

TOKYU REIT

TOKYU REIT, Inc. Semiannual Report

Twelfth Fiscal Period
From February 1, 2009 to July 31, 2009

Stable Earnings and Cash
Distributions through Investment in



Highly Competitive Properties in
Areas with Strong Growth Potential



TOKYU REIT, Inc.

Semiannual Report
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From February 1, 2009 to July 31, 2009

12th

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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

Internal Growth

- Outstanding occupancy rate (98.6%) as of July 31, 2009, at the end of the twelfth fiscal period

Finance

- Commitment line
Development Bank of Japan Inc.: ¥10 billion
(July 2, 2009)

Investment Management Fee

- Reduced by a certain rate from the twelfth fiscal period to the fifteenth fiscal period
(2%, 4%, 6%, 8%: each fiscal period)

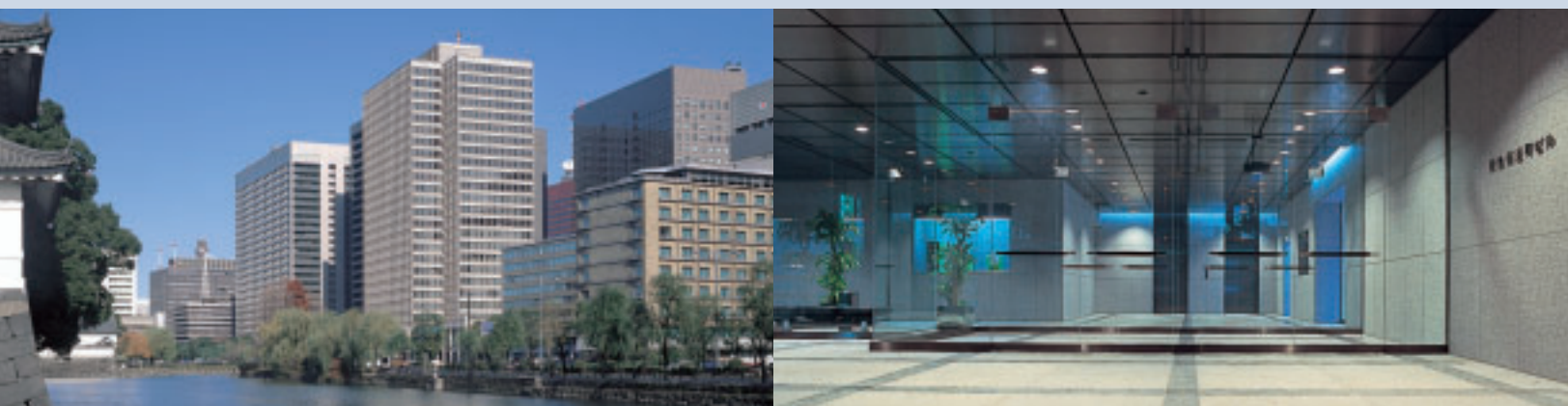
Implementation of Strict Corporate Governance

Proactive IR Activities

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, 2009, the end of TOKYU REIT's twelfth fiscal period, TOKYU REIT held twelve office buildings and eleven retail facilities, for a total of 23 properties.



FINANCIAL SUMMARY

		12th Fiscal Period	11th Fiscal Period
Balance Sheets	Number of Properties	23 properties	23 properties
	Total Assets	¥217,200 million	¥217,727 million
	Interest-Bearing Liabilities	¥97,000 million	¥97,000 million
	Total Assets Loan-to-Value (LTV) Ratio	44.7%	44.6%
Statements of Income	Operating Revenues	¥7,479 million	¥7,643 million
	Net Income	¥2,626 million	¥2,758 million
Distributions	Cash Distribution per Unit	¥15,505	¥16,284
	Average Market Price per Unit	¥496,772	¥603,570
	Distribution Yield	6.29%	5.35%



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 patient understanding. We were very pleased to see so many unitholders in attendance at the Fourth General Meeting of Unitholders and the management status meeting concerning **TOKYU REIT** both held on April 15, 2009. More than two-thirds and one-fourth of all **TOKYU REIT** unitholders—in terms of the number of voting rights and unitholders, respectively—exercised their voting rights at the unitholders meeting. We truly appreciate their active participation and cooperation in this regard. **TOKYU REIT** will thoroughly review all suggestions and comments received at these meetings and reflect them in its investment management operations. The following pages provide an overview of our operating environment and results for the twelfth fiscal period, February 1, 2009 to July 31, 2009.

Masahiro Horie

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

Cash Distribution of ¥15,505 per Unit

For the twelfth fiscal period, **TOKYU REIT** posted ¥7,479 million and ¥2,626 million in operating revenues and net income, respectively. These figures represent a decrease in both revenues and earnings from the eleventh fiscal period, showing how severe the conditions in the domestic real estate leasing market have been. They were also the result of a tenant vacating a property as notified during the previous fiscal period and of a decline in rental income attributable to contract renewals for existing tenants. However, the net income figure is actually ¥136 million higher than the forecast announced on March 16, 2009.

Consistent with its distribution policy, **TOKYU REIT** allocated 100% of its net income for a cash distribution of ¥15,505 per unit. This was ¥779, or 4.8%, below the eleventh fiscal period distribution of ¥16,284, while being ¥805, or 5.5%, above the distribution forecast. Based on the weighted-average issue price of all of TOKYU REIT's public offerings, which amounts to ¥599,113 per unit, the cash distribution of

¥15,505 per unit in the reporting period represents an “annualized return on the public offering price” of 5.2%. This percentage figure indicates the level of TOKYU REIT's return to its unitholders in relation to the investments made by them. **TOKYU REIT** believes that this indicator is an effective tool, and so is the absolute level of the cash distribution that it makes, to gauge its investment management performance. It is this belief that underlies our continual disclosure of the indicator.

Net asset value per unit after deducting the per-unit cash distribution of ¥15,505 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 the book value), adjusted net asset value per unit declined ¥129,838 from the previous fiscal period to ¥687,988 due to a drop in the period-end portfolio appraisal value.

Leasing Performance for the Twelfth Fiscal Period

Nineteen of TOKYU REIT's 23 properties were fully occupied as of July 31, 2009, and the occupancy rate for the entire portfolio was 98.6%, exactly the same level as January 31, 2009. In the reporting period, the Japanese real estate leasing market came under the most severe conditions since 2003. In such an environment, **TOKYU REIT** had ten tenants who vacated or decreased their leasing space. These tenants included a clothing company, which had leased space in the Lexington Aoyama, and an independent administrative agency, which had leased the 18th floor of the Resona Maruha Building. **TOKYU REIT** has accelerated its leasing activities for these newly vacated spaces as well as for the other spaces that were vacant as of January 31, 2009. Through these endeavors, we have been able to achieve 100% occupancy in the Resona Maruha Building and the Ryoshin Harajuku Building. More specifically, in terms of its entire portfolio, **TOKYU REIT** had twelve tenants who were either new or seeking additional space.

For new tenants who lease office space, **TOKYU REIT** may set a rent-free period that extends over several months. Due to such special treatment, even if **TOKYU REIT** successfully attracts new tenants for vacant space and improves the occupancy rate for applicable properties, it may not immediately enjoy contributions to its revenues and earnings from these favorable events.

Also, during the reporting period, **TOKYU REIT** implemented rent revisions for a total of 21 tenants. We were able to raise rents for five of these tenants while maintaining the rents for two. For the remaining 14 tenants, we implemented downward rent revisions. As a result of these rent revisions, our overall rental revenues edged down ¥111 million, or 1.7%, compared with the eleventh fiscal period.

Leasing Policy for the Thirteenth Fiscal Period

The vacancy rate for TOKYU REIT's entire portfolio was 1.4% as of July 31, 2009. According to data compiled by CB Richard Ellis Research Institute K.K., the vacancy rates in Tokyo's 23 wards and the five central wards of Tokyo were 4.9% and 5.0%, respectively, as of June 30, 2009. The figure for **TOKYU REIT** is staying steady at a comparatively lower rate.

Nevertheless, **TOKYU REIT** has received advance notices from eleven tenants expressing their intention to leave the TOKYU REIT Toranomon Building, the Setagaya Business Square, cocoti and other portfolio properties during the thirteenth fiscal period due to business relocation and operational integration. When these tenants vacate their leased space as notified, and **TOKYU REIT** fails to find replacement tenants, the vacancy rate of TOKYU REIT's entire portfolio for the thirteenth and fourteenth fiscal periods will stand at 3.3% and 4.2%, respectively. With the foremost aim of improving the occupancy rate of its portfolio properties, **TOKYU REIT** is bolstering its leasing activities.



Outlook

As part of our performance forecast, we revised our per-unit distribution forecast for the thirteenth fiscal period to ¥13,800 on September 9, 2009. In addition, we announced our per-unit distribution forecast for the fourteenth fiscal period, totaling ¥13,100, on September 11, 2009.

These figures are based on currently effective contracts and advance notices of contract cancellations while factoring in certain risks that may result in rent reductions. These figures do not take into account possible upward rent revisions and new property acquisitions. Furthermore, these forecasts are subject to change due to a variety of factors, including our investment management performance and interest rate movements.

Lagging Real Estate-Related Indicators

The Cabinet Office announced its overall assessment of Japan's diffusion index (DI, specifically referring to the coincident index here) as "Ceasing to fall" in May 2009. In connection with the leading and coincident indices, the overall lagging index is calculated using such lagging indicators as the employment index of regular workers, expenditure of households, corporate tax revenues and unemployment rate—which are believed to significantly affect the occupancy and rents of real estate. Simply put, the lagging index is thought to lag behind the coincident index by several months to half a year. In actual fact, as announced in the monthly report for July 2009, the lagging index is continuing to fall.

In general, leasing contract cancellation and rent revision—both of which usually reflect weakening economic trends—take effect approximately six months after tenants' advance notice of contract cancellation and request for downward rent revisions. Due to such a tendency, occupancy and rents fluctuate, inevitably even lagging behind the lagging index. Let's assume that the economy will not hit a deeper bottom and that the published diffusion index continues to show signs of recovery. Even if that were to turn out to be the actual case, TOKYU REIT sees a high possibility that

vacancy rates, advertised rents and other real estate-related indicators will continue to deteriorate throughout 2009.

Decline in Unrealized Gain

The total unrealized gain for the entire portfolio of TOKYU REIT stood at ¥18,511 million as of July 31, 2009, a decline of ¥21,992 million from the ¥40,503 million recorded as of January 31, 2009. This decline was attributable to the downward revision of expected rental revenues through the calculation of the period-end appraisal value of TOKYU REIT properties, which was conducted by third-party real estate appraisers, and to the consequent upward revision of the cap rate for TOKYU REIT's portfolio, which indicates increased risk in real estate investments.

In terms of its entire portfolio, TOKYU REIT has secured an unrealized gain. However, some portfolio properties, such as the Ryoshin Harajuku Building, are suffering unrealized losses. Should these unrealized losses grow to a certain level, we may have to account for applicable properties as impaired assets, in line with the generally accepted accounting principles in Japan. In other words, in such a case, we may post an accounting loss even without the unprofitable sale of applicable properties. To avoid such unfavorable situations, we will strive to maintain and improve the value of individual properties through strategic and effective investment and property management.

Long-Term Investment Management Strategy

I explained the real estate market cycle and REIT's growth strategy in our *Semiannual Report Tenth Fiscal Period*. In that explanation, I said, "In terms of REIT management, it is ideal to acquire properties to achieve external growth during a credit crunch phase and to sell, or refrain from acquiring properties to secure investment return during a credit expansion phase." This approach can be viewed as a "contrarian investment strategy." Here, I would like to elaborate a long-term investment management strategy that

extends over several market cycles of a credit crunch and expansion phase.

TOKYU REIT got listed in 2003. The Japanese real estate market—particularly in Tokyo—experienced a so-called “Year 2003 Problem” in that year. This problem was caused by an oversupply of office space attributable to the completion of many large-scale buildings in the nation’s capital. Due to this problem, the year 2003 can now be seen as a bottom for the Japanese real estate market. If the Japanese real estate market hits another bottom in 2010, it will establish a market cycle of seven years. And if we assume that such a market cycle repeats itself five times starting in 2003, we will be in the year 2038 by the end of the fifth cycle. Based on the average age of all portfolio properties, which stood at 11 at the time of TOKYU REIT’s public listing, the average age will be 46 in 2038. Unless **TOKYU REIT** undertakes large-scale renovations for all of its portfolio properties, it is most likely that they will not be showing stable performance at that time. Should we decide to keep the average age below a certain level, we will have to replace most of the portfolio properties at the time of our listing with younger ones at some point. Naturally, because it is impossible to replace the entire portfolio at once, we will have to go property by property. In doing so, we are considering starting with the sales of older portfolio properties. Also, we plan to sell applicable properties during any credit expansion phase in which they are still performing well, or when the time is right for comprehensive regional redevelopment. In this way, **TOKYU REIT** aims to secure capital gains.

