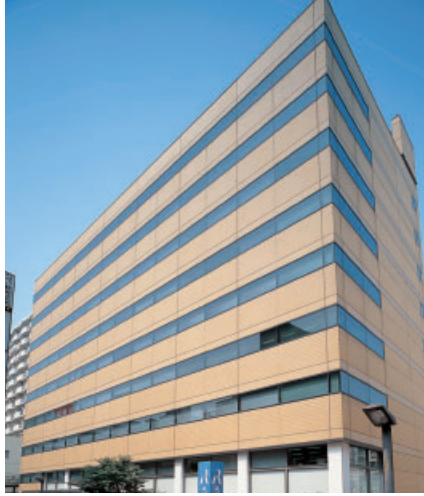
TOKYU REIT Akasaka Hinokicho Building is a seven-story office building situated along Akasaka-dori.

The multiple large office buildings and multi-faceted retail properties in the area and the large redevelopments of Tokyo Midtown which started operation in 2007 and akasaka Sacas which started operation in 2008 enliven the area and giving the building even greater potential.

Address: 6-14-15, Akasaka, Minato-ku, Tokyo
 Nearest Station: Approximately a four-minute walk from Akasaka Station—Tokyo Metro Chiyoda Line
 Total Land Space: 866.61m²
 Total Floor Space: 4,058.92m²
 Structure/Floors: RC, 7F
 Completed: August 1984
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Q-TEC, Inc.; Roadway Development and Reconstruction Association; Rome Tile Japan Co., Ltd.



TOKYU REIT Kamata Building



TOKYU REIT Kamata Building is a nine-story office building adjacent to the Ota City Office. Kamata is an area in the center of Ota-ku, the third most populous district in Tokyo, while Kamata Station is a convenient terminal served by two Tokyu railway lines and one JR line. A proposed railway link between the Tokyu Tamagawa Line and the Keikyū Airport Line enhances the possibility that the area will become even more convenient in the future. (Council for Transport Policy Report No. 18)

Address: 5-13-23, Kamata, Ota-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Kamata Station—Tokyu Ikegami Line/ Tokyu Tamagawa Line/ JR Keihin Tohoku Line
 Total Land Space: 1,642.86m²
 Total Floor Space: 10,244.51m²
 Structure/Floors: S/SRC, B1/9F
 Completed: February 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Fujitsu Advanced Solutions Limited; Dai Nippon Toryo Co., Ltd.; Canon Software Inc.

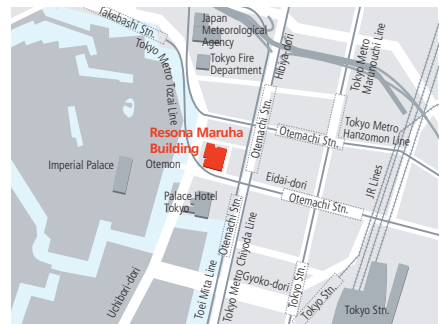


Resona Maruha Building



Resona Maruha Building is a unique office building facing Uchibori-dori in Otemachi, one of the most highly regarded office-building districts in Japan. Six of the eight upper floors that TOKYU REIT acquired are leased to Maruha Corporation. Another two floors were significantly renovated after acquisition.

Address: 1-1-2, Otemachi, Chiyoda-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Otemachi Station—Tokyo Metro Chiyoda, Hanzomon, Tozai and Marunouchi Lines/ Toei Mita Line
 Total Land Space: 6,893.71m²
 Total Floor Space: 74,379.30m²
 Structure/Floors: S/SRC, B4/25F
 Completed: November 1978
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership (co-ownership ratio 27%)
 Tenants: Maruha Nichiro Seafoods, Inc. and two companies



TOKYU REIT Toranomon Building



TOKYU REIT Toranomon Building 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, and the property is expected to deliver competitive advantage.

Address: 3-17-1, Toranomon, Minato-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Kamiyacho Station—Tokyo Metro Hibiya Line
 Approximately a nine-minute walk from Toranomon Station—Tokyo Metro Ginza Line
 Approximately a nine-minute walk from Onarimon Station—Toei Mita Line

Total Land Space: 1,728.38m²

Total Floor Space: 15,343.73m²

Structure/Floors: SRC/RC, B2/9F

Completed: April 1988

Type of Ownership: Land—Proprietary ownership
 (co-ownership ratio 84.652%)

Building—Compartmentalized ownership
 and co-ownership of
 compartmentalized ownership

Representative Tenants: Japan Nuclear Energy Safety
 Organization;
 Takihyo Co., Ltd.;
 Anzco Foods Japan Ltd.



TOKYU REIT Hatchobori Building



TOKYU REIT Hatchobori Building is located in Hatchobori that has long had a high concentration of office buildings. This building is a large office building with standard floor layout of 200 tsubo.

It is accessible to several stations, for example, a three-minute walk from Hatchobori Station on the Tokyo Metro Hibiya Line.

The property has maintained competitiveness by certain refurbishments in terms of design including full renovations of the building's exterior, entrance and elevator hall since 1999. In addition, it has excellent earthquake resistance that far exceeds that of new structures as stipulated in the current Building Standards Law owing to its seismic-reinforced construction (intermediate seismicisolation) in 2005.

Address: 2-7-1, Hatchobori, Chuo-ku, Tokyo

Nearest Station: Approximately a three-minute walk from Hatchobori Station—Tokyo Metro Tozai and Hibiya Lines
 Approximately a six-minute walk from Kayabacho Station—Tokyo Metro Tozai and Hibiya Lines
 Approximately a six-minute walk from Takaracho Station—Toei Asakusa Line
 Approximately an eight-minute walk from Kyobashi Station—Tokyo Metro Ginza Line
 Approximately a ten-minute walk from Tokyo Station—JR Lines

Total Land Space: 974.32 m²

Total Floor Space: 8,810.21 m²

Structure/Floors: S/SRC, B2/9F

Completed: September 1965

Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Representative Tenants: Tokai Kogyo Co., Ltd.;
 Polaire Intellectual Property Corporation;
 ITOCHU CERATECH CORP.



TOKYU REIT Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)



Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building) is a relatively new office building located in the Akasaka area nearby the Kasumigaseki and Nagatacho districts where Central government and other public offices are located.

This property is located approximately a four-minute walk from Akasaka-Mitsuke and Nagatacho Stations and have excellent office specifications including 2,700mm of ceiling height and individually controlled air conditioners.

Tokyu Agency, Inc. is currently using the property as its head office and entered into a fixed-term lease contract (with no cancellation and no claim rights for reducing leasing rates) for five years from January 31, 2008 (acquisition day)

Address: 4-8-18, Akasaka, Minato-Ku, Tokyo

Nearest Station: Approximately a four-minute walk from Akasaka-Mitsuke Station—Tokyo Metro Ginza and Marunouchi Lines
 Approximately a four-minute walk from Nagatacho Station—Tokyo Metro Yurakucho, Hanzomon and Namboku Lines

Total Land Space: 712.49 m²

Total Floor Space: 5,002.36 m²

Structure /Floors: S/SRC, B1/9F

Completed: February 2003

Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Representative Tenants: Tokyu Agency Inc.





Ryoshin Harajuku Building

NEWLY ACQUIRED PROPERTIES

- Ryoshin Harajuku Building
- Tokyu Ikejiri-ohashi Building
- Daikanyama Forum

TOKYU REIT invests primarily in retail and office properties located in the Five central Tokyo wards and the Tokyu Areas, which refers to the areas serviced by the Tokyu rail network. In the selection of investment properties, TOKYU REIT investigates from a variety of factors.

TOKYU REIT acquired one office building and two retail properties during the tenth fiscal period. (total acquisition price ¥23.77 billion) (one property was acquired from a special purpose company established by Tokyu Corporation.)

In the acquisition of investment properties, **TOKYU REIT** investigates a variety of factors, including a comprehensive analysis of forecasted revenue stream, growth potential of the area, property size, construction and facility specifications, earthquake resistance, leasing rights, occupancy and appeal to tenants, property management, the environment and foundation quality, and the property's competitiveness.

TOKYU REIT believed that the three properties acquired during the tenth fiscal period meets these criteria and decided to undertake this acquisition which was made with an eye to further enhance TOKYU REIT's property portfolio.

TOKYU REIT stringently selects and examines portfolio properties to keep improving the quality of its property portfolio, thereby achieving the growth of its asset value and earnings per unit.



Ryoshin Harajuku Building is located approximately a four-minute walk from Meiji-jingumae Station, serviced by the Tokyo Metro Fukutoshin Line and situating along Meiji-dori.

A multi-function facility, the property offers retail space on the first floor.

With a glass-fitted external façade and excellent management, the property is distinguished by its high visibility and a quality that belies its age.



Address: 6-17-11, Jingumae, Shibuya-ku, Tokyo

Nearest Station: Approximately a four-minute walk from Meiji-jingumae Station
—Tokyo Metro Fukutoshin and Chiyoda Lines

Approximately a six-minute walk from Shibuya Station—Tokyo Metro Fukutoshin and Hanzomon Lines

Approximately a nine-minute walk from Harajuku Station—JR Yamanote Line

Approximately an eleven-minute walk from Shibuya Station—JR Yamanote Line

Total Land Space: 1,205.07m² (Co-ownership ratio: 191,540 / 200,000)

Total Floor Space: 6,466.94m² Interest in exclusive area ownership: Approximately 95.74%

Structure /Floors: SRC, B1/9F

Completed: March 1989

Type of Ownership: Land—Proprietary ownership
(Co-ownership ratio 95.77%)

Building—Compartmentalized ownership

Representative Tenants: Peach John Co., Ltd.;

ZYX International;

Toyota Motor Corporation



Rationale

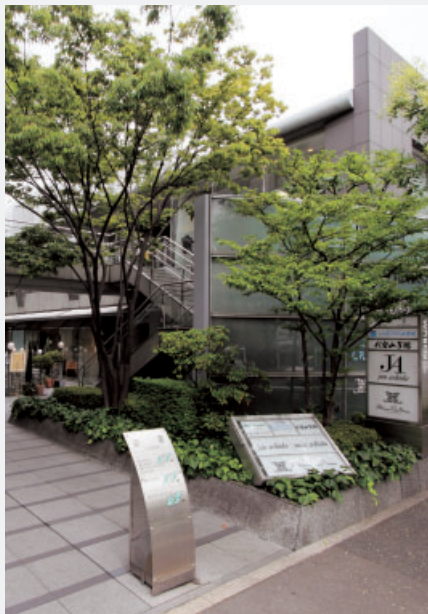
Location

- The Tokyo Metro Fukutoshin Line Starts Operation
 - In line with the opening of the Tokyo Metro Fukutoshin Line, the accessibility of this property has been improved.
 - The Tokyo Metro Fukutoshin Line and the Tokyu Toyoko Line are scheduled to begin offering through services in 2012, a move which is expected to further improve the accessibility to this property.
- The demand for office and retail facing onto Meiji-dori
 - The area facing onto Meiji-dori boasts a concentration of commercial facilities including cocoti.
 - The area attracts stable demand for office space from the domestic apparel, communication and media industries.

Earnings

- Cash Flow
 - The estimated NOI calculated on an annualized basis at the time of acquisition of this property is ¥404 million.
 - The estimated NOI above is based on a conservative assumption that the two floors, which were vacant at the time of acquisition of this property, will remain vacant over the applicable term.
 - TOKYU REIT is currently conducting activities to attract new tenants for these vacant floors to achieve the full occupancy of this property.
- Cap Rate
 - The overall capitalization rate calculated by an appraiser was 4.10%.
 - The overall capitalization rate of 4.00%, which factors in locational and building features of this property, was considered in the decision making process prior to acquisition.

R Daikanyama Forum



Daikanyama Forum has two buildings - namely, East Wing and West Wing – that have been designed to harmonize with the sensibility of Kyu Yamate Dori avenue and accommodate luxury apparel shops, a French restaurant and other tenants.

TOKYU REIT acquired a 100% interest in the East Wing and an approximately 64% interest in the West Wing.



Address: 17-16, Saragaku-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a six-minute walk from Daikanyama Station—Tokyu Toyoko Line
 Total Land Space: Building 1 (East): Sight rights area 942.30m²
 Interest 10,000/10,000
 Building 2 (West): Sight rights area 1,108.01m²
 Interest 6,413/10,000
 Total Floor Space: Building 1 (East): 1,441.57m²
 Exclusive Area 1,242.06m²
 Building 2 (West): Sight rights area 2,388.70m²
 Exclusive Area 1,182.62m²
 Structure /Floors: Building 1 (East): RC, B1/2F
 Building 2 (West): RC, B1/5F
 Completed: February 1993
 Type of Ownership: Land-Building 1 (East): Proprietary Ownership
 Building 2 (West): Proprietary Ownership
 (Co-ownership ratio 64.13%)
 Building-Building 1 (East): Compartmentalized Ownership
 Building 2 (West): Compartmentalized Ownership
 Representative Tenants: Jun Ashida Co., Ltd.
 Hiramatsu Inc.,
 ART IN Shakan



Tokyu Ikejiri-ohashi Building



Address: 3-8-1, Higashiyama, Meguro-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Ikejiri-ohashi Station—Tokyu Den-en-toshi Line
 Total Land Space: 2,382.67 m²
 Total Floor Space: 7,619.56 m²
 Structure /Floors: SRC, 7F
 Completed: October 1989
 Type of Ownership: Land – Proprietary ownership
 Building - Proprietary ownership
 Representative Tenants: Tokyu Bus Corporation
 Top Tour Corporation
 Agfa Gevaert Group

Rationale

Location

- The area with a great commercial environment
- The area is also a preferred residential location due to a plethora of restaurants, embassies and parks located along Kyu Yamate Dori avenue.
- Trees planted along the avenue and the nearby prestigious residential zone
- The area expected to be planned developments
- Planned developments that include retail facilities and high-end condominiums boost expectations for the area's gaining further prosperity.