In addition to the properties considered for sale due to their age, we will consider the sale of those properties whose appraisal values are, or will be, significantly impaired compared with their book values. This is a way of avoiding the risk of applying accounting for impaired assets to these properties.

I have often said that REITs are a permanently sustainable fund. In accordance with this belief, I have explained investment policies, financial strategies, investor relations activities, corporate governance, compliance, risk management and other important matters underlying the REITs’ sustainability. In addition to these matters, the abovementioned

market cycle-oriented strategies are a prerequisite for our sustainability.

Property Sales and Acquisitions

During the twelfth fiscal period, **TOKYU REIT** did not acquire any new property. This was because we took a conservative approach with due consideration given to the risk of a decrease in real estate prices.

There are some signs of real estate prices bottoming out. Although **TOKYU REIT** will maintain a careful stance, it will flexibly conduct the sale and acquisition of properties, pursuant to the aforementioned long-term investment management strategy.

Promoting Conservative Financial Strategy to Maintain Creditworthiness

Continuing on the same path from the previous fiscal period, **TOKYU REIT** promoted the conversion of short-term debt into long-term debt during the twelfth fiscal period. The aim here was to reduce our current liabilities. As of January 31, 2009, the ratio of long-term debt stood at 84.5%. By refinancing ¥8.0 billion of its short-term debt on a long-term basis during the reporting period, we have been able to raise the ratio to 92.8%. We believe that this initiative has enabled us to further reinforce our financial soundness. In addition to the above long-term debt, **TOKYU REIT** has long-term debt due within one year totaling ¥7.0 billion. Also, during the fiscal period under review, **TOKYU REIT** concluded and executed a new commitment line agreement with Development Bank of Japan Inc. with a limit of ¥10.0 billion to be exclusively used for debt repayment. Through this and other initiatives, we have steadily enhanced our liquidity on hand.

On January 15, 2009, Moody’s Investors Service Inc. announced its intention to review its issuer ratings for 14 J-REITs, including **TOKYU REIT**, for possible downgrading. The rating agency actually downgraded its ratings for the other 13 J-REITs but maintained its rating for **TOKYU REIT** on April 21, 2009. Moody’s recognized the stable cash flows generated by TOKYU

REIT's portfolio, which consists of highly competitive, tenant-attracting properties. Moreover, Moody's perceived **TOKYU REIT** as boasting the relatively strong capability of controlling the negative impact of future deterioration in operating conditions on creditworthiness. Such favorable evaluation is solely attributable to our persistently conservative debt management efforts, which we have continued from the time of our listing.

The conversion of short-term debt into long-term debt and the execution of commitment line agreements usually accompany an increase in non-operating expenses, which, in turn, will force us to reduce the amount available for cash distributions. This is a fact. Still, we have implemented these two initiatives as we recognized them to be crucial in maintaining our creditworthiness and thereby sustaining value for our unitholders.

Effectively Using Reduced Portion of Investment Management Fees

Held on April 15, 2009, the Fourth General Meeting of Unitholders approved the time-limited reduction of investment management fees by 2%, 4%, 6% and 8% in the 12th, 13th, 14th and 15th fiscal periods, respectively, over a two-year period commencing February 1, 2009.

This initiative is based on a voluntary proposal made by Tokyu Real Estate Investment Management Inc. (Tokyu REIM), TOKYU REIT's investment management company. The aim of this initiative is to enable **TOKYU REIT** to use the reduced portion as a fund for implementing measures to avoid credit and other risks amid the current global financial turmoil, which the Japanese government contends is growing into a worse-than-expected crisis. As stated above, for the twelfth fiscal period, the conversion of short-term debt into long-term debt and the execution of a commitment line agreement have pushed up TOKYU REIT's non-operating expenses by ¥0.6 million from the eleventh fiscal period. Meanwhile, the reduced portion of investment management fees during the twelfth fiscal period totaled ¥11 million, which allowed us to sufficiently cover the increased non-operating expenses. The remainder of the reduced portion will be included in our earnings and accordingly distributed to our unitholders.

It seems that the current global financial disorder is gradually stabilizing. However, as I explain in the following Special Feature section, the J-REIT market still has a long way to go before it regains the trust of investors. This means that we have to remain well prepared for possible downside risk.



About the Questionnaire

In the introduction of this message, I mentioned that **TOKYU REIT** received many suggestions and comments from its unitholders at the Fourth General Meeting of Unitholders and the management status meeting of Tokyu REIM. Some unitholders voiced such comments right at these meetings, while others contributed through the questionnaire that we provided. Particularly noteworthy was the fact that the collection rate for the questionnaire was extremely high, and each form was filled with invaluable suggestions and comments. In carefully reviewing all the forms one by one, we strongly felt the respondents' entreaties to make **TOKYU REIT** a better-than ever REIT.

We believe that there were many unitholders who wished to but could not attend those meetings to give us their opinions. This is why we have enclosed a questionnaire form with dividend notice to our unitholders. We hope that our unitholders will use the form to communicate with us.

The purpose of the questionnaire is solely to reflect your opinions in investment management of Tokyu REIM. Accordingly, Tokyu REIM will be exclusively responsible for the costs associated with this questionnaire, and we would like to stress that it will not cause any financial drain whatsoever on TOKYU REIT's part.

In addition, the Website of **TOKYU REIT** (URL: <http://www.tokyu-reit.co.jp/eng/>) provides an "Inquiries" page. Please use this page to communicate with us. Depending on the content of your inquiries, it may take us a certain amount of time before responding to you, or we may not be able to accommodate your requests. We ask, in advance, for your kind understanding and cooperation.

September 2009



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.

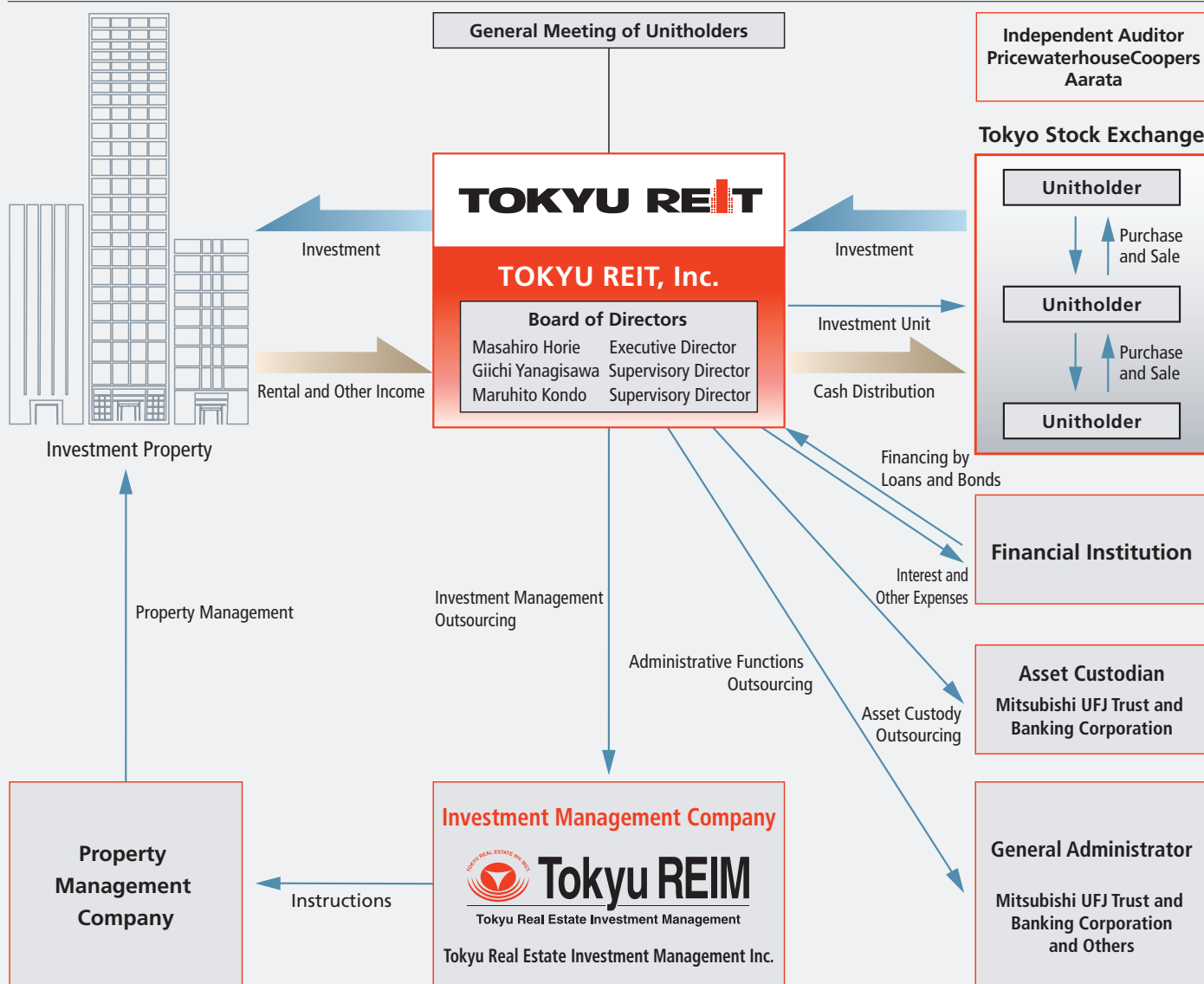
2003

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.

June 2009

Posted to a member of the board of the Investment Trusts Association, Japan.

TOKYU REIT Structure and External Service Providers



Investment Management Fee

	Calculation Formula and Payment Period
Base 1 (Asset-based)	Amount of total from the following calculation about asset value at the end of previous period ■ For the portion under ¥200 billion : Asset value at the end of previous period × 0.150% ■ For the portion exceeding ¥200 billion: Asset value at the end of previous period × 0.125% The payment should be implemented until the end of the fiscal period.
Base 2 (Cash-based)	Amount of total from the following calculation about operating cash flow*1 in current period ■ For the portion under ¥5 billion : Operating cash flow in current period × 6.0% ■ For the portion exceeding ¥5 billion: Operating cash flow in current period × 5.0% The payment should be implemented within two months of the end of the fiscal period.
Incentive (Unit price-based)	Amount from the following calculation about closing price in current period ■ (Average price in current period – Record average price*2) × Number of investment unit at the end of previous period × 0.4% The payment should be implemented within two months of the end of the fiscal period.

* Apart from the above fees, TOKYU REIT pays service charges to an asset custodian, general administrator, property management companies, and accounting auditor, among others.
 * Investment management fee reduced by a certain rate and over a limited period, as described below, which was approved by the Fourth General Meeting of Unitholders held on April 15, 2009.
 (Rate of reduction)
 12th fiscal period (from February 1, 2009 to July 31, 2009) : 2%
 13th fiscal period (from August 1, 2009 to January 31, 2010): 4%
 14th fiscal period (from February 1, 2010 to July 31, 2010) : 6%
 15th fiscal period (from August 1, 2010 to January 31, 2011): 8%

Notes: 1. Operating cash flow = ordinary income + depreciation and amortization of deferred assets – profit or loss from sale of property and valuation + investment management fee
 2. As of the twelfth fiscal period ¥1,241,537 (average in eighth period)

Special Feature

Toward Regaining the Trust of Investors and Other Stakeholders in the J-REIT Market

The current financial disorder, which has plagued the entire world since last fall, has significantly impacted the J-REIT market. We have witnessed the bankruptcy of several J-REIT sponsor companies while suffering deterioration in the conditions of the office market. In such an environment, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has recently announced multiple initiatives aimed at supporting J-REITs, including the establishment of a public-private real estate market stabilization fund. Meanwhile, some J-REITs are taking concrete steps toward mergers. With these developments, concerns about the reliability of the J-REIT market seem to be gradually subsiding.

Nevertheless, the price of J-REIT investment units showed violent fluctuations, and some investment corporations and investment management companies received administrative punishment. At the same time, concerns about J-REIT's financing difficulties ballooned among investors, and a certain J-REIT actually went bankrupt. Because of these events, a lot of investors may now think that J-REIT units—previously viewed as a medium-risk, medium-return financial product—are a high-risk product. In this Special Feature section, I would like to elaborate my thoughts on the trust that the J-REIT market has lost and the initiatives needed for the market to regain such trust.

Masahiro Horie

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



Trust That the J-REIT Market Has Lost

As said above, J-REIT units were thought to be a medium-risk, medium-return financial product. This is primarily because J-REITs are specialized in real estate leasing and, therefore, boast a more stable earnings foundation than other corporate entities undertaking wide-ranging operations. With that said, however, it is true that the price of J-REIT units have shown movements that were on par with, or more dynamic than, those of general operating companies' stock prices from the second half of 2006 onward. In recent months, J-REIT unit prices seem to have risen slightly but are still trending in a lower range.

J-REITs are designed to have a high degree of creditworthiness. Such a design is mandated by regulatory systems, employing a bankruptcy remote structure and requiring the maintenance of a high unitholders' equity ratio. Owing to this design, it was thought that J-REITs would never go bankrupt. In reality, however, many J-REITs have struggled through the refinancing of their debt. Moreover, in autumn 2008, the second-largest, residence-focused J-REIT filed for bankruptcy protection from its creditors under the Civil Rehabilitation Law. These incidents have substantially damaged investor trust in the J-REIT mechanism itself.

J-REITs adopt an external investment management structure. This means that they are legally mandated to focus on holding properties and issuing investment units and to entrust investment-related decision-making to their investment management company. Due to this structure, investment management companies owe fiduciary responsibility to J-REIT unitholders and, accordingly, are

required to have a high level of ethics regarding corporate governance. Regrettably, however, some investment management companies of certain J-REITs have engaged in influence-peddling transactions to benefit their sponsor companies and consequently received administrative punishment. These investment management companies failed to achieve a rightful, orderly collaboration with their sponsor companies. Their activities were sadly, but unavoidably, perceived as an act of betraying unitholders' trust in corporate governance of the J-REITs in question.

So, what do we need to do to regain the trust of our unitholders and investors in general? I would like to develop my argument on this question from the two perspectives of "self-supporting efforts to be made by investment management companies" and "support provided by the Japanese government and the Bank of Japan."

Self-Supporting Efforts to Be Made by Investment Management Companies

For the J-REIT market to regain the trust of investors and other stakeholders, it is a matter of course that investment management companies, which conduct actual investment management on behalf of investment corporations, must make self-supporting efforts.

(1) Enhancing Investor Communication

First of all, we have to tirelessly strive to make investors and sales representatives of securities companies increase their understanding concerning product features of J-REIT units.

Underpinned by stable rental revenues, J-REIT units are basically a yield-focused financial product. At the same time, J-REIT units have characteristics similar to those of stock shares. Specifically, the safety of the principal paid is not guaranteed, and their prices are subject to fluctuations. To promote the accurate understanding of these features of J-REIT units among investors and sales representatives of securities companies who actually explain product features over the counter, we have to keep communicating with them.

Meanwhile, J-REITs are well known for the high level of transparency in their information disclosure. Nevertheless, due to the complexity of procedures involved, the Japanese real estate industry has been a distant domain in terms of the use of foreign languages. As the presence of overseas investors continues to expand in stock markets in Japan, the importance is growing for improved English communication capability and overseas IR activities.

(2) Reinforcing Debt Financing-Related Initiatives

Activities of internationally active banks are subject to the Basel II Accord, which promotes the creation of international regulations about how much capital banks need to put aside to guard against the types of financial and operational risks that they may face. Due to such regulations, banks are forced to take a conservative stance across the board in lending to the corporate sector, including the J-REITs. As long as J-REITs utilize debt financing, investment management companies must recognize managing their debt strategically as a given requirement.

The year 2008 was a particularly difficult period for J-REITs as far as financing was concerned, compared to general operating companies with similar issuer ratings. Although there must have been reasons specific to each J-REIT for such financing difficulties, a factor common to all J-REITs was, in my opinion, the J-REIT system itself, where all profits are distributed to unitholders and no retained earnings are accumulated. In addition, J-REITs have a short history of transactions with banks, so some J-REITs may lack sufficient communication with their banks, and this, in turn, may have caused such financing difficulties.

Tokyu REIM, as TOKYU REIT's investment management company, has always emphasized debt financing-related initiatives from the beginning. Specific initiatives included the following: (1) having recognized the importance of debt management since the listing of TOKYU REIT, Tokyu REIM has constantly worked to reinforce its relationship with financial institutions, enhance information disclosure, diversify debt maturity and implement a conversion to long-term debt; and (2) Tokyu REIM voluntarily offered to reduce the investment management fees paid by TOKYU REIT over a limited period to allow TOKYU REIT to use the reduced portion as a fund for additionally executing a commitment line agreement.

(3) Promoting J-REIT Market Reorganization

Another important initiative to help the J-REIT market

regain trust involves the promotion of market reorganization. To promote market reorganization, the J-REIT industry has to review the scale of the property portfolio managed by individual J-REITs. Sound management of an investment management company requires at least 20 employees, and to generate enough profits to cover the personnel expenses, a minimum portfolio totaling approximately ¥100.0 billion is necessary. Also, TOKYU REIT believes that it should have a portfolio scale totaling at least ¥300.0 billion not only to steadily increase the liquidity of investment units, but also to be able to enjoy the true benefits of a diversified portfolio. Recent news coverage has reported the activities of certain J-REITs in their moves toward mergers. I think that market reorganization through mergers can be an effective initiative for the J-REIT market to improve its overall reliability.

(4) Strengthening Corporate Governance

The REIT system can be classified into two major types: the external and internal management types. REITs in Japan, Australia and Singapore are categorized into the external management type, while those in the United States and Europe are categorized into the internal management type. REITs of the internal management type usually have an investment decision maker internally. Investors, particularly in the United States, tend to prefer the internal management type due to the smaller possibility of having a conflict of interest.

Currently, Japan's related laws do not allow the internal management type setup for REITs. Some argue that Japan should change its legal systems to enable the internal management type of REIT. However, due to established stipulations under the Corporation Law and the Corporation Tax Law of Japan, radically changing the J-REIT system seems to be a difficult proposition. Considering such legal restrictions, I think it rather productive for individual J-REITs to voluntarily promote activities, within the current framework, to enhance the trust of investors. A J-REIT, being an external management type of organization, is characterized by having both its investment corporation and investment management company exercise their own mechanisms and opportunities to secure corporate governance. I think that this is a positive, valuable aspect of the J-REIT system. By furthering this aspect and thereby strengthening corporate governance, I believe that most of the problems inherent to the external management type setup can be effectively solved. Specific measures may include: (1) the reestablishment of an investment management fee structure to make investment corporations and their investment management companies share the same interest as their unitholders "being in the same boat;" (2) the maximization of the supervisory function at J-REITs through investment corporations' board of directors and supervisory directors; and (3) bolstering the disclosure of information concerning related-party transactions.

Support Provided by the Japanese Government and the Bank of Japan

So far, I have explained the possible self-supporting efforts to be made by investment management companies to enable the J-REIT market to regain the trust of unitholders and investors in general. Although such efforts are indispensable, it is true that the current situation is one where the J-REIT market needs administrative support by the Japanese government and the Bank of Japan (BOJ). I myself have directly negotiated with authorities for special treatment or additional measures under related support systems, which are still disadvantageous compared with those for general operating companies.

Support systems applicable to J-REITs are gradually being developed. Actual initiatives include: (1) the provision of emergency loans by Development Bank of Japan Inc.; (2) the acceptance of bonds and commercial paper issued by J-REITs and loans on deeds to J-REITs as collateral eligible for credit provided by the BOJ; and (3) the establishment of a government subsidy system for J-REIT mergers. Most recently, as mentioned in the introduction of this Special Feature section, the MLIT launched a public-private real estate market stabilization fund in September 2009. In my opinion, these administrative measures will not only support the J-REIT market but will also help stabilize the overall financial system in Japan.

As its name implies, REITs are a financial product that falls under the category of investment trust. Irrespective of such categorization, however, from the viewpoint of investors, banks and other stakeholders, J-REITs are in the same arena as general operating companies. In line with this perspective, as J-REITs' self-supporting efforts have proved insufficient to compensate for the disadvantages in related support systems, we are inclined to ask for assistance from the government and the central bank.

I have often stated in previous semiannual reports that J-REITs have certain social missions. Because of the significance of these missions, should J-REITs stop functioning properly, it will be a substantial loss for this country. The J-REITs' function is not confined to the provision of a medium-risk, medium-return financial

product in the capital market. Specifically, with the advent of J-REITs, which disclose highly transparent real estate-related information, disparities in the quality of the information available regarding real estate transactions have been minimized, and this has consequently accelerated the formation of adequate real estate prices. Also, in property acquisitions by J-REITs, investment management companies, law offices and other professionals conduct due diligence for applicable properties. Moreover, J-REITs, in general, invest only in properties that boast high earthquake and fire resistance. So, if J-REITs continue these activities and expand their portfolio scale, Japanese society will benefit from an increase in the number of properties that are safe, both physically and legally. Furthermore, by purchasing real estate from general operating companies, J-REITs are, in some sense, supplying the funds required for capital expenditure in the core businesses of these companies. This mechanism will, in turn, contribute to the improved productivity of these companies and, ultimately, to the growth of the Japanese economy.

By strategically disseminating the significance of J-REITs' social missions described above, we will continue to ask relevant authorities for necessary aid.

Toward Fulfilling J-REITs' Social Mission

All in all, the aforementioned administrative support should serve as a safety net, and J-REITs are not to rely on it completely. Investment management companies are responsible for continuing their own self-supporting efforts, tirelessly and diligently. Maintaining such a stance constitutes a part of J-REITs' social responsibility.

As the J-REIT market succeeds in gradually regaining trust, J-REITs will be able to resume public offerings and thereby underpin the foundation of adequate real estate pricing as real estate purchasers. As the leader of a J-REIT, I strongly believe that we will again be able to get back on the right track of fulfilling our social missions. To welcome that day as early as possible, **TOKYU REIT** is committed to doing its utmost in every facet of its operations.



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)

Note: Tokyu REIM is not acting these services now.

Major Shareholders (as of March 31, 2009)

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, as a supreme decision-maker of the investment management such as decision making on business policy 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 twelfth fiscal period, the Board of Directors met on twelve 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 twelfth fiscal period, the Investment Committee met on seven occasions.

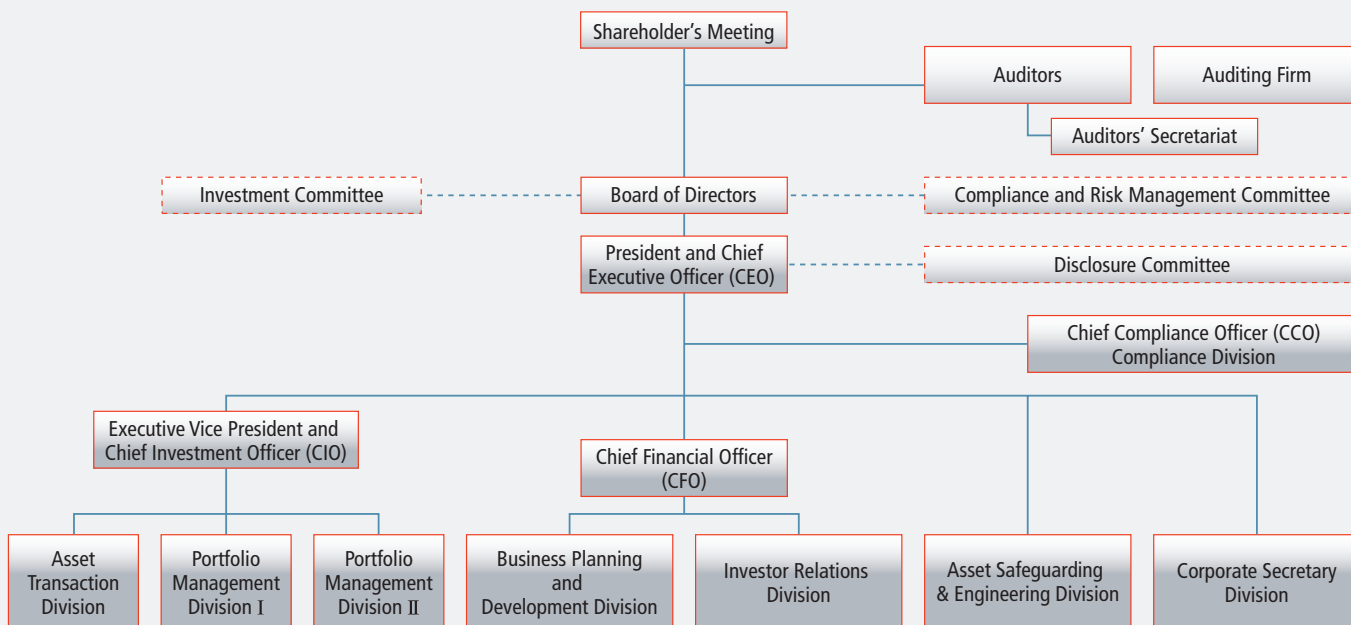
Compliance and Risk Management Committee

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 twelfth fiscal period, the Compliance and Risk Management Committee met on ten occasions.