Tenants

- The area boasts a concentration strong branding

Rationale

Location

- The Ikejiri-Ohashi Station area which is ideally located to accommodate demand not met by Shibuya and is thus seen to provide occupancy stability

Collaboration with Tokyu Group Companies

- Acquisition from *KI Realty*, a special-purpose company (SPC) established by TOKYU Corporation.
- The lease for the Tokyu Group Companies
 - The lease for Tokyu Bus Corporation and Tokyu Facility Service Co, Ltd.

Earnings

- NOI Cap rate as of the tenth fiscal period 4.13%

. Asset management report
1. Financial Highlights
(1) Result of operation and financial position

		10th fiscal period From February 1, 2008 to July 31, 2008 (182 days)	9th fiscal period From August 1, 2007 to January 31, 2008 (184 days)	8th fiscal period From February 1, 2007 to July 31, 2007 (181 days)	7th fiscal period From August 1, 2006 to January 31, 2007 (184 days)	6th fiscal period From February 1, 2006 to July 31, 2006 (181 days)	
		Millions of yen, except per unit data or where otherwise indicated					
Result of operation	Statement of income	Operating revenues	¥ 7,336	¥ 6,832	¥ 6,730	¥ 6,460	¥ 7,876
		Operating income	¥3,489	¥3,153	¥ 2,933	¥ 2,848	¥ 4,119
		Net income	¥ 2,805	¥ 2,603	¥ 2,444	¥ 2,402	¥ 3,754
	Operating Income	Revenue from property leasing (a) (Note 2)	¥ 7,333	¥ 6,832	¥ 6,725	¥ 6,460	¥ 6,239
		Rental service expenses (b)	¥ 3,102	¥ 2,965	¥ 2,920	¥ 2,867	¥ 2,912
		Depreciation and amortization (included in (b)) (c) (Note 3)	¥ (1,013)	¥ (957)	¥ (952)	¥ (947)	¥ (970)
		Net Operating Income (a) - (b) + (c)	¥ 5,244	¥ 4,824	¥ 4,756	¥ 4,540	¥ 4,297
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,814	¥ 3,559	¥ 3,390	¥ 3,349	¥ 3,087
		Capital expenditures (e)	¥ 252	¥ 126	¥ 80	¥ 38	¥ 179
AFFO (Adjusted Funds from Operation) (d) - (e)		¥ 3,562	¥ 3,433	¥ 3,311	¥ 3,311	¥ 2,907	
Financial position	Balance sheet	Total assets (f)	¥ 218,206	¥ 193,080	¥ 184,390	¥ 183,995	¥ 172,930
		(Change from the preceding period)	(13.0%)	(4.7%)	(0.2%)	(6.4%)	(0.7%)
		Interest-bearing liabilities (g) (Note 10)	¥ 97,000	¥ 73,500	¥ 65,300	¥ 65,300	¥ 53,000
		Total unitholders' equity (Net assets) (h)	¥ 100,825	¥ 100,622	¥ 100,463	¥ 100,421	¥ 101,774
		(Change from the preceding period)	(0.2%)	(0.2%)	(0.0%)	(1.3%)	(1.3%)
		Unitholders' capital	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019
	Portfolio	Acquisition costs of properties (Note 5)	¥ 205,453	¥ 181,677	¥ 171,737	¥ 171,737	¥ 159,620
		Book value of properties (Note 5)	¥ 201,528	¥ 178,336	¥ 169,110	¥ 169,971	¥ 158,529
		Appraisal value of properties (i) (Note 5)	¥ 268,680	¥ 242,920	¥ 224,330	¥ 210,120	¥ 187,800
		Number of properties	23	20	19	19	17
		Total rentable area (Note 6)	239,287.19 m ²	226,330.13 m ²	222,637.60 m ²	222,653.08 m ²	214,330.82 m ²
		Occupancy ratio at the end of period (Note 6)	99.4%	99.9%	99.6%	99.8%	99.9%
Other	Distrib- ution	Cash distribution	¥ 2,805	¥ 2,603	¥ 2,444	¥ 2,402	¥ 3,754
		Dividend per ratio (Note 7)	100.0%	100.0%	99.9%	100.0%	100.0%
	Amount per unit	Number of units	169,380 units	169,380 units	169,380 units	169,380 units	169,380 units
		Unitholders' equity per unit	¥ 595,257	¥ 594,061	¥ 593,124	¥ 592,879	¥ 600,860
		Cash distribution per unit	¥ 16,560	¥ 15,364	¥ 14,427	¥ 14,182	¥ 22,162
	Management index	Return on total unitholders' equity (annualized) (Note 8)	5.6%	5.1%	4.9%	4.7%	7.5%
		Equity ratio (h)/(f)	46.2%	52.1%	54.5%	54.6%	58.9%
		(Change from the preceding period)	(5.9%)	(2.4%)	(0.1%)	(4.3%)	(0.4%)
		Proportion of interest-bearing liabilities to total assets (g)/(f)	44.5%	38.1%	35.4%	35.5%	30.6%
		Proportion of interest-bearing liabilities to appraisal value at the end of period (g)/(i)	36.1%	30.3%	29.1%	31.1%	28.2%
Average market price per unit (Note 9)	¥ 835,903	¥ 1,000,664	¥ 1,241,537	¥ 958,306	¥ 902,435		

- Note 1. Consumption tax is not included in operating revenues.
- Note 2. 'Revenue from property leasing' does not include construction fees and revenues from facility acceptance (5 millions of yen on 8th fiscal period and 4 millions of yen on 10th fiscal period)
- Note 3. 'Depreciation and amortization' includes Loss on disposal of property and equipment (29 millions of yen on 6th fiscal period, 0 millions of yen on 8th fiscal period and 0 millions of yen on 9th fiscal period)
- Note 4. Net income + depreciation and amortization + other property related depreciation and amortization - revenue from the sales of properties - revenues from facility acceptance. Other property related depreciation and amortization was not recognized.
- Note 5. 'Properties' means investment properties held in the trust in substance, which is total assets in the trust less the money held in the trust.
- Note 6. Regarding the 'Total rentable area' and 'Occupancy ratio at the end of period', please refer to 3. Portfolio profile. (2) Major portfolio Notes 2 and 4.
- Note 7. Figures are rounded down to the second decimal place.
- Note 8. $\text{Net income} / (\text{net assets at the beginning of the period} + \text{net assets at the end of the period}) / 2 \times 365 / \text{number of days of investment}$
- Note 9. Average price during the period (closing price) at the Real Estate Investment Trust Market of the Tokyo Stock Exchange ("Tokyo Stock Exchange") on which TOKYU REIT Inc. ("TOKYU REIT") is listed.
- Note 10. $\text{Short-term debt} + \text{Long-term debt due within one year} + \text{Long-term debt} + \text{Investment corporation bonds}$

(2) Development of Asset Investment Management during the Current Period

Investment Environment

During the six-month period ended July 31, 2008, Japan's economy showed signs of stagnation, including sluggish performance in the corporate sector and weak growth in consumer spending, both of which were attributable to surging prices of crude oil, grains and other goods. Some reports indicate that the Japanese economy has seen the end of its longest period of expansion in the post-WWII era and is entering a recession. The Tokyo Metropolitan area's economy, which had seen a continued mild recovery until the previous fiscal period, slowed during the fiscal period under review, eventually coming to a standstill. Meanwhile, the population growth rate of the Tokyo Metropolitan area has accelerated since 2004, as more and more people emigrate from other areas of the country. This, coupled with a relatively more gentle decline in the natural rate of population increase in the area from 2006, has further exacerbated the disparity between the area and other regions.

Under these circumstances, the office leasing market has seen average advertised rents continue to rise in Tokyo's 23 wards. However, vacancy rates, which had stayed low until recently, have started to increase slowly as corporations increasingly take a cautious stance toward office relocation and expansion due to economic uncertainty. The retail space leasing market has been expected to show a turnaround as large retail shops work to improve their efficiency of space utilization, supported by regulations concerning sales floor space and a recovery in overall sales. However, a drop in consumer confidence has prevented the market from achieving such favorable turnaround.

The real estate investment market has experienced a decline in the number of transactions amid a hardening stance among financial institutions toward real estate financing. A persistent downward spiral in expected returns on investment has been circumvented for office and retail properties located in central Tokyo, while properties situated in suburban areas and other regions have seen their expected returns rising once again.

Investment Performance Results

a. Acquisition of Properties

In such an operating environment, TOKYU REIT has adhered to selective investment criteria and endeavored to invest in highly competitive properties in areas with high growth potential. More specifically, on March 28, 2008, TOKYU REIT acquired a trust beneficiary interest in the Tokyu Ikejiri-ohashi Building for an acquisition price of ¥5,480 million. On April 22, 2008, TOKYU REIT acquired the Daikanyama Forum in the form of compartmentalized ownerships for an acquisition price of ¥4,136 million. On June 27, 2008, TOKYU REIT acquired the Ryoshin Harajuku Building in the form of a trust beneficiary interest in compartmentalized ownerships for an acquisition price of ¥14,160 million. As a result, as of July 31, 2008, TOKYU REIT held an investment portfolio totaling 23 properties with a total acquisition price of ¥205,453 million and total leasable floor space of 239,287.19 m².

The period-end appraisal value for TOKYU REIT's entire portfolio amounted to ¥268,680 million. As in the previous fiscal period, appraisal value exceeded book value, resulting in an unrealized gain of ¥67,152 million. Based on generally accepted accounting principles, unrealized gains are not reflected in TOKYU REIT's financial statements.

b. Investment Management Control

Reflecting stable investment management, the occupancy rate for the entire portfolio of 23 properties stood at 99.4% as of July 31, 2008. TOKYU REIT is also actively working to upwardly revise rent levels. Consequently, as of the end of the tenth fiscal period, the average rental rate for the existing property portfolio (excluding the three properties acquired during the period under review) increased 0.95% compared with the end of the ninth fiscal period.

c. Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. TOKYU REIT conducted refinancing in the fiscal period under review to convert short-term debt into long-term debt, with the aims of securing borrowings with fixed long-term interest rates and diversifying repayment dates. The balance of interest-bearing liabilities as of July 31, 2008 was ¥97,000 million, consisting of ¥10,000 million in investment corporation bonds, ¥61,000 million in long-term debt (including ¥10,000 million of the current portion of long-term debt) and ¥26,000 million in short-term debt. The weighted-average interest rate was 1.63% (calculated based on the annualized amount of interest payable for the tenth fiscal period divided by the total average balance of each loan).

d. Countering conflicts of interest

To ensure the fairness and transparency of its transactions, TOKYU REIT strictly adheres to self-imposed measures to prevent conflicts of interest, and, accordingly, continued to follow prescribed procedures during the fiscal period under review. For example, as TOKYU REIT was to acquire the Tokyu Ikejiri-ohashi Building from a special-purpose company established under instruction of Tokyu Corporation, the acquisition price was determined setting the appraisal value of the subject property as the maximum price, pursuant to the implementation of self-imposed measures to prevent conflicts of interest. In addition, TOKYU REIT has received a second opinion prepared by The Chuo Mitsui Trust and Banking Company,

Limited with regard to the overall validity of the valuation and the valuation calculation process for the subject property. This second opinion summary was disclosed together with the appraisal summary for the subject property at the time of acquisition. Also, an auditor other than its independent auditor has audited TOKYU REIT's procedures for acquiring the subject property to ensure compliance with the aforementioned self-imposed measures. Based on the audit results, TOKYU REIT's Board of Directors has approved the acquisition of the subject property.

Moreover, TOKYU REIT has received an opinion report from Urban Research Institute Corporation stating that fees paid to Tokyu Group companies for property management services pertaining to all of its portfolio properties as of the end of the fiscal period under review were within the range set by other J-REITs listed on the Tokyo Stock Exchange.