Disclosure Committee

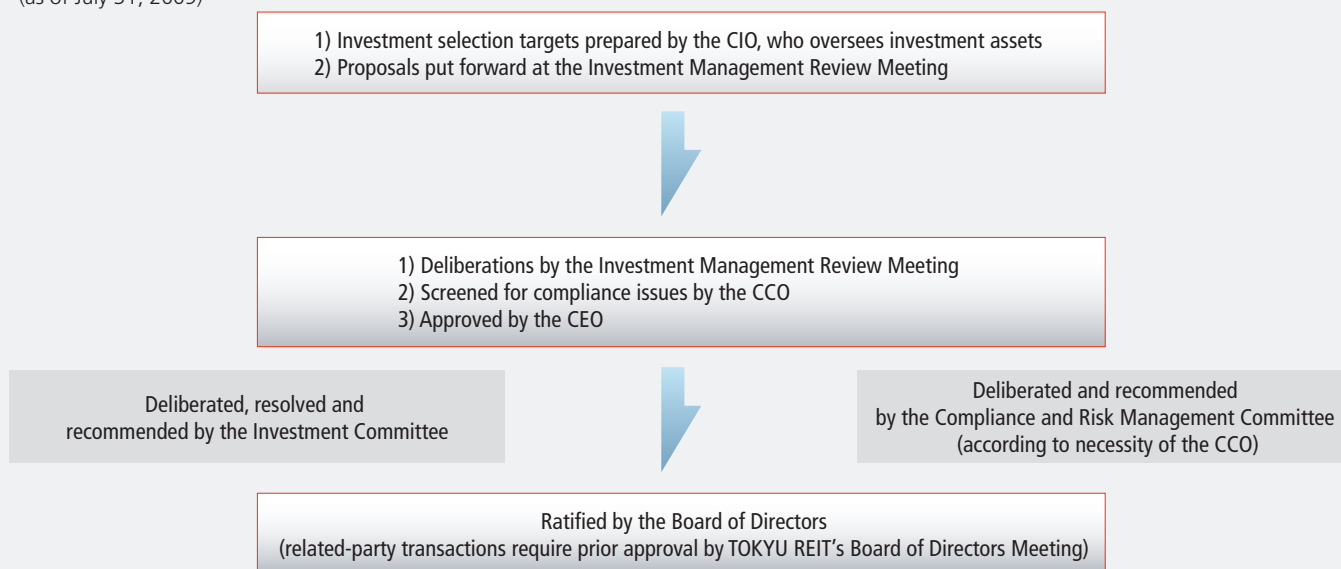
The head of the Disclosure Committee is the General Manager of Investor Relations. The other members of the Committee include the Chief Compliance Officer, Corporate Secretary the General Manager of Business Planning & Development and other members the Committee head judged to be necessary. Of information 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 twelfth fiscal period, the Disclosure Committee met on five occasions.

■ Organization Chart (as of July 31, 2009)



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

(as of July 31, 2009)



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 I and II, 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

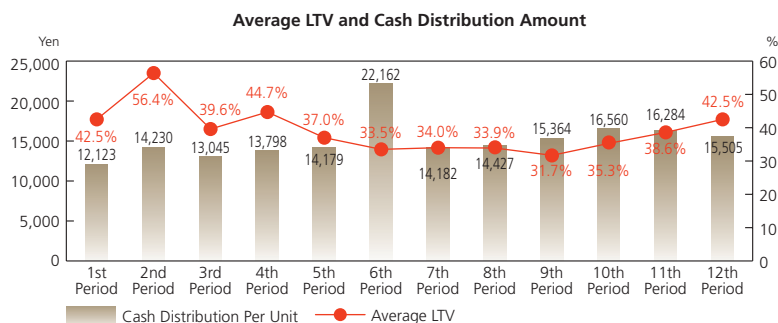
- Assurance of Prompt Fund Procurement Schemes

Efficiency

- Efficient 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



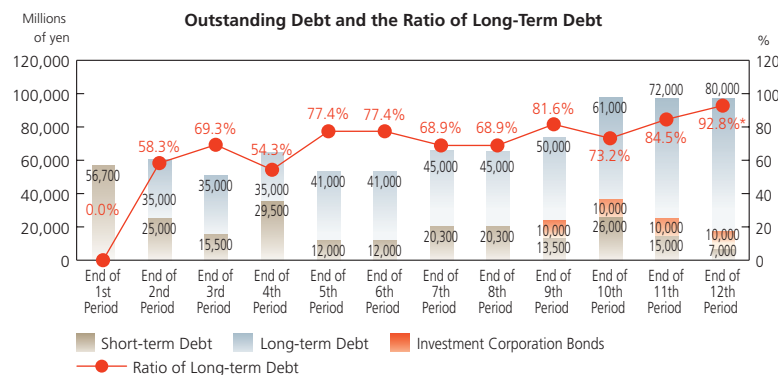
TOKYU REIT implements conservative management that considers the balance between the level of cash distribution amount and financial soundness, as shown left.

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

Average LTV increased on the twelfth fiscal period by the come-down of the appraisal value at the end of the fiscal period.

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 first 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 second fiscal period onwards.

Outstanding Debt and the Ratio of Long-Term Debt



Note: 85.6% (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 debt as of the end of the twelfth fiscal period is 92.8% (91.3%: excluding the long-term floating-interest debt).

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 twelfth fiscal period)

Category	Lender	Amount (billions of yen)	Type
Short-term Debt	Mitsubishi UFJ Trust and Banking Corporation	7.0	Unsecured Unguaranteed
	Sub Total	7.0	Average Interest Rate 0.72%
Long-term Debt	Development Bank of Japan Inc.	19.0	Unsecured Unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	8.4	
	The Bank of Tokyo/Mitsubishi UFJ, Ltd.	8.4	
	The Sumitomo Trust and Banking Co., Ltd.	8.4	
	The Chuo Mitsui Trust and Banking Company, Limited	8.4	
	Mizuho Corporate Bank, Ltd.	5.4	
	The Dai-ichi Mutual Life Insurance Company	5.0	
	The National Mutual Insurance Federation of Agricultural Cooperatives	4.0	
	Daido Life Insurance Company	4.0	
	Nippon Life Insurance Company	4.0	
	Shinkin Central Bank	2.0	
	Aioi Insurance Co., Ltd.	1.0	
	Mitsui Sumitomo Insurance Company, Limited	1.0	
	The Norinchukin Bank	1.0	
Sub Total	80.0	Average Interest Rate 1.81%	
Total	87.0		

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

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

Lenders

The Sumitomo Trust and Banking Co., Ltd.
The Chuo Mitsui Trust and Banking Company, Limited
Development Bank of Japan Inc.

Commitment Line Agreement

The Sumitomo Trust and Banking Co., Ltd.: ¥1 billion
The Chuo Mitsui Trust and Banking Company, Limited: ¥1 billion
Development Bank of Japan Inc.: ¥10 billion

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 twelfth fiscal period, **TOKYU REIT** concluded a new commitment line agreement with Development Bank of Japan Inc. (commitment period: from July 2, 2009 to July 1, 2010)

And **TOKYU REIT** undertook debt financing ¥0.5 billion on April 8, 2009 from the Sumitomo Trust and Banking Co., Ltd. and the Chuo Mitsui Trust and Banking Company, Limited. The full amount was repaid by April 15, 2009.

Issuance of Investment Corporation Bonds (as of the end of the twelfth 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	

Ratings

Rating and Investment Information, Inc. (R&I)
R&I Issuer Rating AA- (Rating Outlook: Stable)

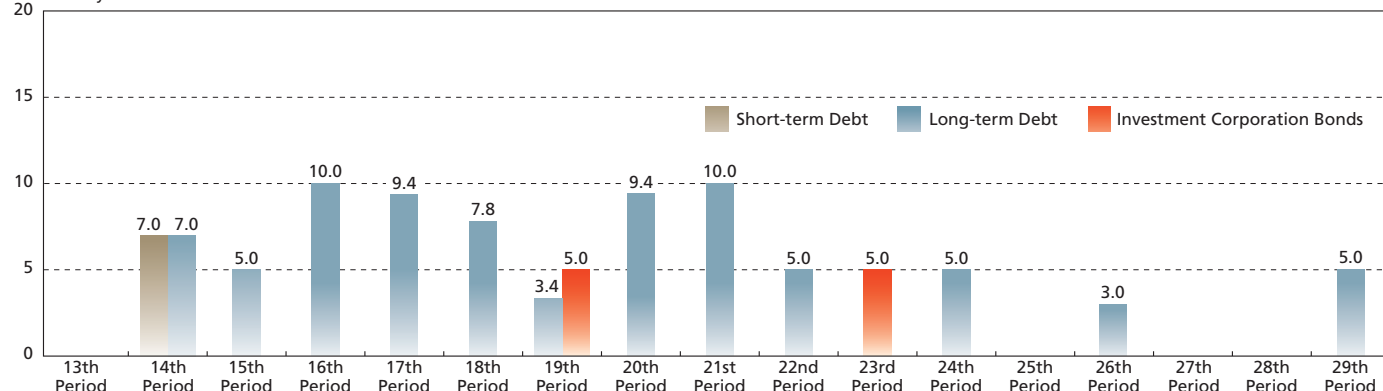
Standard & Poor's (S&P)
Long-term Issuer Rating A (Outlook: Stable)
Short-term Issuer Rating A-1

Moody's Investors Service (Moody's)
Moody's Issuer Rating A2 (Rating Outlook: Negative)

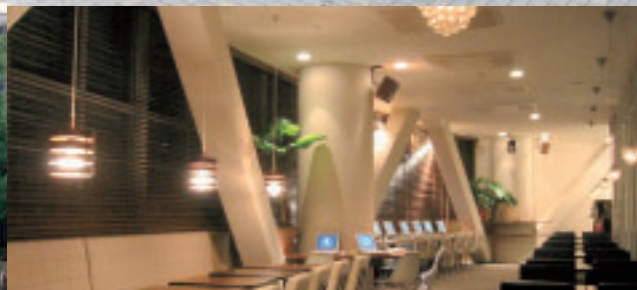
Note: Moody's Investors Service (Moody's) reviewed rating for possible downgrade on January 15, 2009. On April 21, it has confirmed the issuer and unsecured long-term debt ratings of A2. The ratings outlook is negative.

Debt Balance by Repayment Date (Maturity Ladder) (as of the end of twelfth fiscal period)

Billions of yen



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) 2,388.70 (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, Chuo-ku, 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	6466.94
Total					

Notes: *1. "Sokochi" means ownership of land with a fixed-term leasehold for commercial use.

*2. 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 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.

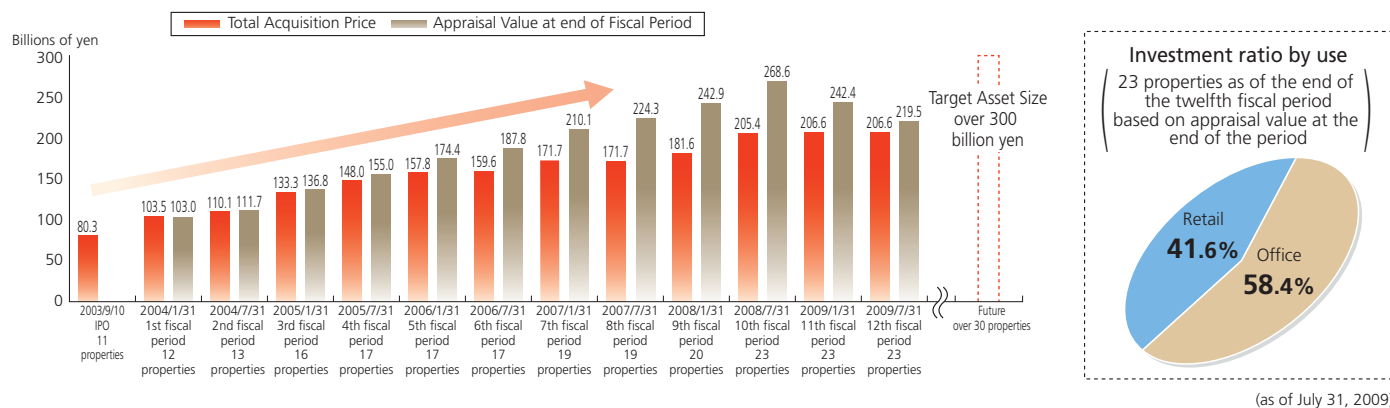
Total Acquisition Price and Appraisal Value, Investment Ratio

Total acquisition price as of the end of the twelfth fiscal period ended July 31, 2009, stood at ¥206.6 billion, and appraisal value at the end of fiscal period stood at ¥219.5 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.

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

TOKYU REIT has no "Forward Commitment" property, which has already been concluded contract and hasn't been closed as of preparation of this report.



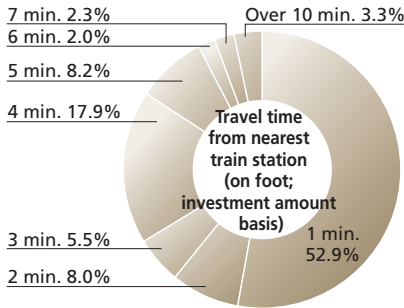
Structure	Floors	Completion	Acquisition Date	Acquisition Price (Billions of yen)	Appraisal Value (Billions of yen)	Type of Ownership		PM	Number of Tenants	Occupancy Ratio	Earthquake PML*2
						Land	Building				
SRC/S	B3/8F	Oct. 1999	Sep. 10, 2003	15.1	19.6	Proprietary Ownership	Compartmentalized Ownership	Tokyu Corporation	4	100.0%	4.1%
S/RC	B1/4F	Jan. 1998	Sep. 11, 2003	4.8	5.3	Proprietary Ownership	Proprietary Ownership	Tokyu Community Corp.	1	21.2%	2.3%
S/SRC	B1/4F	Oct. 1985	Sep. 10, 2003	5.7	7.0	Proprietary Ownership	Proprietary Ownership	Tokyu Community Corp.	4	100.0%	9.5%
RC	B1/4F	Sep. 1978	Sep. 10, 2003	6.9	7.8	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	1	100.0%	9.9%
SRC	B2/4F	Oct. 1979	Sep. 11, 2003	1.2	1.3	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	1	100.0%	9.3%
S	3F	Jul. 1998	Mar. 1, 2004	6.6	7.7	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	2	100.0%	7.3%
S	2F	Jun. 1995	Mar. 1, 2004	6.6	7.7	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	2	100.0%	7.3%
SRC	B2/4F	Jun. 1998	Aug. 3, 2004	9.5	8.2	Proprietary Ownership	Proprietary Ownership	Tokyu Community Corp.	1	100.0%	9.5%
S/SRC	B2/12F	Sep. 2004	Apr. 6, 2005 Aug. 2, 2005	14.7 9.8	20.6	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	14	97.5%	6.2%
—	—	—	Apr. 28, 2006	6.8	5.7	Proprietary Ownership	—	—	1	100.0%	—
S/SRC	B1/9F	Mar. 2004	Oct. 31, 2006	5.1	4.5	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	3.3	(East) Proprietary Ownership (West) Proprietary Ownership (Co-ownership ratio 64.13%)	(East) Compartmentalized Ownership (West) Compartmentalized Ownership	Tokyu Corporation	4	91.5%	8.0%
SRC/RC/S	B2/28F	Sep. 1993	Sep. 11, 2003	22.4	23.9	Proprietary Ownership (Co-ownership ratio 55%)	Proprietary Ownership (Co-Ownership ratio 55%)	Tokyu Community Corp.	55	95.1%	2.8%
SRC	B2/5F	Jul. 1992	Sep. 11, 2003	4.6	5.7	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	1	100.0%	7.9%
SRC	B3/9F	Jun. 1987	Sep. 11, 2003	6.6	8.9	Proprietary Ownership	Compartmentalized Ownership*3	Tokyu Corporation	2	100.0%	11.1%
SRC	B2/10F	Sep. 1992	Sep. 11, 2003	4.4	5.1	Proprietary Ownership	Proprietary Ownership	Tokyu Community Corp.	11	100.0%	7.4%
RC	7F	Aug. 1984	Sep. 10, 2003	3.5	4.4	Proprietary Ownership	Proprietary Ownership	Tokyu Community Corp.	4	100.0%	11.2%
S/SRC	B1/9F	Feb. 1992	Sep. 10, 2003	4.7	6.9	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	4	100.0%	7.7%
S/SRC	B4/25F	Nov. 1978	Jan. 15, 2004	23.2	31.6	Proprietary Ownership (Co-ownership ratio 27%)	Compartmentalized Ownership	Tokyu Community Corp.	3	100.0%	4.1%
SRC/RC	B2/9F	Apr. 1988	Dec. 15, 2004 Sep. 21, 2007 Sep. 21, 2007 Oct. 26, 2007	8.6 1.1 0.2 0.1	14.2	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	5.8	Proprietary Ownership	Proprietary Ownership	Tokyu Community Corp.	9	100.0%	4.0%
S/SRC	B1/9F	Feb. 2003	Jan. 31, 2008	8.5	7.1	Proprietary Ownership	Proprietary Ownership	Tokyu Community Corp.	1	100.0%	3.9%
SRC	7F	Oct. 1989	Mar. 28, 2008	5.4	5.0	Proprietary Ownership	Proprietary Ownership	Tokyu Corporation	5	100.0%	5.8%
SRC	B1/9F	Mar. 1989	Jun. 27, 2008 Oct. 3, 2008	14.1 1.1	9.1	Proprietary Ownership	Compartmentalized Ownership*3	Tokyu Corporation	8	100.0%	5.1%
				206.6	219.5				151	98.6%	4.0%

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.

*3. All of compartmentalized ownerships with whole building of Tokyu Sakuragaoka-cho Building and Ryoshin Harajuku Building are entrusted.

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.

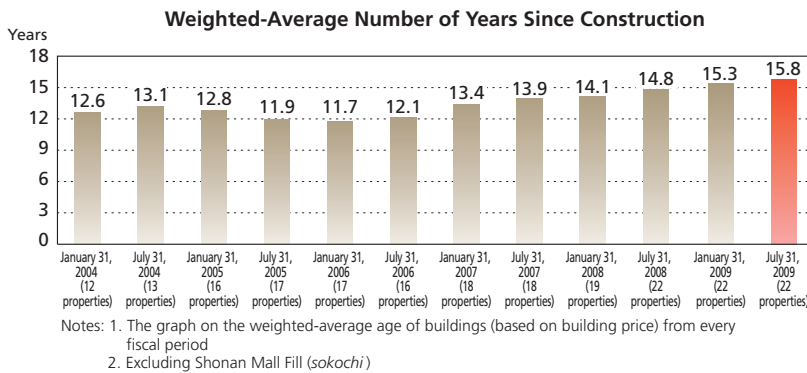
Location



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.

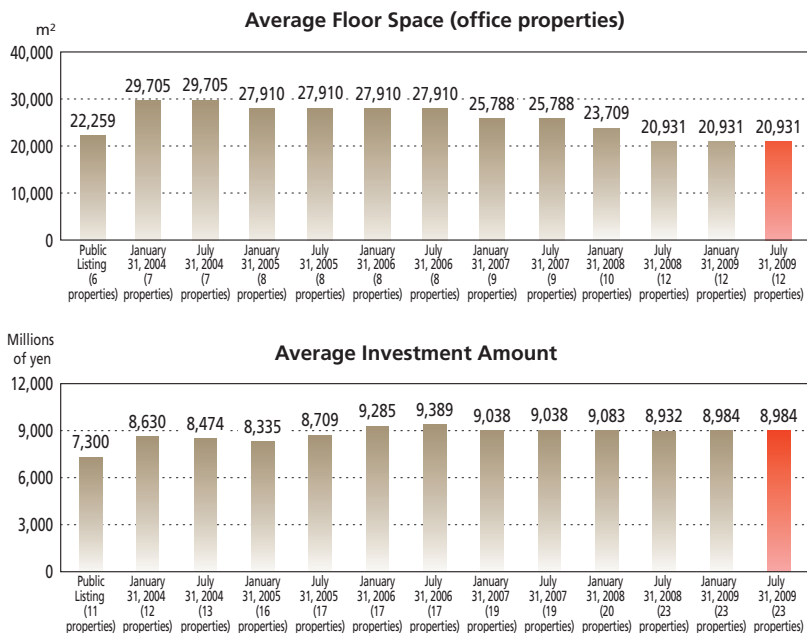
As of the end of the twelfth fiscal period, approximately 66% (investment amount basis) of TOKYU REIT's properties were located within about three minutes from the nearest train station.

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 twelfth fiscal period, 15.8 years have passed since construction and the number of years increases only 3.2 years from the point of January 31, 2004 in elapsed 5.5 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 twelfth 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 twelfth fiscal period, **TOKYU REIT** had invested an average of ¥8,984 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, 2009

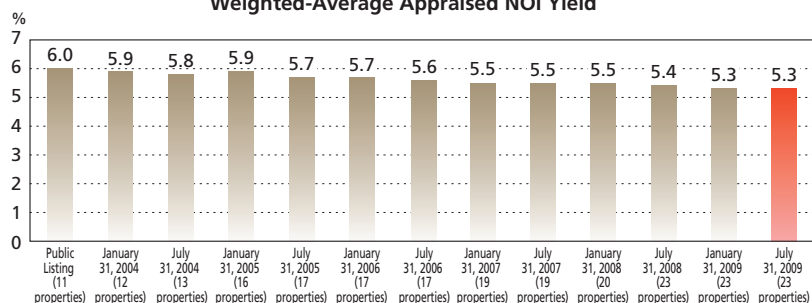
No.	Tenant Name	Business Category	Property Name	Leased Area (m ²)	Ratio* ¹
1	Ito-Yokado Co., Ltd.	Retail	R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	50,285.89	21.3%
2	Daiwa House Industry Co., Ltd.	Construction	R Shonan Mall Fill (sokochi)	44,078.12	18.7%
3	Tokyu Store Chain Co., Ltd.	Retail	R Tokyu Saginuma Building	19,610.06	8.3%
4	Maruha Nichiro Seafoods, Inc.	Fishery and Agriculture	☐ Resona Maruha Building	11,097.27	4.7%
5	Tokyu Corporation	Land Transportation	☐ Tokyu Nampoedai-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	2.5%
8	Fujitsu Advanced Solutions Limited	Information and Telecommunication	☐ TOKYU REIT Kamata Building	4,253.55	1.8%
9	CCC Co., Ltd. (The former name: 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	67.9%
Total leased area of 23 properties at the end of twelfth fiscal period				235,889.39	100.0%

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

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

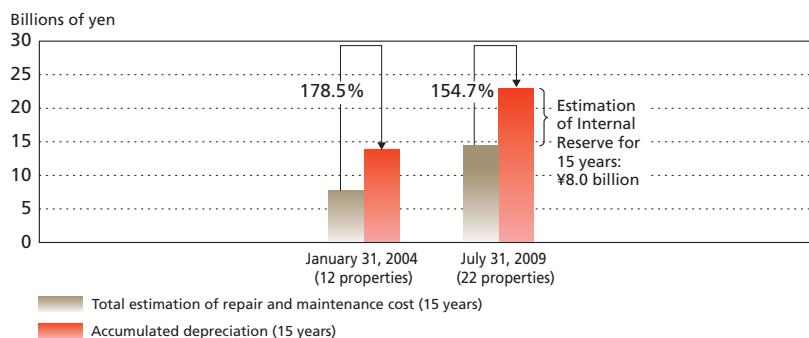
Portfolio Cap Rate

Weighted-Average Appraised NOI Yield



TOKYU REIT has acquired some properties after listing, and as of the end of the twelfth fiscal period, the weighted-average appraised NOI yield fell to 5.3%. 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