(3) Issuance of New Investment Units

There were no new investment units issued during the fiscal period under review, and there were no increase or decrease in the number of units issued and total unitholder's equity. Issuance of new investment units until the end of the previous fiscal period is as follows:

Date	Remark	Number of units issued		Total unitholders' equity		Note
		Unit		Millions of yen		
		Change	Total	Change	Total	
June 20, 2003	Issuance of units under private offering	400	400	¥ 200	¥ 200	(Note 1)
September 10, 2003	Issuance of units under public offering	97,600	98,000	¥ 49,918	¥ 50,118	(Note 2)
August 3, 2004	Issuance of units under public offering	42,000	140,000	¥ 26,481	¥ 76,599	(Note 3)
August 25, 2004	Issuance of units under third-party allotment	2,000	142,000	¥ 1,261	¥ 77,860	(Note 4)
August 1, 2005	Issuance of units under public offering	26,700	168,700	¥ 19,658	¥ 97,519	(Note 5)
August 26, 2005	Issuance of units under third-party allotment	680	169,380	¥ 500	¥ 98,019	(Note 6)

Note 1. Incorporated with ¥ 500,000 per unit

Note 2. Issued new investment units at offer price of ¥ 530,000 (issue price: ¥ 511,450) for the purpose of acquiring new properties

Note 3. Issued new investment units at offer price of ¥ 652,484 (issue price: ¥ 630,512) for the purpose of acquiring new properties and repayments of the short-term loans

Note 4. Issued new investment units at issue price of ¥ 630,512 for the purpose of acquiring new properties and repayments of the short-term loans

Note 5. Issued new investment units at offer price of ¥ 761,950 (issue price: ¥ 736,292) for the purpose of acquiring new properties and repayments of the short-term loans

Note 6. Issued new investment units at issue price of ¥ 736,292 for the purpose of acquiring new properties and repayments of the short-term loans

【Movements of Market Price】

The highest and lowest (closing price) in the Tokyo Stock Exchange, on which TOKYU REIT is listed, are as follows:

	10th fiscal period From February 1, 2008 to July 31, 2008	9th fiscal period From August 1, 2007 to January 31, 2008	8th fiscal period From February 1, 2007 to July 31, 2007	7th fiscal period From August 1, 2006 to January 31, 2007	6th fiscal period From February 1, 2006 to July 31, 2006
	Yen				
Highest	¥ 915,000	¥ 1,170,000	¥ 1,470,000	¥ 1,150,000	¥ 1,010,000
Lowest	¥ 672,000	¥ 809,000	¥ 945,000	¥ 800,000	¥ 788,000

(4) Distribution Information

With respect to distribution for the tenth fiscal period, TOKYU REIT determined to distribute the whole unappropriated earnings (except for the rounding amount, which is the distribution per unit of less than ¥ 1) for the tenth fiscal period to be eligible for special tax treatment (Article 67-15 of Special Taxation Measures Law (Law number 26 in 1957, including subsequent revision) that allows TOKYU REIT to deduct the maximum amount of profit distribution from its taxable income. Accordingly, distribution per unit was ¥16,560.

	10th fiscal period From February 1, 2008 to July 31, 2008	9th fiscal period From August 1, 2007 to January 31, 2008	8th fiscal period From February 1, 2007 to July 31, 2007	7th fiscal period From August 1, 2006 to January 31, 2007	6th fiscal period From February 1, 2006 to July 31, 2006
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 2,805	¥ 2,603	¥ 2,444	¥ 2,402	¥ 3,754
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 2,805	¥ 2,603	¥ 2,444	¥ 2,402	¥ 3,754
(Cash distribution per unit)	(¥ 16,560)	(¥ 15,364)	(¥ 14,427)	(¥ 14,182)	(¥ 22,162)
Distribution of accumulated earnings	¥ 2,805	¥ 2,603	¥ 2,444	¥ 2,402	¥ 3,754
(Distribution of accumulated earnings per unit)	(¥ 16,560)	(¥ 15,364)	(¥ 14,427)	(¥ 14,182)	(¥ 22,162)
Cash distribution in excess of accumulated earnings	—	—	—	—	—
(Cash distribution in excess of accumulated earnings per unit)	(—)	(—)	(—)	(—)	(—)

(5) Future Policies of Investment Management

Forecast of Future Movement

The Japanese economy is forecast to remain sluggish for some time to come, and there are some concerns that the economy will slow down further depending on trends in the stock and foreign exchange markets and crude oil prices. Although economic conditions in the Tokyo Metropolitan area are relatively stable, it is becoming increasingly necessary to take a cautious approach when making the economic forecasts.

In the real estate investment market, the polarization between Tokyo and other regions of the country and even within Tokyo itself is increasing as a result of further progression in the trend toward rising prices for low-risk, high-return properties and decreasing prices for other properties. Underpinning this phenomenon is the strengthening link between capital and real estate markets due to the expansion of the property securitization market, which, in turn, has

led to the revaluation and setting of real estate prices based on the capitalization method and risk assessment. Such polarization is expected to spread and deepen further as the J-REIT market reaches the first turning point in its history. In such an environment, the identification of geographic areas with growth potential, the stringent selection of prime properties, the application of relevant investment policies, the ability to execute these policies and good corporate governance will become all the more important for TOKYU REIT and other J-REITs.

Future Policies of Investment Management and Issues to be Countered

Prior to the formal establishment of TOKYU REIT, Tokyu REIM undertook an assessment of future investment trends based on business growth potential. Based on this assessment, it was decided that TOKYU REIT would adopt a stance of investing in highly competitive properties in areas with strong growth potential. Specifically, TOKYU REIT will continue to focus on an investment area mainly limited to the five central wards of Tokyo, where ongoing growth is expected, and to Tokyu Areas, the areas serviced by the Tokyu rail network. As it builds a competitive, high-quality portfolio, TOKYU REIT will continue to adhere firmly to stringent investment criteria for selecting individual properties. Aiming to achieve external growth, TOKYU REIT will obtain a balanced mix of properties from Tokyu Group companies and the real estate investment market. Working in this manner, TOKYU REIT will improve the quality of its portfolio and expand the scale of its business.

TOKYU REIT will endeavor to achieve internal growth by enhancing earnings stability and growth potential through collaboration with Tokyu Group companies in the areas of property maintenance and management. Maintaining a careful watch on corporate earnings and consumption trends, TOKYU REIT will make every effort to manage facilities in a way that makes each property the choice of corporate tenants and visitors over the medium to long term. With the objective of raising rent levels, TOKYU REIT will make strategic and appropriate renovations commensurate with the grade of the properties being improved and implement leasing activities from a medium- to long-term perspective. TOKYU REIT will also implement appropriate cost control measures with regard to maintenance fees and additional capital expenditures.

To assure transparency, Tokyu REIM will improve external audit functions and disclosure activities so as to fulfill its responsibilities as a REIT fund manager operating according to global standards.

(6) Subsequent events

There were no matters requiring explanation as of the date of the Report of Independent Auditors (October 28, 2008).

(Information after the end of the tenth fiscal period)

TOKYU REIT entered into a real estate purchase agreement for the following property on October 2, 2008 and acquired the property on the following day. Details of the property as of the contract day are as follows:

Property Name	Ryoshin Harajuku Building (Individually owned first floor of the building)
Location (Note 1)	Registered: 6-16-46 Jingumae, Shibuya-ku, Tokyo Residential: 6-17-11 Jingumae, Shibuya-ku, Tokyo
Access (Note 2)	An approximately four-minute walk from Meiji-jingumae Station, Tokyo Metro Fukutoshin and Chiyoda Lines An approximately six-minute walk from Shibuya Station, Tokyo Metro Fukutoshin and Hanzomon Lines An approximately nine-minute walk from Harajuku Station, JR Yamanote Line An approximately eleven-minute walk from Shibuya Station, JR Yamanote Line
Land space (Note 1)	1,205.07m ² ; Co-ownership ratio 8,460/200,000
Total floor space(Note 1)	204.82m ² of compartmentalized ownership
Structure/floor (Note 1)	SRC B1/9F
Completion date(Note 1)	March 1989
Seller	Three individuals
Type of ownership	Land: Proprietary ownership (under co-ownership) Building: Compartmentalized ownership
Tenant	World Co., Ltd.
Type of specified assets	Real estate (Compartmentalized ownership)
Acquisition price (Note 3)	¥1,196 million
Rationale	On June 27, 2008, TOKYU REIT acquired approximately 96% of the property under compartmentalized ownership, including co-ownership portions in the form of a trust beneficial interest. In connection with the portion most recently acquired, namely the property's remaining compartmentalized ownership, TOKYU REIT has to date been leasing this section of the property and subleasing it to current tenants. Upon the acquisition of the property, TOKYU REIT expects to increase rental revenues through decreased rental expenses and common area expenses; eliminate cash flow fluctuation risks due to future rent increases; and enhance asset values and streamline operations thanks to TOKYU

	<p>REIT's sole ownership of the property. Based on these factors, TOKYU REIT decided on the additional acquisition of the property's compartmentalized ownership.</p> <p>Following the additional acquisition of this property's compartmentalized ownership, TOKYU REIT immediately entrusted ownership to the trustee of the preexisting compartmentalized ownership, Mitsubishi UFJ Trust and Banking Corporation.</p>
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Note 1. Location (registered), land space, total floor space, structure/floor and completion date are based on the real estate registration. The current condition of the property does not necessarily correspond to descriptions in the registration.

Note 2. In accordance with Fair Competition Codes regarding the description of real estate, calculations are based on a formula assuming a walking pace of 80m per minute and a conventional pedestrian route.

Note 3. Acquisition price is the purchase price reported in the beneficial interest transfer agreement and does not include various costs (brokerage fees and taxes) required for the relevant property.

2 . Company Profiles

(1) Summary of unitholders' contributions

	10th fiscal period as of July 31, 2008	9th fiscal period as of January 31, 2008	8th fiscal period as of July 31, 2007	7th fiscal period as of January 31, 2007	6th fiscal period as of July 31, 2006
Authorized units (unit)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Units issued (unit)	169,380	169,380	169,380	169,380	169,380
Unitholders' capital (millions of yen)	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019
Number of unitholders (persons)	8,005	8,406	8,821	9,997	11,241

(2)Details Regarding TOKYU REIT's Unitholders

The following table sets forth our major unitholders' information as of July 31, 2008.

Name	Address	Number of unitholders owned	Owner-ship
		Unit	%
NikkoCiti Trust and Banking Corporation (Trust)	2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo	13,243	7.82
Japan Trustee Services Bank, Ltd. (Trust)	1-8-11, Harumi, Chuo-ku, Tokyo	12,563	7.42
Trust & Custody Services Bank, Ltd.	Harumi Island Triton Square Office Tower-Z, 1-8-12, Harumi, Chuo-ku, Tokyo	10,467	6.18
The Master Trust Bank of Japan, Ltd. (Trust)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	9,065	5.35
CB LONDON STANDARDLIFE ASSURANCE LIMITED	Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH, British (Standard Proxy :Citibank Japan Ltd.)	6,829	4.03
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	5,880	3.47
AIG STAR LIFE INSURANCE CO., LTD.	4-1-3, Taihei, Sumida-ku, Tokyo (Standing Proxy : Citibank Japan Ltd.)	4,871	2.88
North Pacific Bank, Ltd.	3-11,Odori Nishi, Chuo-ku, Sapporo, Hokkaido	4,604	2.72
The Nomura Trust and Banking Co., Ltd	2-2-2, Otemachi, Chiyoda-ku, Tokyo	4,017	2.37
Tokyu Land Corporation	1-21-2, Dogenzaka, Shibuya-ku, Tokyo	3,920	2.31
Total		75,459	44.55

(3)Details of TOKYU REIT's Directors and Auditors
Member of the Directors and Auditor (as of July 31, 2008)

Titles	Name	Title of other companies	Total fee for each titles (Note 2) (Thousands of Yen)
Executive Director	Masahiro Horie	Tokyu Real Estate Investment Management, Inc. Representative Director & President, Chief Executive Director	— (Note 3)
Supervisory Director	Giichi Yanagisawa	Certified public accountant, Shinsoh Audit Corporation	3,000
Supervisory Director	Maruhito Kondo	Lawyer, Kondo Maruhito Law Office	3,000
Independent Auditor	PricewaterhouseCoopers Aarata		9,000 (Note 4)

Note 1. The executive director, the supervising directors and the independent auditor do not possess investment units of TOKYU REIT under their own name nor under another person's name. Besides, although there are cases that supervisory directors could be directors of other companies stated above, they have no particular interests in TOKYU REIT.

Note 2. Amounts paid to the executive director and supervisory directors and the amount due to independent auditors are shown above.

Note 3. The executive director serves without compensation

Note 4. During the fiscal period under review, TOKYU REIT paid ¥2 million for agreed upon procedures, in addition to the stated amount paid for work stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law (Law No. 103 of 1948, including amendments thereafter).

Policies Regarding the Decision of Dismissing and Not Reappointing Independent Auditors

TOKYU REIT shall observe the stipulations in the Law Concerning Investment Trusts and Investment Corporations (Law No. 198 of 1951, including amendments thereafter; hereafter, the "Investment Trust Law") in making decisions for the dismissal of an independent auditor. With regard to the abrogation of an independent auditor's reappointment, appropriate decisions shall be made at TOKYU REIT's Board of Directors meetings with due consideration given to audit quality, compensation and various other factors.

(4) Investment Management Company, Asset Custodian and General Administrator at the end of the tenth fiscal period.

The following table sets forth information of our Investment Management Company, asset custodian and general administrator as of July 31, 2008.

Business to be entrusted	Name
Investment Management Company	Tokyu Real Estate Investment Management Inc.
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
General Administrator (accounting operations, administration of meetings, management of the register of unitholders, etc.)	Mitsubishi UFJ Trust and Banking Corporation
General Administrator (work related to investment corporation bonds)	The Sumitomo Trust and Banking Company, Limited

3 . Portfolio Profile

(1) Component of assets

Asset type	Type	Area	10th fiscal period As of July 31, 2008		9th fiscal period As of January 31, 2008	
			Total amount held	Percentage of total assets	Total amount held	Percentage of total assets
			Millions of yen	%	Millions of yen	%
Real estate	Retail	Central Tokyo and Tokyu Areas	15,910	7.3	11,753	6.1
		Other	—	—	—	—
		Sub total	15,910	7.3	11,753	6.1
	Office	Central Tokyo and Tokyu Areas	10,025	4.6	10,051	5.2
		Other	—	—	—	—
		Sub total	10,025	4.6	10,051	5.2
	Total		25,935	11.9	21,804	11.3
Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	57,399	26.3	57,658	29.9
		Other	16,151	7.4	16,222	8.4
		Sub total	73,550	33.7	73,880	38.3
	Office	Central Tokyo and Tokyu Areas	102,042	46.8	82,652	42.8
		Other	—	—	—	—
		Sub total	102,042	46.8	82,652	42.8
	Total		175,592	80.5	156,532	81.1
Other assets		16,679	7.6	14,744	7.6	
Total assets		¥ 218,206 (¥201,528)	100.0 (92.4)	¥ 193,080 (¥178,336)	100.0 (92.4)	

Note 1. 'Total amount held' is the amount allocated in the balance sheet at the end of the period (as to properties, figures are net book value after deducting depreciation).

Note 2. Figures in brackets of 'Total assets' represent the portion of actually held properties in the target assets above.

(2) Major portfolio

Major portfolio held by TOKYU REIT as of July 31, 2008, is as follows:

	Name of property	Book Value	Rentable area	Leased area	Occupancy ratio	Percentage of revenue from property leasing	Type
		Millions of Yen	m ²	m ²	%	%	
R	QFRONT	¥ 14,551	4,544.07	4,544.07	100.0	8.3	Retail
R	Lexington Aoyama	4,746	2,241.76	2,241.76	100.0	2.3	Retail
R	TOKYU REIT Omotesando Square	5,744	2,702.42	2,702.42	100.0	2.6	Retail
R	Tokyu Saginuma Building	6,743	19,610.06	19,610.06	100.0	4.2	Retail
R	Tokyu Saginuma 2 Building	1,249	1,284.60	1,284.60	100.0	0.9	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,660	1,543.05	1,543.05	100.0	2.3	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	9,125	50,285.89	50,285.89	100.0	4.1	Retail
R	cocoti	24,368	8,319.95	8,319.95	100.0	10.4	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.4	Retail
R	CONZE Ebisu	5,070	2,319.24	2,319.24	100.0	1.9	Retail
R	Daikanyama Forum	4,180	2,477.64	2,477.64	100.0	0.8	Retail
O	Setagaya Business Square	20,055	24,925.68	24,877.03	99.8	17.9	Office
O	Tokyu Nampeidai-cho Building	4,403	7,148.18	7,148.18	100.0	2.5	Office
O	Tokyu Sakuragaoka-cho Building	6,455	4,737.19	4,737.19	100.0	3.5	Office
O	Tokyo Nissan Taito Building	4,022	7,947.25	7,947.25	100.0	3.3	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,504	3,206.25	3,206.25	100.0	2.0	Office
O	TOKYU REIT Kamata Building	4,301	7,337.82	7,337.82	100.0	4.1	Office
O	Resona Maruha Building	23,909	14,414.99	14,414.99	100.0	11.8	Office
O	TOKYU REIT Toranomom Building	10,025	10,136.72	10,136.72	100.0	6.6	Office
O	TOKYU REIT Hatchobori Building	7,058	6,021.25	5,961.75	99.0	3.0	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,497	3,533.03	3,533.03	100.0	2.8	Office
O	Tokyu Ikejiri-ohashi Building	5,485	5,710.41	5,710.41	100.0	1.5	Office
O	Ryoshin Harajuku Building	14,352	4,761.62	3,420.80	71.8	0.7	Office
Total		¥ 201,528	239,287.19	237,838.22	99.4	100.0	

Note 1. The properties' trust beneficiary interests possessed the said whole of the 19 properties, except TOKYU REIT Shibuya Udagawa-cho Square, CONZE Ebisu, Daikanyama Forum and TOKYU REIT Toranomom Building.

Note 2. 'Rentable area' is the total area of rentable offices, stores, warehouses and land indicated in the agreements and drawing (common use space is included when leased.). With respect to Tokyu Saginuma Building, Beacon Hill Plaza(Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, parking lots are included. Regarding QFRONT, the fiduciary rents the partial space possessed appropriately by other owners and leases them as a block together with the entrusted property, the said space is included in it. For Setagaya Business Square, jointly owned with another owner, the stated figure is given by multiplying rentable area in the whole building by the ratio of common-use space (55%, ratio of co-ownership). For TOKYU REIT Toranomom Building, the leased area includes exclusive-use areas jointly owned with another compartmentalized owner and leased by TOKYU REIT, as well as exclusive-use areas under TOKYU REIT's proprietary ownership. Concerning the Ryoshin Harajuku Building, TOKYU REIT rents the exclusive-use areas owned by another compartmentalized owner and leases them as a block together with the entrusted property. Therefore, the rentable area for the Ryoshin Harajuku Building presented in the table above includes these areas. The figure of Shonan Mall Fill (*sokochi*) indicates leased area of land.

Note 3. 'Leased area' is the amount of square meters actually leased, under lease contracts, out of the total square meters stated in contracts (parking lots, side signboards leased under commitments, are not included). For Tokyu Saginuma Building, Beacon Hill Plaza(Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, parking lots are included. Regarding QFRONT, the fiduciary rents partial space possessed appropriately by other owners and leases them as a block together with the entrusted property, and the said space is included in it. As to Setagaya Business Square, jointly owned with another owner, the stated figure is given by multiplying rentable area in the whole building by the ratio of common-use space (55%, ratio of co-ownership). For TOKYU REIT Toranomom Building, the leased area includes exclusive-use areas jointly owned with another

compartmentalized owner and leased by TOKYU REIT, as well as exclusive-use areas under TOKYU REIT's proprietary ownership. Concerning the Ryoshin Harajuku Building, TOKYU REIT rents the exclusive-use areas owned by another compartmentalized owner and leases them as a block together with the entrusted property. Therefore, the rentable area for the Ryoshin Harajuku Building presented in the table above includes these areas. The figure of Shonan Mall Fill (*sokochi*) indicates leased area of land.

Note 4. 'Occupancy ratio' is the percentage of leased areas to rentable area at the end of the period.

Note 5. 'Percentage of revenue from property leasing' is rounded off the second decimal place . Therefore, sum of each item might be not corresponding to figure of 'Total'.

(3) Details of properties in portfolio
 Properties held by TOKYU REIT as of July 31, 2008 are as follows:

Name of property		Location	Investment Type	Rentable area	Appraisal value at the end of period	Book value	
				m ²	Millions of yen	Millions of yen	
Retail	Central Tokyo and Tokyo Areas	R QFRONT	75-8, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,544.07	¥ 22,300	14,551
		R Lexington Aoyama	5-235-7, Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,241.76	8,220	4,745
		R TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,702.42	8,520	5,744
		R Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki City, Kanagawa	Trust beneficiary interest in real estate	19,610.06	9,220	6,743
		R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki City, Kanagawa	Trust beneficiary interest in real estate	1,284.60	1,640	1,249
		R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	8,720	6,660
		R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,319.95	26,200	24,368
		R CONZE Ebisu	2-3-5, Ebisu Minami Shibuya-ku, Tokyo	Real estate	2,319.24	5,060	5,070
		R Daikanyama Forum	Building 1 (East) 33-18, Sarugaku-cho, Shibuya-ku, Tokyo Building 2 (West) 33-1, Sarugaku-cho, Shibuya-ku, Tokyo	Real estate	2,477.64	4,160	4,180
		Sub total				45,042.79	94,040
Other		R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	88-1, Noukendai-higashi, Kanazawa-ku, Yokohama City, Kanagawa	Trust beneficiary interest in real estate	50,285.89	9,540	9,125
		R Shonan mall Fill (<i>Sokochi</i>)	4-4300-1, Tsujido Shinmachi, Fujisawa City, Kanagawa	Trust beneficiary interest in real estate	44,078.12	6,740	7,026
		Sub total				94,364.01	16,280
Total				139,406.80	110,320	89,461	
Office	Central Tokyo and Tokyo Areas	O Setagaya Business Square	4-260-2, Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,925.68	33,500	20,055
		O Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	6,860	4,403
		O Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	9,820	6,455
		O Tokyo Nissan Taito Building	2-120-2, Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,947.25	5,970	4,022

O	TOKYU REIT Akasaka Hinokicho Building	6-1401, Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,206.25	5,030	3,504
O	TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	7,720	4,301
O	Resona Maruha Building	1-2-1, Otemachi, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	14,414.99	37,800	23,909
O	TOKYU REIT Toranomom Building	3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,136.72	16,800	10,025
O	TOKYU REIT Hatchobori Building	2-104-1, Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	6,021.25	7,350	7,058
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	4-806,4-819, Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,533.03	8,610	8,497
O	Tokyu Ikejiri-ohashi Building	3-1050, Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,710.41	5,500	5,486
O	Ryoshin Harajuku Building	6-16-46, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,761.62	13,400	14,352
Sub total				99,880.39	158,360	112,067
Total				99,880.39	158,360	112,067
Total				239,287.19	¥ 268,680	¥ 201,528

Note 1. 'Location' is stated as based on the description shown in the registry book. The present status of the said property might not correspond to the descriptions in the registry book.

Note 2. 'Rentable area' is the total area of rentable offices, stores and warehouses indicated in the agreements and drawings (common use space is included when it is leased.). With respect to Tokyu Saginuma Building, Beacon Hill Plaza(Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, parking lots are included. Regarding QFRONT, the fiduciary rents the partial space possessed appropriately by other owners and leases them as a block together with the entrusted property and the said space is included in it. For Setagaya Business Square, jointly owned with another owner, the stated figure is given by multiplying rentable area in the whole building by the ratio of common-use space (55%, ratio of joint co-ownership). For TOKYU REIT Toranomom Building, the leased area includes exclusive-use areas jointly owned with another compartmentalized owner and leased by TOKYU REIT, as well as exclusive-use areas under TOKYU REIT's proprietary ownership. Concerning the Ryoshin Harajuku Building, TOKYU REIT rents the exclusive-use areas owned by another compartmentalized owner and leases them as a block together with the entrusted property. Therefore, the rentable area for the Ryoshin Harajuku Building presented in the table above includes these areas. The figure of Shonan Mall Fill(*sokochi*) indicates leased area of land.

Note 3. 'Appraisal value at the end of period' is the assessed value based on the appraisal by real estate appraisers following the asset evaluation method, standards, reporting date and rules laid down in the laws and rules of the Investment Trust Association, Japan, (based on the report prepared by Japan Real Estate Institute, HIRO & REAS network, Inc., Jones Lang LaSalle IP, Inc., and Daiwa Real Estate Appraisal Co., Ltd., which adopt the period end date as the date of value estimate).

Development of Leasing Business of Properties Held by TOKYU REIT

Name of property		10th Fiscal Period From February 1, 2008 to July 31, 2008				9th Fiscal Period From August 1, 2007 to January 31, 2008			
		Number of tenants	Occupancy ratio	Revenue from property leasing	Percentage of revenue from property leasing	Number of tenants	Occupancy ratio	Revenue from property leasing	Percentage of revenue from property leasing
			%	Millions of yen	%		%	Millions of yen	%
Retail	Central Tokyo and Tokyo Areas	R QFRONT	4	100.0	¥ 609	8.3	4	¥ 611	8.9
		R Lexington Aoyama	2	100.0	166	2.3	2	168	2.5
		R TOKYU REIT Omotesando Square	4	100.0	193	2.6	4	193	2.8
		R Tokyu Saginuma Building	1	100.0	310	4.2	1	310	4.5
		R Tokyu Saginuma 2 Building	1	100.0	65	0.9	1	65	1.0
		R TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	170	2.3	2	169	2.5
		R cocoti	15	100.0	763	10.4	16	729	10.7
		R CONZE Ebisu	8	100.0	139	1.9	8	141	2.1
		R Daikanyama Forum	5	100.0	60	0.8	-	-	-
		Sub total	42	100.0	2,475	33.7	38	2,386	34.9
	Other	R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	1	100.0	300	4.1	1	300	4.4
		R Shonan mall Fill (<i>Sakochi</i>)	1	100.0	174	2.4	1	174	2.5
	Sub total		2	100.0	474	6.5	2	474	6.9
Total		44	100.0	2,949	40.2	40	2,860	41.9	
Office	Central Tokyo and Tokyo Areas	O Setagaya Business Square	58	99.8	1,313	17.9	59	1,316	19.3
		O Tokyu Nampeidai-cho Building	1	100.0	182	2.5	1	182	2.7
		O Tokyu Sakuragaoka-cho Building	2	100.0	254	3.5	2	254	3.7
		O Tokyo Nissan Taito Building	13	100.0	242	3.3	13	238	3.5
		O TOKYU REIT Akasaka Hinokicho Building	5	100.0	148	2.0	5	151	2.2
		O TOKYU REIT Kamata Building	4	100.0	304	4.1	4	272	4.0
		O Resona Maruha Building	3	100.0	869	11.8	3	854	12.5
		O TOKYU REIT Toranomom Building	7	100.0	484	6.6	7	482	7.1
		O TOKYU REIT Hatchobori Building	9	99.0	222	3.0	9	222	3.2
		O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	205	2.8	1	1	0.0
		O Tokyu Ikejiri-ohashi Building	5	100.0	111	1.5	-	-	-
		O Ryoshin Harajuku Building	6	71.8	50	0.7	-	-	-
		Sub total		114	98.5	4,384	59.8	104	3,972
Total		114	98.5	4,384	59.8	104	3,972	58.1	
Total		158	99.4	¥7,333	100.0	144	¥6,832	100.0	

Note 1. With respect to 'Number of tenants', this is counted cumulatively, i.e., when one tenant leases plural rooms for rent in the same property, it is regarded as one tenant, and when in plural properties, it is regarded as plural tenants.