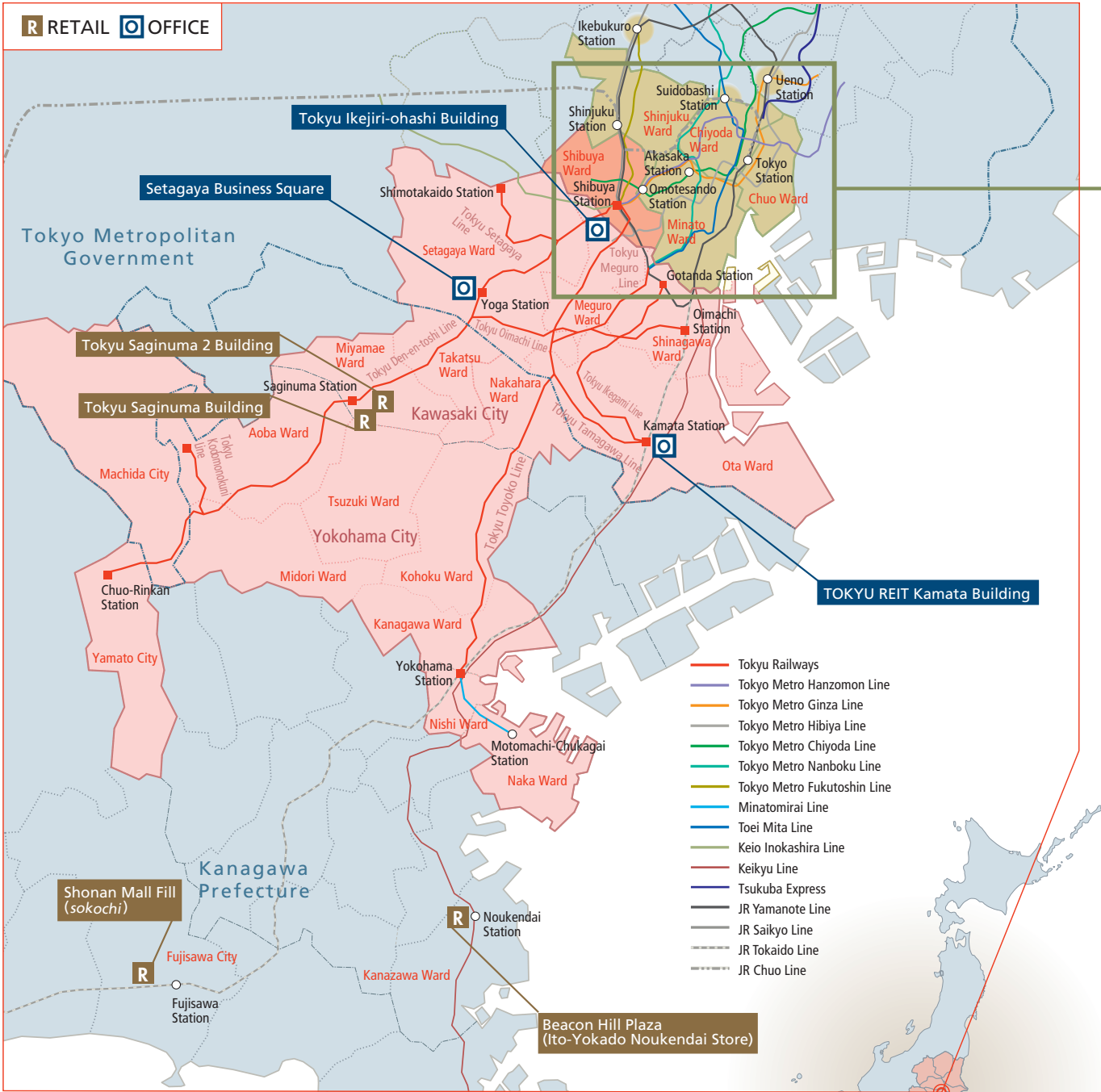
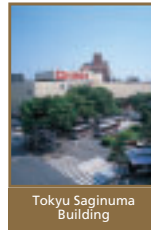
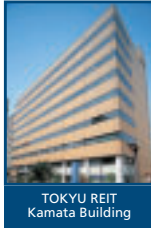


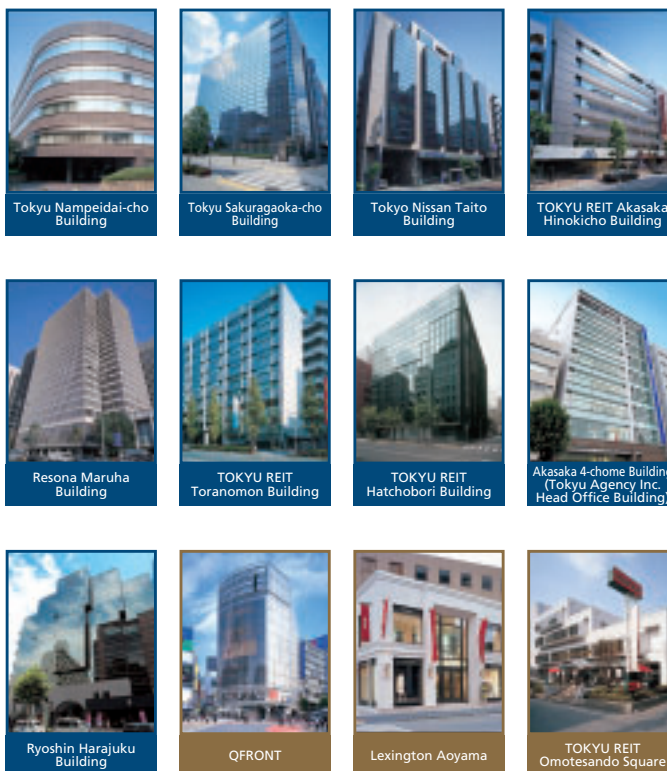
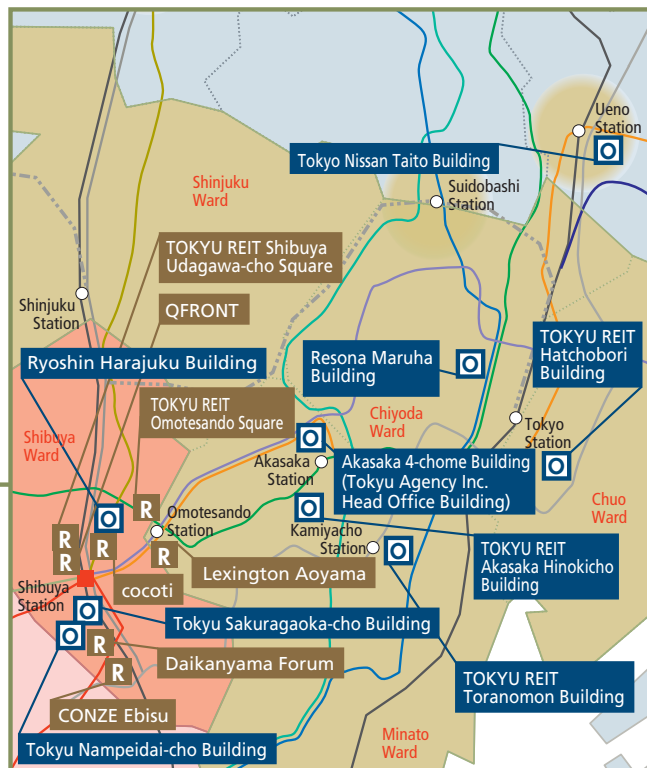
- Notes: 1. Total estimation of repair and maintenance cost (15 years) is extracted from Property Report (including expenses items) and estimated accordingly.
 2. Accumulated depreciation (15 years) is estimated by Tokyu REIM (does not include depreciation application to additional capital expenditure).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

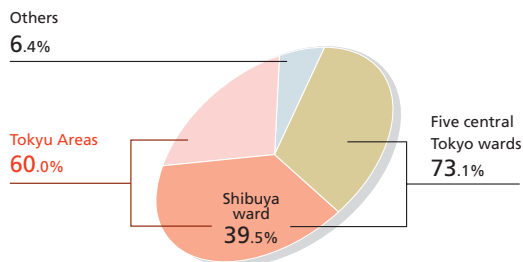
As of the end of the twelfth fiscal period and over the next fifteen years, cumulative depreciation for the portfolio (22 properties) will significantly exceed total repair and maintenance cost, for a coverage ratio of 154.7%. This figure shows that **TOKYU REIT** has secured the funds necessary for projected repair and maintenance costs.

Investment Targeted Areas





Percentage share in total portfolio by region
(23 properties based on the appraisal value at the end of twelfth 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		Percentage Share in Total Portfolio*1
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 central Tokyo wards and the Tokyu Areas.

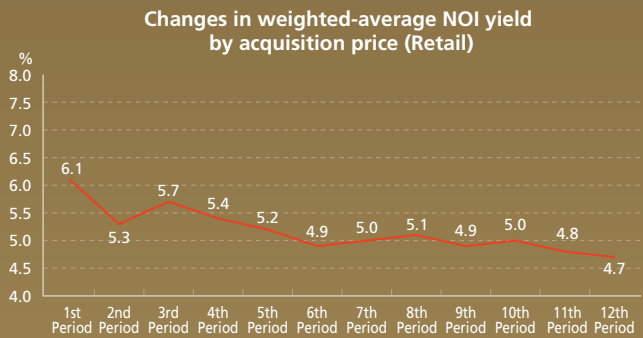
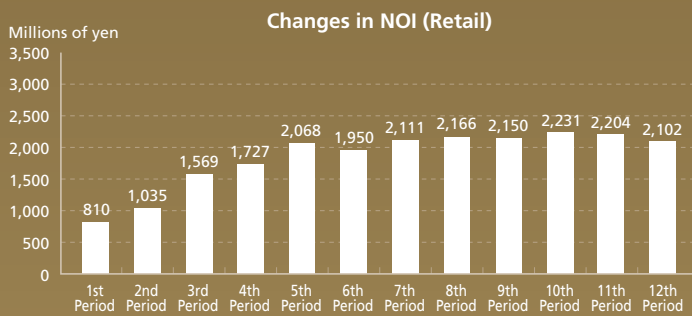


RETAIL PORTFOLIO

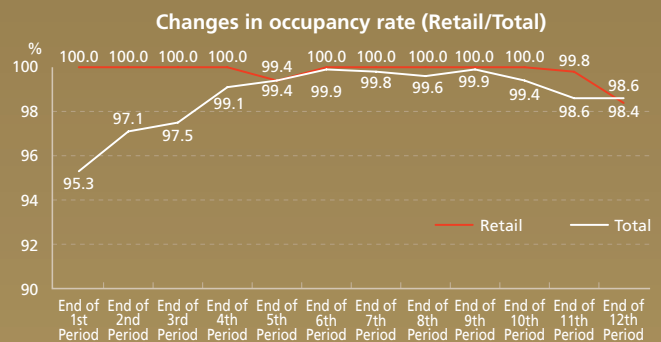
- QFRONT
- Lexington Aoyama
- TOKYU REIT Omotesando Square
- Tokyu Saginuma Building
- Tokyu Saginuma 2 Building
- TOKYU REIT Shibuya Udagawa-cho Square
- Beacon Hill Plaza (Ito-Yokado Noukendai Store)
- cocoti
- Shonan Mall Fill (*sokochi*)
- CONZE Ebisu
- Daikanyama Forum

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 twelfth fiscal period, TOKYU REIT's retail portfolio comprised a total of eleven properties and TOKYU REIT's retail properties have a total acquisition price of ¥90.56 billion and total floor space of 101,676.89m². In the twelfth fiscal period, revenues from property leasing totaled ¥2.86 billion, NOI was ¥2.10 billion, operating income from property leasing was ¥1.70 billion, and the weighted-average NOI yield was 4.7%.



The most attractive feature of TOKYU REIT's retail portfolio is the prime locations. TOKYU REIT's retail properties situate in central Tokyo and Tokyo Area, including Shibuya, Omotesando, Aoyama and Saginuma, and situate in suburbs including Noukendai and Fujisawa. As of July 31, 2009, an occupancy rate of 98.4% indicates the strength of our portfolio.*



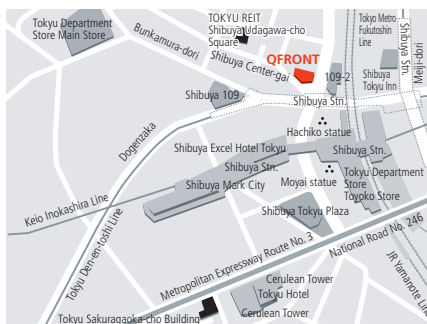
Note: Taking into account tenants who have already signed new leasing contracts and those who have submitted advance notices of contract cancellation as of August 31, 2009, the occupancy rate for TOKYU REIT's retail portfolio is estimated at 98.8% and 97.9% as of January 31, 2010 and July 31, 2010, respectively.

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 CCC Co., Ltd. (The former name: 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/ Tokyo Toyoko Line/ Tokyu Den-en-toshi Line/ Keio Inokashira Line/ Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines
 Total Land Space: 784.26m²
 (Land included in the property trust totals 728.30m²)
 Total Floor Space: 6,692.14m²
 (Exclusive area 4,821.09m²)
 Structure/Floors: SRC/S, B3/8F
 Completed: October 1999
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership
 Representative Tenants: CCC Co., Ltd.;
 Tokyu Corporation;
 Punraku Co., Ltd.



R Lexington Aoyama



Lexington Aoyama is a retail property along Kotto-dori in the Aoyama district. After the principal tenant, who occupied the first four floors of this property, vacated the premises in April 2009, two new tenants signed leasing contracts for space within this property. **TOKYU REIT** is bolstering leasing activities for the remaining vacant space within the property.

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
 Tenant: 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's entire building is leased to Tokyu Store Corporation, which uses the property as an outlet of its general merchandise store Saginuma Tokyu. The 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.

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 1,314 stores (as of April 30, 2009). 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/Tokyo 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.