Note 2. 'Occupancy ratio' is the percentage of leased areas to rentable area at the end of the period.

Note 3. 'Percentage of revenue from property leasing' is rounded off the second decimal place. Therefore, sum of each item might be not corresponding to figure of 'Total'.

(4) Other Assets

As of July 31, 2008, there are no assets targeted for investments other than those described in said above.

4 . Capital Expenditures for Properties Held

(1) Plan of Capital Expenditures

Major capital expenditure for repair and maintenance works of properties held, as scheduled as of July 31, 2008, is as follows: The estimated construction costs shown below includes repair and maintenance costs to be charged to income.

Efficient repair and maintenance plans continue to be prepared for each property to maintain their competitiveness and from the view point of medium- to long-term improvements, as well as for repair and maintenance, and capital expenditure.

Name of property	Location	Objective	Estimated period	Estimated construction cost			
				Millions of yen			
				Total	Amount paid during this period	Amount paid by the end of period	
R	cocoti	Shibuya-ku, Tokyo	Construction of a ramp in the entrance and smoking rooms	From January 2009 to March 2009	¥ 33	-	-
O	Setagaya Business Square	Setagaya-ku, Tokyo	Renewal of building management systems	From February 2008 to December 2008	¥99	-	-
O	TOKYU REIT Toranomon Building	Minato-ku, Tokyo	Renovation of external walls	From October 2008 to February 2009	¥ 55	-	-
O	Ryoshin Harajuku Building	Shibuya-ku, Tokyo	Renovation of exclusive-use areas for a new tenant on 1F	From July 2008 to August 2008	¥18	-	-
O	Ryoshin Harajuku Building	Shibuya-ku, Tokyo	Renovation of common areas for a new tenant on 1F	From July 2008 to August 2008	¥ 11	-	-

(2) Capital Expenditures made during the Period

The overview of construction works that fall under the category of capital expenditures for properties held, is as follows:

Capital expenditures during the current period amounted to ¥ 252 million, and together with ¥ 132 million expenses for repair and maintenance costs, ¥ 384 million was spent for these works. In addition, fixed assets have been increased ¥4 million in conjunction with the bestowal of an asset on TOKYU REIT.

Name of property		Location	Objective	Period	Construction Cost Millions of yen
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Yokohama City, Kanagawa	Renewal of the parking control system	From April 2008 to May 2008	¥ 10
O	Setagaya Business Square	Setagaya-ku , Tokyo	Replacement of fan coil units	From March 2008 to July 2008	¥ 13
O	Resona Maruha Building	Chiyoda-ku, Tokyo	Repair of elevator control systems	From November 2007 to July 2008	¥ 139
O	Resona Maruha Building	Chiyoda-ku, Tokyo	Renewal of DC power supply units	From February 2008 to March 2008	¥ 16
O	Ryoshin Harajuku Building	Shibuya-ku, Tokyo	Renewal of air-conditioning systems on 2F and 3F	From July 2008 to July 2008	¥ 21
Others					¥ 53
Total					¥ 252

(3) Reserve for Long-Term Repair and Maintenance Plan
(Reserve for Repair and Maintenance)

Subject to the mid- and long-term future schedule for repair and maintenance decided for each property, TOKYU REIT accounted for reserves for repair and maintenance from cash flow made during the period in order to pay for significant repair and maintenance plans as follows :

	10th fiscal period From February 1, 2008 to July 31, 2008	9th fiscal period From August 1, 2007 to January 31, 2008	8th fiscal period From February 1, 2007 to July 31, 2007	7th fiscal period From August 1, 2006 to January 31, 2007	6th fiscal period From February 1, 2006 to July 31, 2006
	Millions of yen				
Reserve at the beginning of the period	¥ 224	¥ 274	¥ 270	¥ 208	¥ 245
Amount transferred to reserve in current period	430	172	128	212	242
Reversal from reserves in current period	201	222	125	149	279
Reserve at the ending of the period	¥ 453	¥ 224	¥ 274	¥ 270	¥ 208

Note TOKYU REIT took over reserves made in the trust assets that the prior proprietor accounted for at the time of trade of beneficial interests in trust accounts and for the current period, such reserves are included in the "amount transferred to reserve in current period".

5 . Expenses and debt

(1) Investment management expenses

	10th fiscal period From February 1, 2008 to July 31, 2008		9th fiscal period From August 1, 2007 to January 31, 2008	
	Millions of yen			
(a) Investment management fees				
Asset-based fees	¥354		¥ 330	
Cash-based fees	266		249	
Unit price-based fees	-	¥ 620	-	¥ 579
(b) Asset custodian and general administration fees		60		58
(c) Director's fees		6		6
(d) Other expenses		59		71
Total		¥ 745		¥ 714

(2) Short-term debt and Long-term debt

Short-term debt and Long-term debt from each financial institution, as of July 31, 2008, are as follows:

Category	Lender	Draw-down date	Balance as of July 31, 2008	Balance as of January 31, 2008	Average interest Rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
			Millions of yen	Millions of yen	%				
Short-term debt	The Sumitomo Trust and Banking Company, Limited	October 31, 2006	-	1,000	1.00497	October 31, 2008 (3,000 repaid on March 10, 2008) (2,000 repaid on June 25, 2008)	Bullet Payment	(Note 2)	Unsecured and Unguaranteed (Note 3)
	The Chuo Mitsui Trust and Banking Company, Limited		-	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,000					
	Mizuho Corporate Bank, Ltd.		-	1,000					
	Mitsubishi UFJ Trust and Banking Corporation		-	1,000					
	The Sumitomo Trust and Banking Company, Limited	January 31, 2008	500	1,700	0.98243	January 31, 2009			
	The Chuo Mitsui Trust and Banking Company, Limited		500	1,700					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		500	1,700					
	Mizuho Corporate Bank, Ltd.		500	1,700					
	Mitsubishi UFJ Trust and Banking Corporation		500	1,700					
	The Sumitomo Trust and Banking Company, Limited	March 28, 2008	1,100	-	1.05244	March 28, 2009			
	The Chuo Mitsui Trust and Banking Company, Limited		1,100	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,100	-					
	Mizuho Corporate Bank, Ltd.		1,100	-					
	Mitsubishi UFJ Trust and Banking Corporation		1,100	-					
The Sumitomo Trust and Banking Company, Limited	April 22, 2008	400	-	1.07404	April 22, 2009				
The Chuo Mitsui Trust and Banking Company, Limited		400	-						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		400	-						
Mizuho Corporate Bank, Ltd.		400	-						
Mitsubishi UFJ Trust and Banking Corporation		2,400	-						

	The Sumitomo Trust and Banking Company, Limited	June 27, 2008	1,400	-	1.06334	June 27, 2008			
	The Chuo Mitsui Trust and Banking Company, Limited		1,400	-					
	Mizuho Corporate Bank, Ltd.		1,400	-					
	Mitsubishi UFJ Trust and Banking Corporation		8,400	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd	July 25, 2008	1,400	-	July 25, 2009				
	Sub total		26,000	13,500					
Long-term debt	The Norinchukin Bank	June 25, 2004	-	4,000	1.38875	June 25, 2008	Bullet Payment	Refinance fund	Unsecured and Unguaranteed (Notes 3)
	The Hyakugo Bank, Ltd.		-	1,000	1.23027				Unsecured and Unguaranteed (Notes 3 and 4)
	The Chuo Mitsui Trust and Banking Company, Limited	June 25, 2004	5,000	5,000	1.68875	June 25, 2009			Unsecured and Unguaranteed (Notes 3 and 5)
	Mitsubishi UFJ Trust and Banking Corporation		5,000	5,000					
	Aioi Insurance Company, Limited		1,000	1,000					
	DAIDO LIFE INSURANCE COMPANY	June 25, 2010	1,000	1,000	1.92750	June 25, 2010			Unsecured and Unguaranteed (Notes 3 and 4)
	Mitsui Sumitomo Insurance Company, Limited		1,000	1,000					
	Development Bank of Japan Inc. (previously Development Bank of Japan)	June 25, 2012	4,000	4,000	2.03000	June 25, 2012			Unsecured and Unguaranteed (Note 3)
	The National Mutual Insurance Federation of Agricultural Cooperatives		October 25, 2005	1,000					1,000
	Development Bank of Japan Inc. (previously Development Bank of Japan)	January 25, 2006	5,000	5,000	1.95000	January 25, 2018			
	Nippon Life Insurance Company	July 31, 2006	4,000	4,000	1.93000	July 31, 2011			
	The Dai-ichi Mutual Life Insurance Company		4,000	4,000	2.21125	July 31, 2013			
	The Dai-ichi Mutual Life Insurance Company	January 25, 2007	1,000	1,000	1.92000	January 25, 2014			
	The National Mutual Insurance Federation of Agricultural Cooperatives		3,000	3,000					
	The Sumitomo Trust and Banking Company, Limited	June 25, 2007	5,000	5,000	1.81062	December 25, 2010			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 25, 2007	5,000	5,000	1.62625	September 25, 2011			
	Daido Life Insurance Company	March 10, 2008	3,000	-	1.76625	March 10, 2016			
	Development Bank of Japan Inc. (previously Development Bank of Japan)	June 25, 2008	5,000	-	2.21100	June 25, 2015			
	Mizuho Corporate Bank, Ltd.		2,000	-	1.81875	June 25, 2011			
	Mitsubishi UFJ Trust and Banking Corporation		1,000	-	2.10187	December 25, 2013			

The Sumitomo Trust and Banking Company, Limited	July 25, 2008	1,000	-	1.55500	July 25, 2010			
The Chuo Mitsui Trust and Banking Company, Limited		1,000	-					
Shinkin Central Bank		2,000	-					
The Norinchukin Bank		1,000	-	1.80375	July 25, 2012			
Sub total		61,000	50,000					
Total		¥ 87,000	¥ 63,500					

Note 1. 'Average interest rate' is the weighted average interest rate during the period.

Note 2. Fund was used to purchase property and for expenditure pertaining to the purchase.

Note 3. Depending on the financial position of TOKYU REIT, it is possible that financial restraint may occur, such as addition to interest rate and cash reserve, restraint on acquisition and disposal of assets, debt load and payment, dividends, offerings of additional pledge.

Note 4. Initially, although TOKYU REIT implemented refinancing of ¥ 6,000 million from Mizuho Corporate Bank on June 25, 2004, it transferred ¥ 4,000 million to The Hyakugo Bank, Ltd., Aioi Insurance Company, Limited, DAIDO LIFE INSURANCE COMPANY and Mitsui Sumitomo Insurance Company, Limited (¥ 1,000 million each) on the same day.

Note 5. As of the fiscal period-end, the amounts are recorded in the balance sheets as "long-term debt financing due within one year" under "current liabilities."

(3) Investment Corporation Bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2008 is as follows.

Name	Issue date	Balance as of July 31, 2008	Balance as of January 31, 2008	Annual interest rate	Maturity date	Redemption method	Use of proceeds	Remark
		Millions of yen		(%)				
1 st Series Unsecured Investment Corporation Bond	October 24, 2007	¥ 5,000	¥ 5,000	1.65000	October 24, 2012	Full amount on maturity	Repayment of debt financing	Unsecured/Unguaranteed (Note)
2 nd Series Unsecured Investment Corporation Bond	October 24, 2007	5,000	5,000	1.89000	October 24, 2014			
Total		¥10,000	¥10,000					

Note These bonds rank pari passu in right of payment with certain investment corporation bonds.

6 . Acquisitions and Dispositions during the tenth fiscal period

(1) Sales and purchases of properties and asset backing securities

Asset type	Name of property		Acquisition		Disposition			
			Date	Acquisition price	Date	Dispo sition price	Book value	Gain (Loss)
				Millions of yen		Millions of yen		
Real estate	R	Daikanyama Forum	April 22, 2008	¥4,136	—	—	—	—
Trust beneficiary interest in real estate	O	Tokyu Ikejiri-ohashi Building	March 28, 2008	5,480	—	—	—	—
Trust beneficiary interest in real estate	O	Ryoshin Harajuku Building	June 27, 2008	14,160	—	—	—	—
Total				¥23,776		—	—	—

Note Acquisition prices presented in the table above are exclusive of acquisition expenses (brokerage fees, property-related taxes, etc.) and identical to those stated in relevant transaction agreements.

(2) Sales and purchases of other assets

Major assets other than the aforementioned properties and asset backing securities are either bank deposits or bank deposits held as trust assets.

(3) Research on Prices of Specified Assets

Asset type	Name of property		Acquisition date	Acquisition price	Assessed value of specified assets	(Reference) Appraisal value at the period-end
				Millions of yen		
Real estate	R	Daikanyama Forum	April 22, 2008	¥4,136	¥4,160	¥4,160
Trust beneficiary interest in real estate	O	Tokyu Ikejiri-ohashi Building	March 28, 2008	5,480	5,500	5,500
Trust beneficiary interest in real estate	O	Ryoshin Harajuku Building	June 27, 2008	14,160	13,400	13,400
Total				¥23,776	¥23,060	¥23,060

Note 1. Research on prices of specified assets presented in the table above was conducted by PricewaterhouseCoopers Aarata at the time of acquisition of the stated properties, in accordance with the procedures set forth in the “Research on Prices of Specified Assets Held by Investment Trust Funds and Investment Corporations” (Industry Audit Practice Committee Report No. 23 of the Japan Institute of Certified Public Accountants). In addition to the assessed value of the stated properties, TOKYU REIT has also received a research report concerning the locations, lot numbers and other relevant matters necessary for the identification of the stated properties and assets held in trust, as well as the content of the relevant trust beneficiary interest.