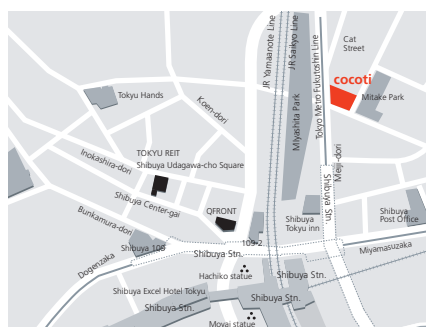


R cocoti



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 gym, 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.; CASSINA IXC Ltd.; West Corporation



R Shonan Mall Fill (*sokochi*)

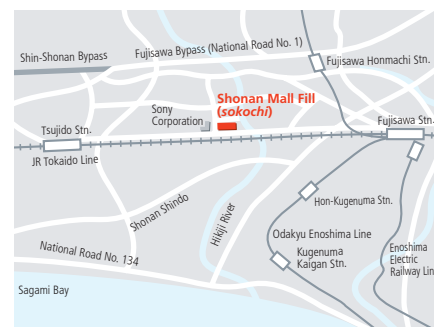


Shonan Mall Fill (*sokochi*) is the retail property which sits between Fujisawa and Tsujido Stations on the JR Tokaido Line.

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 an area offering stable growth potential.

Address: 4-1-1, Tsujido Shinmachi, Fujisawa City, Kanagawa
 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
 Tenant: 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.

Neighboring area of 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: S/SRC B1/9F

Completed: March 2004

Type of Ownership: Land—Proprietary ownership

Building—Proprietary ownership

Representative Tenants: Secret Table;

MYU PLANNING & OPERATORS Inc.;
Task



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, Sarugaku-cho, Shibuya-ku, Tokyo

Nearest Station: Approximately a six-minute walk from Daikanyama Station—Tokyo Toyoko Line

Total Land Space: Building 1 (East): Sight rights area 942.30m²
Building 2 (West): Sight rights area 1,108.01m²
Interest 6,413/10,000

Total Floor Space: Building 1 (East): 1,441.57m²
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



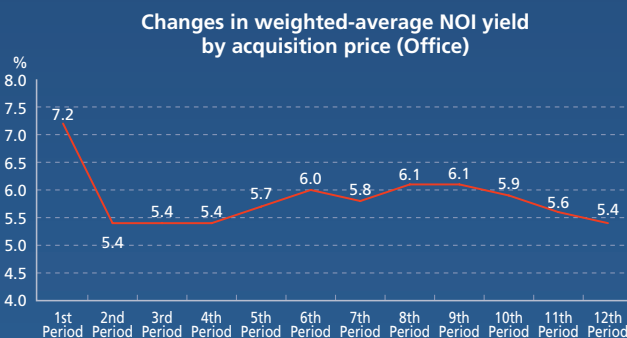
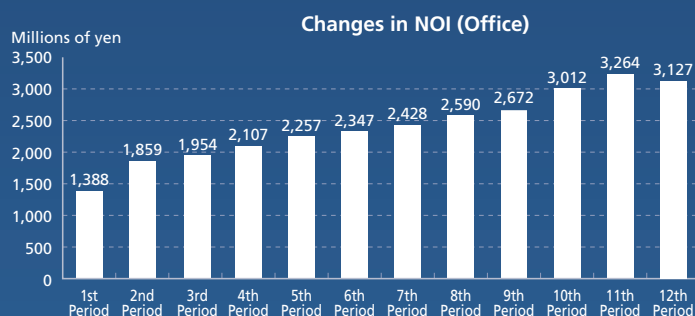


OFFICE PORTFOLIO

- 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
- Ryoshin Harajuku Building

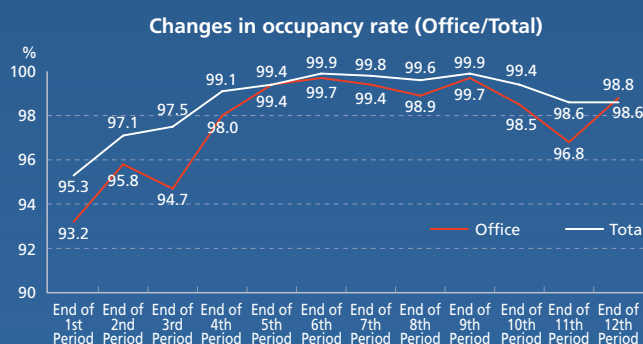
“Stability” is the defining feature of TOKYU REIT’s office portfolio. As of July 31, 2009, eleven of TOKYU REIT’s twelve office portfolio were fully occupied while the office leasing market came under the severe conditions.

TOKYU REIT’s office portfolio comprised a total of twelve properties at the end of twelfth fiscal period. TOKYU REIT’s office properties have a total acquisition price of ¥116.08 billion and total floor space of 251,181.72m². Revenues from property leasing reached ¥4.61 billion, NOI was ¥3.12 billion, operating income from property leasing activities totaled ¥2.49 billion and the weighted-average NOI yield was 5.4% 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 leasing 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 300m².

TOKYU REIT is also active in the promotion of leasing activities. As of July 31, 2009, the occupancy rate of the office portfolio reached 98.8%.*



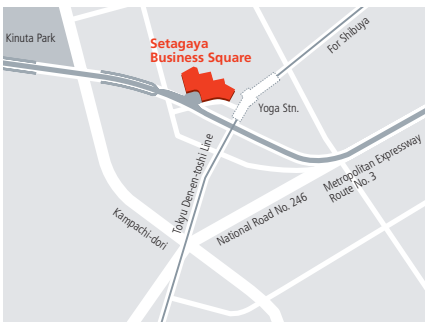
Note: Taking into account tenants who have already signed new leasing contracts and those who have submitted advance notices of contract cancellation as of August 31, 2009, the occupancy rate for TOKYU REIT’s office portfolio is estimated at 93.8% and 93.0% as of January 31, 2010 and July 31, 2010, respectively.

Setagaya Business Square

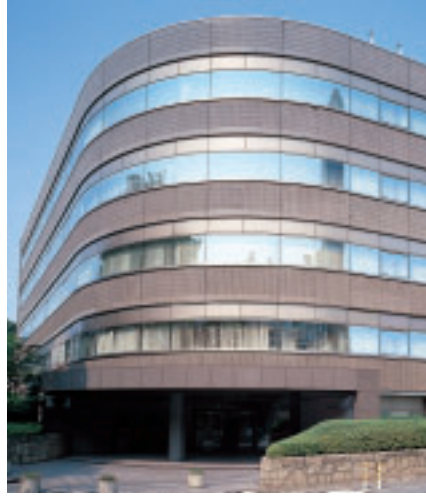


Setagaya Business Square is a large complex situated above Yoga Station on the Tokyu Den-en-toshi Line, consisting of a 28-story high-rise connected to the station, four mid-size office towers, two terraces with commercial facilities and a community center. The sight is a high-traffic area, with good 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 twelve 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.; Catapillar Japan Ltd.

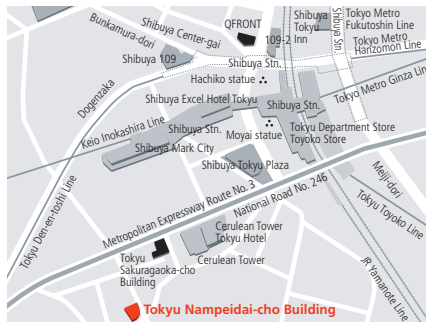


Tokyu Nampoedai-cho Building

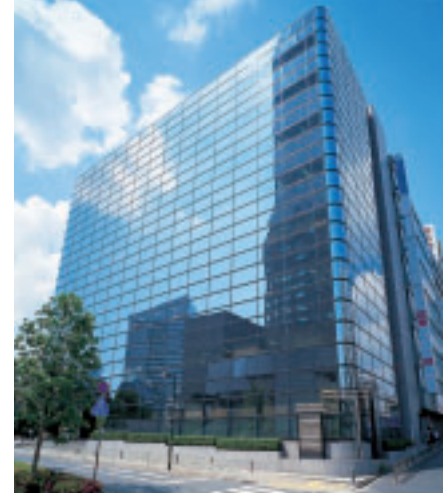


Tokyu Nampoedai-cho Building is a five-story office building located in Shibuya Ward, which Tokyu Corporation uses as its head office. A fixed-term lease contract is in effect until December 2012, contributing to earnings stability.

Address: 5-6, Nampoedai-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/ Tokyo 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/ Tokyo 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



* All of compartmentalized ownerships with whole building are entrusted.

 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 opened 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-Okachi-machi 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: Miyachi Corporation;
 Tonichi Carlife Group Inc.;
 Ataka Construction & Engineering Co., Ltd.



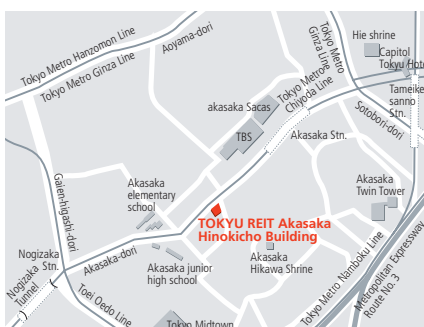
 TOKYU REIT Akasaka Hinokicho Building



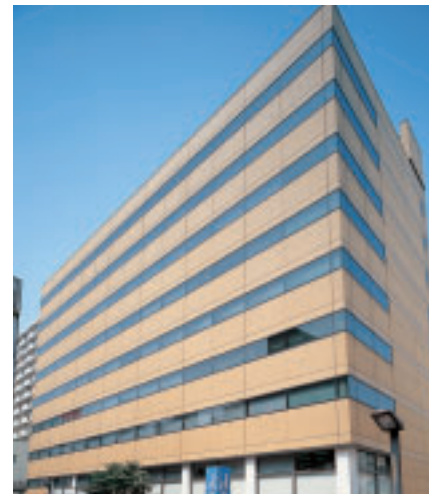
TOKYU REIT Akasaka Hinokicho Building is a seven-story office building situated along Akasaka-dori.

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.

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;
 Seven-Eleven Japan Co., Ltd.



 TOKYU REIT Kamata Building



TOKYU REIT Kamata Building is a nine-story office building adjacent to the Ota Ward 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 Keiikyū 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.

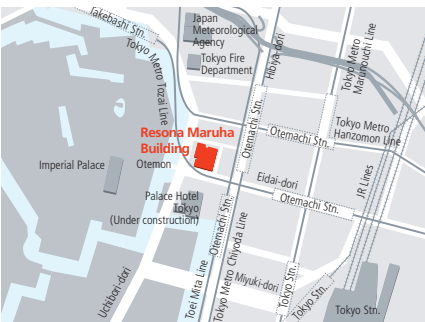


Resona Maruha Building



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 Nichiro Seafoods, Inc. 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
 (Exclusive area 19,542.77m²)
 Structure/Floors: S/SRC, B4/25F
 Completed: November 1978
 Type of Ownership: Land—Proprietary ownership (co-ownership ratio 27%)
 Building—Compartmentalized ownership
 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;
 DAITOHKIGYO CO., LTD.;
 Kamiyacho clinic



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 Hibiya Line
 Approximately a five-minute walk from Hatchobori Station—JR Keiyo Line
 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: 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.



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.



TOKYU IKEJIRI-OHASHI BUILDING



Tokyu Ikejiri-ohashi Building is located close to Ikejiri-ohashi station on the Tokyu Den-en-toshi Line and located to accommodate demand not met by Shibuya and is thus seen to provide occupancy stability.

With road access from all four sides and a floor layout that is essentially square throughout, the property boasts approximately 1,000 m² of floor space per floor, for an approximate total of 7,700 m², making it a rare find that is considered to possess a competitive edge in the area.

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;
 Tokyu Facility Service Co., Ltd.



RYOSHIN HARAJUKU BUILDING



Ryoshin Harajuku Building is located approximately a four-minute walk from Meiji-jingumae Station, serviced by the Tokyo Metro Fukutoshin and Chiyoda Lines, and situated 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: 1,205.07 m²
 Total Floor Space: 6,466.94 m²
 Structure /Floors: SRC, B1/9F
 Completed: March 1989
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership*
 Representative Tenants: Peach John Co., Ltd.;
 ZYX International;
 World Co., Ltd.

* All of compartmentalized ownerships with whole building are entrusted.