Note 2. Acquisition prices presented in the table above are exclusive of acquisition expenses (brokerage fees, property-related taxes, etc.) and identical to those stated in relevant transaction agreements.

Note 3. “Appraisal value at the period-end,” which is not based on the aforementioned price research, is

presented for reference purposes. For details of the appraisal methods, please refer to Note 3 of “3.- (3) Details of properties in portfolio,” above.

(4) Trading with related party and major shareholders

Status of trading

The status of trading of specified assets with related parties and major shareholders are as follows.

Classification	Amount of trading	
	Purchase amount	Sale amount
	Millions of yen	
Total trading amount	23,776	—
	Amount relating to purchases from related parties and major shareholders 5,480 (23.0%)	Amount relating to sales to related parties and major shareholders — (- %)
Breakdown of the total amount relating to trading with related parties and major shareholders		
KI Realty	5,480 (23.0%)	— (- %)
Total	5,480 (23.0%)	— (- %)

Note The figures in brackets indicate the ratio of the amount relating to purchases from or sales to related parties and major shareholders to the total trading amount.

Amounts of commissions paid to related parties and major shareholders

Item	Total amounts of commissions paid (A) Thousands of yen	Paid to related parties and major shareholders		B/A (%)
		Payee	Amount of payment (B)	
			Thousands of yen	
Utilities expenses	¥ 579,007	Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
		Tokyu Land Corporation	843	0.1
		Yoga District Heating and Cooling Co., Ltd.	110,773	19.1
Subcontract expenses	440,526	its communications Inc.	20,065	4.6
		Kyodo Gijutsu Center Co., Ltd.	11,098	2.5
		Tokyu Community Co., Ltd.	252,852	57.4
		Tokyu Store Corporation	3,877	0.9
Property management fees	160,274	Tokyu Facility Service, Co., Ltd.	31,019	7.0
		Tokyu Land Corporation	84,077	52.5
Insurance premium	17,822	Tokyu Corporation	76,197	47.5
		Tokyu Insurance Consulting Co., Ltd.	17,822	100.0
Other rental service expenses	205,085	its communications Inc.	63	0.0
		Shibuya Underground Shopping Center, Inc.	840	0.4
		Tokyu Community Co., Ltd.	2,759	1.3
		Tokyu Station Retail Service Co., Ltd.	42	0.0
		Tokyu Facility Service, Co., Ltd.	156	0.1
		Tokyu Land Corporation	9,432	4.6
		Tokyu Hotels Co., Ltd.	87	0.0
		TMD Corporation	3,104	1.5
Tokyu Corporation	194	0.1		
Other non-operating expenses	16,862	Tokyu Station Retail Service Co., Ltd.	6,005	35.6

Note 1. Pursuant to Article 123 of the Enforcement Regulations of the Investment Trust Law, related parties are defined as having interests in Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”), the Investment Management Company of TOKYU REIT based on the investment management agreement. Pursuant to Article 29-4, Paragraph 2 of the Financial Instruments and Exchange Law,

major shareholders are defined as major shareholders of Tokyu REIM. However, information provided in this section, “(4) Trading with related parties and major shareholders,” includes trading with Tokyu Group companies (see Note 2 below), which are subject to TOKYU REIT’s voluntary measures to prevent conflicts of interest. During the fiscal period under review, TOKYU REIT undertook trading with KI Realty, its communications Inc., Kyodo Gijutsu Center Co., Ltd., Shibuya Underground Shopping Center, Inc., Tokyu Community Corporation, Tokyu Station Retail Service Co., Ltd., Tokyu Store Corporation, Tokyu Facility Service Co., Ltd., Tokyu Land Corporation, Tokyu Insurance Consulting Co., Ltd., TMD Corporation, Tokyu Hotels Co., Ltd., Tokyu Corporation and Yoga District Heating and Cooling Co., Ltd.

Note 2. In addition to the related parties designated by relevant laws and regulations (“legally related parties”), TOKYU REIT’s independent definition of “Tokyu Group companies” encompasses the following: companies, whose majority of voting rights is held by a company that has a stake in Tokyu REIM, and their subsidiaries (collectively “related companies”); and special purpose entities whose majority of capital has been contributed by legally related parties and related companies.

Note 3. In addition to the commissions paid described above, TOKYU REIT paid for commissions to third parties through Tokyu Land Corporation and Tokyu Corporation ¥ 50,594 thousand and ¥ 59,560 thousand, respectively.

In addition to commissions paid as described above, the amount paid for repair and maintenance works placed to related parties and major shareholders are as follows :

Kyodo Gijutsu Center Co., Ltd.	¥ 2,652 thousand
Tokyu Construction Co., Ltd.	¥ 11,786 thousand
Tokyu Community Co., Ltd.	¥ 2,697 thousand
Tokyu Facility Service Co., Ltd.	¥ 2,244 thousand
Tokyu Land Corporation	¥ 6,344 thousand
Tokyu Homes Co., Ltd.	¥ 416 thousand
Tokyu Corporation	¥ 2,685 thousand

(5) Trading between the Investment Management Company and TOKYU REIT where the Investment Management Company follows other business.

Tokyu REIM does not carry out other businesses, such as first and second financial instruments businesses defined under the Financial Instruments and Exchange Law, realty business or real estate specific joint enterprise. Accordingly, no trading between the two falls under this category.

7 . Accounting

(1) Assets, Liabilities, Unitholders’ capital and Profit/Loss

See accompanying Balance Sheets, Statements of Income, Statements of changes in Unitholders’ Equity and Notes.

(2) Change in depreciation method

There is no item that falls under this category.

(3) Change in valuation methods

There is no item that falls under this category.

8 . Others

(1) News

During the fiscal period under review, there were no significant matters relating to the signing and revision of major contracts, which involved the approval of TOKYU REIT’s Board of Directors.

(2) Others

During the fiscal period under review, TOKYU REIT's Board of Directors meetings have granted approvals for exchanging the following memorandums with Tokyu REIM (the Investment Management Company).

Date of meeting	Agenda item	Summary
July 11, 2008 (Approval)	Exchange of a cost-burden memorandum with Tokyu REIM (see Note)	The meeting approved the exchange of the memorandum confirming Tokyu REIM's intention, based on the investment management agreement, to take full responsibility for expenses (¥3 thousand) resulting from administrative malpractice.

Note This activity does not fall under the category of loss compensation, which is prohibited under Article 39 of the Financial Instruments and Exchange Law.

In this report, unless otherwise specifically mentioned, amounts and ratios are rounded.

Report of Independent Auditors

To the Board of Directors of
TOKYU REIT, Inc.

We have audited the accompanying balance sheet of TOKYU REIT, Inc. (the "Company") as of July 31, 2008, and the related statements of income, changes in unitholders' equity, cash flows and notes for the six months ended July 31, 2008, all expressed in Japanese Yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TOKYU REIT, Inc. as of July 31, 2008, and the results of its operations and its cash flows for the six months ended July 31, 2008 in conformity with accounting principles generally accepted in Japan.

Pricewaterhouse Coopers Aarata

October 28, 2008

TOKYU REIT, Inc.

Balance Sheets

As of July 31, 2008 and January 31, 2008

	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 1,533	¥ 1,306
Cash and deposits with banks held in trust	13,205	12,158
Tenant receivables	200	132
Consumption tax refund receivables	9	7
Other current assets	44	59
Total current assets	14,991	13,662
Fixed assets:		
Property and equipment		
Buildings and structures	3,893	3,463
Land	22,435	18,668
Other tangible assets	15	15
Buildings and structures held in trust	45,066	42,756
Land held in trust	137,293	119,544
Other tangible assets held in trust	1,091	1,067
Construction in progress held in trust	0	76
Less accumulated depreciation	(8,283)	(7,271)
Total property and equipment	201,510	178,318
Intangible assets		
Intangible assets	1	1
Intangible assets held in trust	17	17
Total intangible assets	18	18
Investments and other assets		
Lease deposits	307	77
Lease deposits held in trust	874	874
Other assets	460	80
Total investments and other assets	1,641	1,031
Total fixed assets	203,169	179,367
Deferred assets		
Investment corporation bond issuance expenses	46	51
Total deferred assets	46	51
Total assets	¥ 218,206	¥ 193,080

The accompanying notes are an integral part of these financial statements.

TOKYU REIT, Inc.
Balance Sheets, continued
As of July 31, 2008 and January 31, 2008

	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	¥ 26,000	¥ 13,500
Long-term debt due within one year	10,000	5,000
Accounts payable	981	939
Rent received in advance	1,227	1,129
Tenant leasehold and security deposits held in trust due within one year	434	289
Accrued expenses and other current liabilities	191	157
Total current liabilities	38,833	21,014
Long-term liabilities:		
Long-term debt	51,000	45,000
Investment corporation bonds	10,000	10,000
Tenant leasehold and security deposits	1,706	1,134
Tenant leasehold and security deposits held in trust	15,837	15,306
Other long-term liabilities	5	4
Total long-term liabilities	78,548	71,444
Total liabilities	117,381	92,458
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized – 2,000,000 units		
Units issued and outstanding – 169,380 units as of July 31, 2008 and January 31, 2008	98,019	98,019
Retained earnings	2,805	2,603
Total net assets	100,825	100,622
Total liabilities and net assets	¥ 218,206	¥ 193,080

TOKYU REIT, Inc.
Statements of Income

For the six months ended July 31, 2008 and January 31, 2008

	For the six months ended	
	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 6,776	¥ 6,317
Other	560	515
Operating expenses:		
Rental service expenses	(3,102)	(2,965)
Asset management fees	(620)	(579)
Other	(124)	(135)
Operating income	3,489	3,153
Non-operating income:		
Interest income	13	13
Other	2	1
Non-operating expenses:		
Interest expense	(579)	(502)
Interest expense on investment corporation bonds	(88)	(48)
Amortization of investment corporation bond issuance expenses	(5)	(2)
Other	(27)	(11)
Income before income taxes	2,806	2,604
Income taxes:		
Current	(1)	(1)
Deferred	(0)	(0)
Net income	2,805	2,603
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,805	¥ 2,603

The accompanying notes are an integral part of these financial statements.

TOKYU REIT, Inc.
Statements of Changes in Unitholders' Equity
For the six months ended July 31, 2008 and January 31, 2008

For the six months ended July 31, 2008

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at January 31, 2008	¥ 98,019	¥ 2,603	¥100,622
Changes during the period			
Cash distributions declared	-	(2,603)	(2,603)
Net income	-	2,805	2,805
Total changes during the period	-	202	202
Balance at July 31, 2008	¥ 98,019	¥ 2,805	¥100,825

For the six months ended January 31, 2008 (information only)

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at July 31, 2007	¥ 98,019	¥ 2,444	¥100,463
Changes during the period			
Cash distributions declared	-	(2,444)	(2,444)
Net income	-	2,603	2,603
Total changes during the period	-	159	159
Balance at January 31, 2008	¥ 98,019	¥ 2,603	¥100,622

TOKYU REIT, Inc.
Statements of Cash Flows

For the six months ended July 31, 2008 and January 31, 2008

	For the six months ended	
	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,806	¥ 2,604
Depreciation and amortization	1,013	957
Amortization of investment corporation bond issuance expenses	5	2
Loss on disposal of property and equipment	-	0
Interest income	(13)	(13)
Interest expense	678	550
(Increase) Decrease in tenant receivables	(25)	14
(Increase) in consumption tax refund receivables	(2)	(7)
(Decrease) in consumption tax payable	-	(164)
Increase(Decrease) in accounts payable	54	(54)
Increase in rent received in advance	98	74
Other, net	(355)	(23)
Total	4,258	3,940
Interest received	13	13
Interest paid	(659)	(534)
Income taxes paid	(1)	(2)
Net cash provided by operating activities	3,611	3,417
Cash flows from investing activities:		
Payments for purchases of property and equipment	(4,197)	(1,446)
Payments for purchases of property and equipment held in trust	(20,016)	(8,731)
Payments for purchases of intangible assets held in trust	(1)	(5)
Payments for lease deposits	(282)	-
Proceeds from lease deposits	52	29
Payments for lease deposits held in trust	(0)	-
Proceeds from tenant leasehold and security deposits	529	54
Payments for tenant leasehold and security deposits	(0)	(40)
Proceeds from tenant leasehold and security deposits held in trust	950	515
Payments for tenant leasehold and security deposits held in trust	(273)	(70)
Payments for restricted deposits with banks held in trust	(950)	(515)
Proceeds from restricted deposits with banks held in trust	201	70
Net cash used in investing activities	(23,987)	(10,139)
Cash flows from financing activities:		
Proceeds from short-term debt	25,100	8,920
Repayment of short-term debt	(12,600)	(15,720)
Proceeds from long-term debt	16,000	5,000
Repayment of long-term debt	(5,000)	-
Proceeds from investment corporation bonds	-	9,947
Payment of dividends	(2,600)	(2,442)
Net cash provided by financing activities	20,900	5,705
Net change in cash and cash equivalents	524	(1,017)
Cash and cash equivalents at beginning of period	3,564	4,581
Cash and cash equivalents at end of period	¥ 4,088	¥ 3,564

The accompanying notes are an integral part of these financial statements.

TOKYU REIT, Inc.
Notes to Financial Statements

For the six months ended January 31, 2008 and July 31, 2007

1. Organization and basis of presentation

(a) Organization

TOKYU REIT, Inc. (“TOKYU REIT”), a real estate investment corporation with initial capital of ¥200 million, was formed on June 20, 2003 under the Investment Trust and Investment Corporation Law of Japan (“Investment Trust Law”). Registration with the Kanto Local Finance Bureau of the Ministry of Finance was completed on July 18, 2003 in accordance with the Investment Trust Law.

On September 10, 2003, TOKYU REIT was listed on the Tokyo Stock Exchange and issued 97,600 investment units for proceeds totaling ¥49,918 million through initial public offering. TOKYU REIT had acquired 11 properties with those proceeds and started its substantial operation.

In August 2004, TOKYU REIT completed its second public offering of 42,000 units and third party allotment of 2,000 units. Net proceeds totaling ¥27,743 million were utilized in the partial repayments of short-term loan and acquisition of additional 2 properties.

In August 2005, TOKYU REIT completed its third public offering of 26,700 units and third party allotment of 680 units. With net proceeds totaling ¥20,160 million, TOKYU REIT had repaid short-term debt and acquired 40% of trust beneficiary interest of cocoti .

As at July 31, 2008, TOKYU REIT’s total capital has been ¥98,019 million with 169,380 units outstanding. And TOKYU REIT has been operating 23 properties at approximately 99.4% of occupancy rate. Total acquisition cost of those 23 properties is ¥205,453 million and total rentable area is 239,287.19 m².

(b) Basis of presentation

The financial statements of TOKYU REIT, which is incorporated in Japan, have been prepared in accordance with the provisions set forth in the Commercial Code of Japan, the Investment Trust Law, the Financial Instruments and Exchange Law(replaced the Securities and Exchange Law effective from September 30, 2007) and related regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the financial statements for domestic purposes, which were submitted to the Director of the Kanto Local Financial Bureau of the Ministry of Finance, have been reclassified in the accompanying financial statements for the convenience of readers outside Japan.

The accompanying financial statements are a translation of the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by TOKYU REIT and were filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law(replaced the Securities and Exchange Law effective from September 30, 2007). TOKYU REIT does not prepare consolidated financial statements, as TOKYU REIT has no subsidiaries.

TOKYU REIT's first fiscal period began on June 20, 2003, the date of incorporation, and ended on January 31, 2004. TOKYU REIT's fiscal period is a six-month period, which ends respectively at the end of each January and July of each year. Prior period information in accompanying financial statements are disclosed for comparative purpose only

TOKYU REIT, Inc.**Notes to Financial Statements, continued**

For the six months ended July 31, 2008 and January 31, 2008

2. Significant accounting policies

- (a) Cash and cash equivalents** - Cash and cash equivalents consist of cash, demand deposits, cash and deposits held in trust and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, and which expire within three months from the date of acquisition.
- (b) Property and equipment** - Property and equipment are carried at cost, less accumulated depreciation. Depreciation of property and equipment, except for land, is computed by using the straight-line method at rates based on the estimated useful lives of the respective assets.

The ranges of useful lives used in the computation of depreciation are generally as follows (including those held in trust):

	July 31, 2008	January 31, 2008 (information only)
	(years)	
Buildings and structures		
Buildings	2-50	2-50
Structures	2-52	2-52
Other tangible assets		
Machinery and equipment	3-17	3-17
Tools, furniture and fixtures	2-15	2-15

- (c) Intangible assets** - Amortization is computed by using the straight-line method.
- (d) Income taxes** - Income taxes are accounted for financial reporting purpose. The tax effect of temporary differences between the amount of assets and liabilities for financial statements and for income tax reporting is recognized as deferred taxes. A deferred tax asset of ¥ 19 thousand and ¥ 19 thousand are included in other current assets as of July 31, 2008 and January 31, 2008, respectively.
- (e) Property-related taxes** - Property-related taxes (property tax, city planning tax and depreciable property tax) are imposed on property on a calendar year basis. The amount of such taxes assessed in the period is charged to income as rental service expenses. In accordance with Japanese business practice, at the time of disposal, the seller of the property is generally liable for property-related taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser of the property for the accrued property-related tax liabilities up to the time of disposal, and the amount of the settlement reflects this adjustment when acquiring a property. TOKYU REIT is allocated the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes totals ¥54 million for the six months ended July 31, 2008.
- (f) Revenue recognition** - TOKYU REIT operates retail and office properties that are rented to tenants. Revenue from leasing the retail and office space is recognized on an accrual basis over the life of each lease. Rental revenue includes fixed rental revenues, recoveries of utility charges and other income.
- (g) Accounting treatment of beneficiary interest in trust accounts, including real estate** - For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan and through which TOKYU REIT holds most of its property, all accounts of assets and liabilities within the trust, as well as all income generated and expenses incurred from assets and liabilities in the trust, are recognized in the balance sheet and income statement accounts.

TOKYU REIT, Inc.**Notes to Financial Statements, continued**

For the six months ended July 31, 2008 and January 31, 2008

- (h) Net income per unit** – Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during each period.
- (i) Accounting standard for impairment of fixed assets** – Effective August 1, 2005, TOKYU REIT adopted “Accounting Standard for Impairment of Fixed Assets”(“Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council in Japan on August 9, 2002) and “Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets”(the Financial Accounting Standard Implementation Guidance No.6 issued by the Accounting Standards Board of Japan on October 31, 2003) . The standard requires the recognition of an impairment loss on fixed assets whenever events or changes in circumstances indicate that the carrying amounts of fixed assets may not be recoverable.
- (j) Accounting method for deferred assets** – Depreciation of investment corporation bond issuance expenses is calculated using the straight-line method at rates based on the redemption period of the respective bonds.

3. Cash and cash equivalents

Cash and cash equivalents, at July 31, 2008 and January 31, 2008 consisted of the follows:

	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Cash and deposits with banks	¥ 1,533	¥ 1,306
Cash and deposits with banks held in trust	13,205	12,158
Restricted deposits with banks held in trust	(10,650)	(9,900)
Cash and cash equivalents	<u>¥ 4,088</u>	<u>¥ 3,564</u>

Restricted deposits with banks held in trust are retained for repayment of tenant leasehold and security deposits.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2008 and January 31, 2008

4. Schedule of property and equipment and intangible assets held in trust

Property and equipment and intangible assets held in trust as of July 31, 2008 and January 31, 2008 consisted of the following:

	July 31, 2008			January 31, 2008(information only)		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 3,866	¥ (399)	¥ 3,467	¥ 3,446	¥ (334)	¥ 3,112
Structures	27	(3)	24	17	(2)	15
Land	22,435	-	22,435	18,668	-	18,668
Other tangible assets						
Machinery and equipment	3	(3)	0	3	(3)	0
Tools, furniture and fixtures	12	(4)	8	12	(3)	9
Intangible assets	1	(0)	1	1	(0)	1
Property and equipment held in trust						
Buildings and structures						
Buildings	44,281	(7,304)	36,977	42,015	(6,427)	35,588
Structures	785	(190)	595	741	(169)	572
Land	137,293	-	137,293	119,544	-	119,544
Other tangible assets						
Machinery and equipment	812	(235)	577	792	(202)	590
Tools, furniture and fixtures	279	(145)	134	275	(131)	144
Intangible assets held in trust	23	(6)	17	22	(5)	17
Construction in progress held in trust	0	-	0	76	-	76
Total	¥209,816	¥ (8,288)	¥201,528	¥185,612	¥ (7,276)	¥178,336

5. Unitholders' equity

TOKYU REIT issues investment units in accordance with the Investment Trust Law. All the proceeds from the issuance of new units are designated as stated capital. TOKYU REIT maintains minimum net assets of at least ¥50 million as required by the Investment Trust Law.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2008 and January 31, 2008

6. Short-term debt and Long-term debt

Short-term debt and long-term debt as of July 31, 2008 and January 31, 2008 consisted of the following:

	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Short-term debt		
Unsecured loans due on October 31, 2008 with floating rate	¥ -	5,000
Unsecured loans due on January 31, 2009 with floating rate	2,500	8,500
Unsecured loans due on March 28, 2009 with floating rate	5,500	-
Unsecured loans due on April 22, 2009 with floating rate	4,000	
Unsecured loans due on June 27, 2009 with floating rate	12,600	
Unsecured loans due on July 25, 2009 with floating rate	1,400	
Sub total	<u>26,000</u>	<u>13,500</u>
Long-term debt		
Unsecured loans due on June 25, 2008 with fixed rate	-	5,000
Unsecured loans due on June 25, 2009 with fixed rate	10,000	10,000
Unsecured loans due on June 25, 2010 with fixed rate	3,000	3,000
Unsecured loans due on July 25, 2010 with fixed rate	4,000	-
Unsecured loans due on December 25, 2010 with fixed rate	5,000	5,000
Unsecured loans due on June 25, 2011 with fixed rate	2,000	-
Unsecured loans due on July 31, 2011 with fixed rate	4,000	4,000
Unsecured loans due on September 25, 2011 with fixed rate	5,000	5,000
Unsecured loans due on October 25, 2011 with fixed rate	1,000	1,000
Unsecured loans due on June 25, 2012 with fixed rate	4,000	4,000
Unsecured loans due on July 25, 2012 with fixed rate	1,000	-
Unsecured loans due on July 31, 2013 with fixed rate	4,000	4,000
Unsecured loans due on December 25, 2013 with fixed rate	1,000	-
Unsecured loans due on January 25, 2014 with fixed rate	4,000	4,000
Unsecured loans due on June 25, 2015 with fixed rate	5,000	-
Unsecured loans due on March 10, 2016 with fixed rate	3,000	-
Unsecured loans due on January 25, 2018 with fixed rate	5,000	5,000
Sub total	<u>61,000</u>	<u>50,000</u>
Total	<u>¥87,000</u>	<u>¥63,500</u>
Weighted average interest cost	<u>1.61%</u>	<u>1.67%</u>

On April 21, 2005, TOKYU REIT executed commitment line agreements which provide credit facilities totaling ¥2 billions with two banks. No amount has been drawn down as of July 31, 2008 and January 31, 2008.

7. Investment Corporation Bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2008 and January 31, 2008 was as follows:

Name	Issue date	Balance as of July 31, 2008	Balance as of January 31, 2008 (informatio n only)	Annual interest rate	Maturity date
		Millions of yen		(%)	
1 st Series Unsecured Investment Corporation Bond	October 24, 2007	¥ 5,000	¥ 5,000	1.65000	October 24, 2012
2 nd Series Unsecured Investment Corporation Bond	October 24, 2007	5,000	5,000	1.89000	October 24, 2014
Total		<u>¥10,000</u>	<u>¥10,000</u>		

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2008 and January 31, 2008

8. Collateral pledged

The net book value pledged as collateral to secure tenant lease hold and security deposits of ¥4,748 million outstanding as of July 31, 2008 and January 31, 2008 were as follows:

	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 3,384	¥ 3,463
Structures	145	147
Land	5,586	5,586
Other tangible assets		
Machinery and equipment	10	-
Tools, furniture and fixtures	0	0
Total	<u>¥ 9,125</u>	<u>¥ 9,196</u>

9. Rental revenue and expense

Rental revenues and expenses for the six months ended July 31, 2008 and January 31, 2008 were as follows:

	For the six months ended	
	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Revenue from property leasing:		
Rental revenue:		
Rental revenue	¥ 5,565	¥ 5,142
Common area charges	679	648
Parking lot revenue under monthly contract	142	139
Other	390	388
Sub total	<u>6,776</u>	<u>6,317</u>
Other:		
Incidental income	471	457
Other	86	58
Sub total	<u>557</u>	<u>515</u>
Total revenue from property leasing	<u>7,333</u>	<u>6,832</u>
Rental service expenses:		
Utilities expenses	579	549
Subcontract expenses	440	414
Property management fees	160	150
Repairs and maintenance expenses	132	120
Property-related taxes	555	539
Insurance premium	18	17
Depreciation and amortization	1,013	957
Loss on disposal of property and equipment	-	0
Other	205	219
Total rental service expenses	<u>3,102</u>	<u>2,965</u>
Operating income from property leasing activities	<u>¥ 4,231</u>	<u>¥ 3,867</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2008 and January 31, 2008

10. Income taxes

Income taxes in Japan applicable to TOKYU REIT consist of corporate income tax, enterprise tax and inhabitant tax. The following is reconciliation between the statutory income tax rate in Japan and the effective tax rate reflected in the accompanying financial statements for the six months ended July 31, 2008 and January 31, 2008.

	July 31, 2008	January 31, 2008 (information only)
Statutory income tax rate	39.39%	39.39%
Deductible cash distributions	(39.37)	(39.37)
Other	0.02	0.02
Effective tax rate	0.04%	0.04%

TOKYU REIT has a policy of making cash distributions in excess of 90% of distributable income as defined in the Special Taxation Measures Law of Japan (“Special Taxation Measures Law”) for the fiscal period to qualify for conditions as set forth in Special Taxation Measures Law to achieve a deduction of cash distributions for income tax purposes. Based on such policy, TOKYU REIT treated the cash distributions as a tax allowable distribution as defined in Special Taxation Measures Law.

11. Per unit information

The following table summarizes the net income per unit for the six months ended July 31, 2008 and January 31, 2008 and the unitholders’ equity per unit as of July 31, 2008 and January 31, 2008 .

	For the six months ended	
	July 31, 2008	January 31, 2008 (information only)
Net income per unit	¥ 16,559	¥ 15,363
Weighted-average number of units ¹	169,380 units	169,380 units
¹ Average number of units weighed by days in each fiscal period.		
	As of July 31, 2008	As of January 31, 2008 (information only)
Unitholders’ equity per unit	¥ 595,257	¥ 594,061

Diluted net income per unit is not presented since no warrants and convertible bonds were issued during the six months ended July 31, 2008 and January 31, 2008.

TOKYU REIT, Inc.

Notes to Financial Statements, continued

For the six months ended July 31, 2008 and January 31, 2008

12. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of July 31, 2008 and January 31, 2008, the future lease revenues under the non-cancelable operating leases were as follows:

	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Due within one year	¥ 6,162	¥ 5,703
Due after one year	28,290	30,614
Total	¥34,452	¥36,317

As of July 31, 2008 and January 31, 2008, the future lease payments under the non-cancelable operating leases were as follows:

	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Due within one year	¥ 261	¥ 146
Due after one year	4,530	2,206
Total	¥4,791	¥2,352

13. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended July 31, 2008 and January 31, 2008 were as follows: (Unaudited)

For the six months ended July 31, 2008

Name of building	Revenue from property leasing	Property leasing expenses (*1)	NOI (*2)	Depreciation and amortization (*3)	Operating income from property leasing activities
	Millions of yen				
R QFRONT	¥ 609	¥ 240	¥ 369	¥ 59	¥ 310
R Lexington Aoyama	166	29	137	7	130
R TOKYU REIT Omotesando Square	193	32	161	8	153
R Tokyu Saginuma Building	310	64	246	26	220
R Tokyu Saginuma 2 Building	65	14	51	9	42
R TOKYU REIT Shibuya Udagawa-cho Square	170	17	153	5	148
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	55	245	82	163
R cocoti	763	190	573	166	407
R Shonan Mall Fill (Sokochi)	174	25	149	-	149
R CONZE Ebisu	139	36	103	18	85
R Daikanyama Forum	60	16	44	8	36
O Setagaya Business Square	1,313	554	759	252	507
O Tokyu Nampeidai-cho Building	182	31	151	30	121
O Tokyu Sakuragaoka-cho Building	254	57	197	19	178
O Tokyo Nissan Taito Building	242	70	172	51	121
O TOKYU REIT Akasaka Hinokicho Building	148	35	113	10	103
O TOKYU REIT Kamata Building	304	91	213	54	159
O Resona Maruha Building	869	246	623	64	559
O TOKYU REIT Toranomom Building	484	159	325	35	290
O TOKYU REIT Hatchobori Building	222	56	166	48	118
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	205	23	182	35	147
O Tokyu Ikejiri-ohashi Building	111	33	78	19	59

TOKYU REIT, Inc.

Notes to Financial Statements, continued

For the six months ended July 31, 2008 and January 31, 2008

O Ryoshin Harajuku Building	50	16	34	8	26
Total	¥ 7,333	¥ 2,089	¥ 5,244	¥ 1,013	¥ 4,231

For the six months ended January 31, 2008 (information only)

Name of building	Revenue from property leasing	Property leasing expenses (*1)	NOI (*2)	Depreciation and amortization (*3)	Operating income from property leasing activities
Millions of yen					
R QFRONT	¥ 611	¥ 241	¥ 370	¥ 59	¥ 311
R Lexington Aoyama	168	31	137	7	130
R TOKYU REIT Omotesando Square	193	34	159	8	151
R Tokyu Saginuma Building	310	67	243	26	217
R Tokyu Saginuma 2 Building	65	15	50	8	42
R TOKYU REIT Shibuya Udagawa-cho Square	169	18	151	5	146
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	58	242	86	156
R cocoti	729	183	546	165	381
R Shonan Mall Fill(Sokochi)	174	25	149	-	149
R CONZE Ebisu	141	36	105	18	87
O Setagaya Business Square	1,316	530	786	251	535
O Tokyu Nampeidai-cho Building	182	35	147	30	117
O Tokyu Sakuragaoka-cho Building	254	49	205	20	185
O Tokyo Nissan Taito Building	238	70	168	51	117
O TOKYU REIT Akasaka Hinokicho Building	151	38	113	10	103
O TOKYU REIT Kamata Building	272	95	177	54	123
O Resona Maruha Building	854	228	626	61	565
O TOKYU REIT Toranomom Building	482	178	304	44	260
O TOKYU REIT Hatchobori Building	222	62	160	48	112
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	15	(14)	6	(20)
Total	¥ 6,832	¥ 2,008	¥ 4,824	¥ 957	¥ 3,867

Note1. Property leasing expenses are defined as rental service expenses adjusted for depreciation and amortization.

Note2. NOI represents net operating income, calculated as revenue from property leasing minus property leasing expenses.

Note 3. Depreciation and amortization include Loss on disposal of property and equipment.

14. Related party transactions

Masahiro Horie, who holds no voting units of TOKYU REIT, is executive director of TOKYU REIT and Representative Director & President, Chief Executive Officer of Tokyu Real Estate Investment Management. Tokyu Real Estate Investment Management, Inc. has entered into asset management agreement subject to the conditions set forth in the TOKYU REIT's articles of incorporation with TOKYU REIT. The amount of management fees incurred for the six months ended July 31, 2008 and January 31, 2008 and payable due to asset manager as of then were as follows:

	July 31, 2008	January 31, 2008 (information only)
(Millions of yen)		
Asset management fees for the period	¥ 620	¥ 579
Management fees payable due to asset manager	280	261

TOKYU REIT, Inc.**Notes to Financial Statements, continued**

For the six months ended July 31, 2008 and January 31, 2008

15. Distribution information

The Board of Directors of TOKYU REIT resolved on September 12, 2008 and March 14, 2008 to effect payment of cash distributions of ¥16,560 and ¥15,364 per unit to unitholders of record on July 31, 2008 and January 31, 2008, respectively. Retained earnings carried forward after the distributions are as follows:

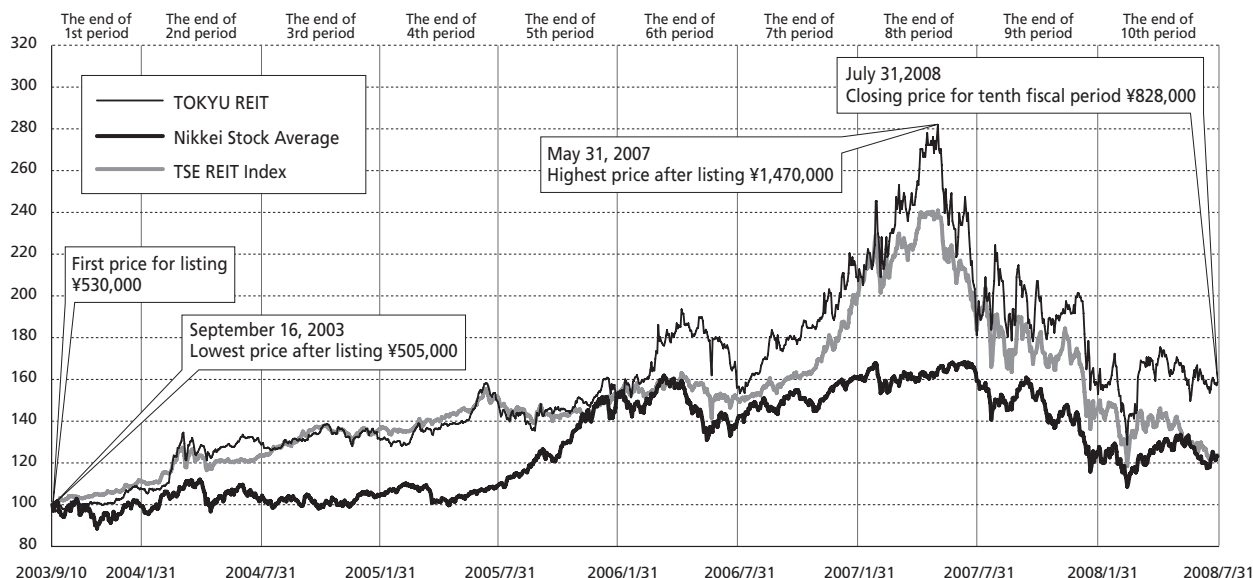
	July 31, 2008	January 31, 2008 (information only)
	(Millions of yen)	
Retained earnings at end of period	¥ 2,805	¥ 2,603
Cash distributions declared	2,805	2,603
Retained earnings carried forward	<u>¥ 0</u>	<u>¥ 0</u>

16. Subsequent event

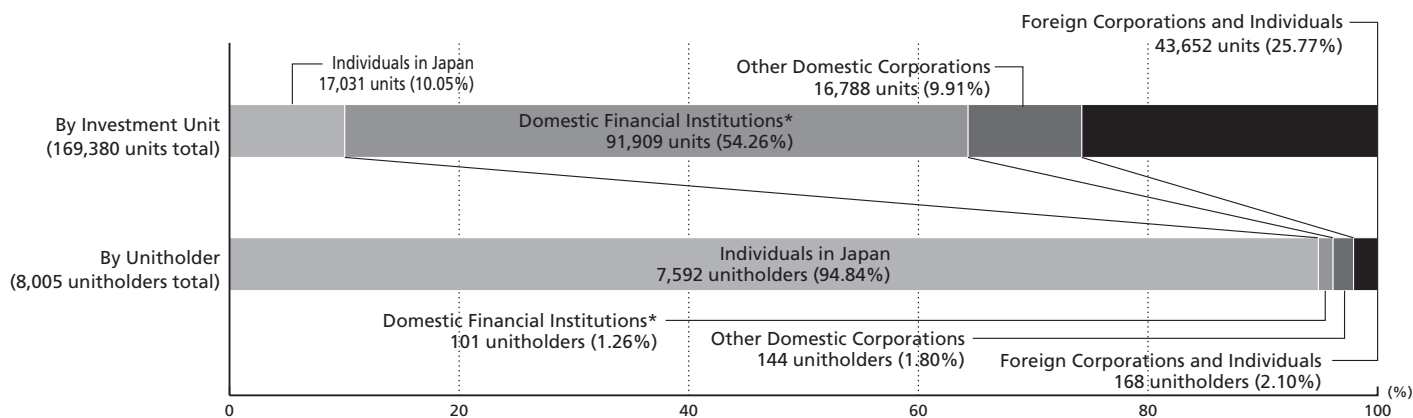
TOKYU REIT is not aware of any circumstances that may have a material impact on TOKYU REIT's financial position after the tenth fiscal period end.

Unitholder Information

Unit Price Chart



Unitholder Composition



* Financial instruments dealers are classified into "Other Domestic Corporations."

Results Reporting Schedule

	10th Period	11th Period
Date of settlement	Jul. 31, 2008	Jan. 31, 2009
Announcement of financial results	Sep. 12, 2008	Mid Mar. 2009
Delivery of investment management report (Japanese only)	Oct. 9, 2008	Mid Apr. 2009
Payment of dividends	Oct. 10, 2008	Mid Apr. 2009

Address

1-12-1, Dogenzaka, Shibuya-ku, Tokyo

Established

June 20, 2003

Executive Director

Masahiro Horie

Supervisory Directors

Giichi Yanagisawa

Maruhito Kondo

Independent Auditors

PricewaterhouseCoopers Aarata

1-5-1, Marunouchi, Chiyoda-Ku, Tokyo

Date of Settlement

Annually on January 31 and July 31

Unitholders' General Meeting

More than once every two years

Date for Finalizing General Meeting Voting Rights

As designated under Article 13 of the by-laws

Date for Determining Dividend Payments

Annually on January 31 and July 31

(Dividends paid within three months of each date)

The Administrator of the Register of Unitholders

The Mitsubishi UFJ Trust and Banking Corporation

1-4-5, Marunouchi, Chiyoda-ku, Tokyo

Transfer Agent Head Business Office

The Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

Contact · Address

7-10-11, Higashi-Suna, Koto-ku, Tokyo

Tel: 0120-232-7111 (toll free number: Japan only)

Transfer Agent Locations

Nationwide branches of The Mitsubishi UFJ Trust and Banking Corporation

Nationwide head office and branch offices of Nomura Securities Co., Ltd.

Listing

Tokyo Stock Exchange (8957)

■ Distributions**The Time Limit for Claiming Cash Distributions**

The Articles of Incorporation of **TOKYU REIT** stipulates that the time limit for claiming cash distributions shall be three years from the date on which payment commenced, at which point the right of unitholders to receive cash distributions that remain unclaimed shall be annulled.

The date on which payment commenced for the fourth fiscal period (ended July 31, 2005) is on October 13, 2005 and for the fifth fiscal period (ended January 31, 2006) is on April 13, 2006.

■ Investment Management Company

Tokyu Real Estate Investment Management Inc. TEL: 81-3-5428-5828

Financial Instruments Dealer (Kanto Financial Bureau (*Kin-sho*) No. 360) / Member of the Investment Trusts Association, Japan

■ Disclaimer

Semiannual Report is an English translation of Japanese report about TOKYU REIT's investment management published every six months.

This translation is prepared and provided for the readers' convenience.

All readers are recommended to refer to the original version in Japanese of the report for complete and accurate information.

■ For further information please visit the **TOKYU REIT** website at (www.tokyu-reit.co.jp/eng/)

■ The information in this report without description of dates is as of July 31, 2008.

TOKYU REIT

TOKYU REIT, Inc.
www.tokyu-reit.co.jp/eng/