I . Asset Management Report
1. Financial Highlights
(1) Result of Operation and Financial Position

		12th fiscal period From February 1, 2009 to July 31, 2009 (181 days)	11th fiscal period From August 1, 2008 to January 31, 2009 (184 days)	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)		
		Millions of yen, except per unit data or where otherwise indicated						
Result of operation	Statement of income	Operating revenues	¥ 7,480	¥ 7,644	¥ 7,336	¥ 6,832	¥ 6,730	
		Operating income	¥3,476	¥3,595	¥3,489	¥3,153	¥ 2,933	
		Net income	¥ 2,626	¥ 2,758	¥ 2,805	¥ 2,603	¥ 2,444	
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 7,479	¥ 7,644	¥ 7,333	¥ 6,832	¥ 6,725	
		Rental service expenses (b)	¥ 3,282	¥ 3,258	¥ 3,102	¥ 2,965	¥ 2,920	
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	[¥ 1,033]	[¥ 1,082]	[¥ 1,013]	[¥ 957]	[¥ 952]	
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 5,229	¥ 5,468	¥ 5,244	¥ 4,824	¥ 4,756	
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,658	¥ 3,841	¥ 3,814	¥ 3,559	¥ 3,390	
		Capital expenditures (e)	¥ 206	¥ 242	¥ 252	¥ 126	¥ 80	
AFFO (Adjusted Funds from Operation) (d) – (e)		¥ 3,452	¥ 3,599	¥ 3,562	¥ 3,433	¥ 3,311		
Financial position	Balance sheet	Total assets (f)	¥ 217,200	¥ 217,728	¥ 218,206	¥ 193,080	¥ 184,390	
		[Change from the preceding period]	[–0.2%]	[–0.2%]	[13.0%]	[4.7%]	[0.2%]	
		Interest-bearing liabilities (g) (Note 5)	¥ 97,000	¥ 97,000	¥ 97,000	¥ 73,500	¥ 65,300	
		Total unitholders' equity (Net assets) (h)	¥ 100,646	¥ 100,778	¥ 100,825	¥ 100,622	¥ 100,463	
		[Change from the preceding period]	[–0.1%]	[–0.0%]	[0.2%]	[0.2%]	[0.0%]	
		Unitholders' capital	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	
	Portfolio	Acquisition costs of properties (Note 6)	¥ 206,649	¥ 206,649	¥ 205,453	¥ 181,677	¥ 171,737	
		Book value of properties (Note 6)	¥ 201,068	¥ 201,896	¥ 201,528	¥ 178,336	¥ 169,110	
		Appraisal value of properties at end of period (i) (Note 6)	¥ 219,580	¥ 242,400	¥ 268,680	¥ 242,920	¥ 224,330	
		Number of properties at end of period	23 properties	23 properties	23 properties	20 properties	19 properties	
		Total leasable area (Note 7)	239,293.11 m ²	239,294.65 m ²	239,287.19 m ²	226,330.13 m ²	222,637.60 m ²	
		Occupancy rate at end of period (Note 7)	98.6%	98.6%	99.4%	99.9%	99.6%	
	Other	Distrib- ution	Cash distribution	¥ 2,626	¥ 2,758	¥ 2,805	¥ 2,603	¥ 2,444
			Dividend payout ratio	100.0%	100.0%	100.0%	100.0%	99.9%
Per unit data		Number of units issued and outstanding	169,380 units	169,380 units	169,380 units	169,380 units	169,380 units	
		Total unitholders' equity per unit (base value)	¥ 594,203	¥ 594,982	¥ 595,257	¥ 594,061	¥ 593,124	
		Cash distribution per unit	¥ 15,505	¥ 16,284	¥ 16,560	¥ 15,364	¥ 14,427	
Management index		Return on total unitholders' equity (annualized) (Note 8)	5.3%	5.4%	5.6%	5.1%	4.9%	
		Equity ratio (h)÷(f)	46.3%	46.3%	46.2%	52.1%	54.5%	
		[Change from the preceding period]	[0.1%]	[0.1%]	[–5.9%]	[–2.4%]	[–0.1%]	
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	44.7%	44.6%	44.5%	38.1%	35.4%	
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	44.2%	40.0%	36.1%	30.3%	29.1%	
Average market price per unit during period (Note 9)	¥ 496,772	¥ 603,570	¥ 835,903	¥ 1,000,664	¥ 1,241,537			

- Note 1. Consumption tax is not included in operating revenues.
- Note 2. 'Revenue from property leasing' does not include revenues from facility acceptance (8th fiscal period: ¥5 million; 10th fiscal period: ¥4 million; 12th fiscal period: ¥1 million).
- Note 3. 'Depreciation and amortization' includes loss on disposal of property and equipment (8th fiscal period: ¥0 million; 9th fiscal period: ¥0 million; 11th fiscal period: ¥19 million).
- 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 incurred.
- Note 5. Short-term debt + Long-term debt due within one year + Long-term debt + Investment corporation bonds
- Note 6. For 'Trust beneficiary interest in real estate,' the portion equivalent to the properties held in substance, which is total assets less the monies that are part of the assets of the concerned trust beneficiary interest in real estate, is shown.
- Note 7. Regarding 'Total leasable area' and 'Occupancy rate at end of period,' please refer to notes 2 and 4 of '3. Portfolio Profile (2) Major Portfolio'.
- Note 8. $\text{Net income} \div (\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2 \times 365 \div \text{Number of days of investment management}$
- Note 9. Average price during period (closing price) on the Real Estate Investment Trust Section of the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") on which the investment certificates of TOKYU REIT, Inc. ("TOKYU REIT") are listed.

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

① Investment Environment

During the fiscal period under review (twelfth fiscal period: six-month period ended July 31, 2009), the Japanese economy saw both corporate earnings and the employment situation continue to be under severe circumstances. On the other hand, in addition to a round of stock adjustment and economic policies, an improvement in the external economic environment led to developments toward bottoming out or recovery in certain aspects. The state of the Tokyo metropolitan area's economy, which had experienced a sharp downturn, also showed a recovery in certain aspects despite consumer spending being on a weak note. With regard to population movement, more than 110,000 people migrated to the Tokyo metropolitan area from other areas of the country during January through June 2009. This has further exacerbated the disparity between the area and other regions of the country.

Under these circumstances, the average advertised rent for June 2009 in the Tokyo 23 ward's office leasing market decreased 3.7% over the six-month period. Vacancy rates also increased 1.6 percentage points over the six-month period to 4.9%. While the economy showed signs of bottoming out, the fall in real estate related indices are showing no signs of ceasing. This is because a time lag arises until negotiations with building owners by tenants affected by economic trends are reflected in the rent or vacancies. Although there were signs of improvement in consumer confidence, the environment surrounding tenants continue to remain harsh, as evident for example by the increasing defensive lifestyle stance and consciousness to save due to the severe employment situation and income environment.

In the real estate investment market, financial institutions have slightly relaxed their lending stance in real estate financing from April 2009 onwards. In spite of there beginning to be signs of real estate transactions gradually recovering as a result of anticipations of real estate investment market measures being adopted by the government, the volume of real estate transactions is still decreasing.

Cap rates have been on the rise since the latter half of 2008. This, coupled with the deterioration in the leasing market, has caused real estate prices in the Tokyo metropolitan area to also continue to drop.

② Investment Performance Results

a. Acquisition of Properties and Investment Management Control

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. Consequently, TOKYU REIT did not acquire properties during the twelfth fiscal period as there were no properties that would serve to maintain or enhance portfolio quality. As a result, as of July 31, 2009, TOKYU REIT held an investment portfolio totaling 23 properties with a total acquisition price of ¥206,649 million and total leasable area of 239,293.11 m². The period-end appraisal value for TOKYU REIT's entire portfolio amounted to ¥219,580 million. As in the previous fiscal period, the appraisal value total exceeded the book value total, resulting in an unrealized gain of ¥18,511 million. Based on generally accepted accounting principles, unrealized gains are not reflected in TOKYU REIT's financial statements.

Despite the prolonged severe leasing market conditions, TOKYU REIT managed to secure an occupancy rate of 98.6% for its entire portfolio of 23 properties as of July 31, 2009 through stable investment management. TOKYU REIT is also proactively working to maintain rent levels. Consequently, as of the end of the twelfth fiscal period, the drop in average rental rate for the existing property portfolio was contained at 2.39% compared with the end of the eleventh fiscal period.

b. Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. TOKYU REIT conducted refinancing of ¥8,000 million in the twelfth fiscal period to convert short-term debt into long-term debt, with the aims of securing interest-bearing liabilities with fixed long-term interest rates and diversifying repayment dates. The balance of interest-bearing liabilities as of July 31, 2009 was ¥97,000 million, consisting of ¥10,000 million in investment corporation bonds, ¥80,000 million in long-term debt (of which, ¥7,000 million is the current portion of long-term debt) and ¥7,000 million in short-term debt. The weighted-average interest rate for the twelfth fiscal period was 1.69% (calculated based on the annualized amount of interest payable for the twelfth fiscal period divided by the total average balance of each interest-bearing liability).

Moreover, TOKYU REIT established a new commitment line in the amount of ¥10,000 million on July 2, 2009 to secure financial credibility through the enhancement of liquidity on hand.

TOKYU REIT's credit ratings as of July 31, 2009 were as follows:

Rating Agency	Credit Rating
Rating and Investment Information, Inc.	Rating: AA- Outlook: Stable
Standard & Poor's Ratings Services	Long-term: A Outlook: Stable Short-term: A-1
Moody's Investors Service, Inc.	Rating: A2 Outlook: Negative

c. 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.

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

Note. In addition to the related parties designated by the Law Concerning Investment Trust and Investment Corporation (Law No. 198 of 1951, including amendments thereto) ("Investment Trusts Law") and the Enforcement Order of the Investment Trusts Law ("Investment Trusts Law Enforcement Order"), 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 REIT, including companies whose majority of voting rights is held by that company (collectively "related companies"); and special purpose entities whose majority of capital has been contributed by legally related parties and related companies.

(3) Issuance of New Investment Units

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

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

Note 1. TOKYU REIT was incorporated at an offer price of ¥500,000 per unit.

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

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

Note 4. Issued new investment units through third-party allotment at an issue price of ¥630,512 per unit for the purpose of acquiring new properties and repayments of short-term loans.

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

Note 6. Issued new investment units through third-party allotment at an issue price of ¥736,292 per unit for the purpose of acquiring new properties and repayments of short-term loans.

【Movements of Market Price】

The highest and lowest (closing price) market prices on the Tokyo Stock Exchange, on which the investment certificates of TOKYU REIT are listed, are as follows:

	12th fiscal period From February 1, 2009 to July 31, 2009	11th fiscal period From August 1, 2008 to January 31, 2009	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
	Yen				
Highest	¥ 580,000	¥ 850,000	¥ 915,000	¥ 1,170,000	¥ 1,470,000
Lowest	¥ 434,000	¥ 412,000	¥ 672,000	¥ 809,000	¥ 945,000

(4) Distribution Information

With respect to the distribution for the twelfth fiscal period, TOKYU REIT determined to distribute the whole unappropriated retained earnings (except for the rounding amount, which is the distribution per unit of less than ¥1) to be eligible for special tax treatment (Article 67-15 of Special Taxation Measures Law (Law No. 26 of 1957, including amendments thereto) that allows TOKYU REIT to deduct the maximum amount of profit distribution from its taxable income. Accordingly, distribution per unit for the twelfth fiscal period was ¥15,505.

	12th fiscal period From February 1, 2009 to July 31, 2009	11th fiscal period From August 1, 2008 to January 31, 2009	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
Millions of yen, except per unit data					
Unappropriated retained earnings	¥ 2,626	¥ 2,758	¥ 2,805	¥ 2,603	¥ 2,444
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 2,626	¥ 2,758	¥ 2,805	¥ 2,603	¥ 2,444
[Cash distribution per unit]	[¥ 15,505]	[¥ 16,284]	[¥ 16,560]	[¥ 15,364]	[¥ 14,427]
Distribution of accumulated earnings	¥ 2,626	¥ 2,758	¥ 2,805	¥ 2,603	¥ 2,444
[Distribution of accumulated earnings per unit]	[¥ 15,505]	[¥ 16,284]	[¥ 16,560]	[¥ 15,364]	[¥ 14,427]
Cash distribution in excess of accumulated earnings	—	—	—	—	—
[Cash distribution in excess of accumulated earnings per unit]	[—]	[—]	[—]	[—]	[—]

(5) Future Policies of Investment Management

① Forecast of Future Movement

The Japanese economy, although out of the phase when the economic outlook was extremely pessimistic, is forecast to hover on a weak note for some time to come. There are also risks of further deterioration depending on the impact of the global financial crisis as well as trends in the global economy, and stock and foreign exchange markets. Similarly, it is becoming increasingly necessary to take a cautious approach when making forecasts of economic conditions in the Tokyo metropolitan area.

In light of such factors, the real estate investment market and real estate leasing market will likely suffer increasingly severe conditions.

② 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 an investment policy based on the 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 the Tokyo metropolitan area centering on the Tokyu Areas, the areas serviced by the Tokyu rail network. To build 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. To that end, by 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. Specifically, 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 27, 2009).

2. Company Profiles

(1) Summary of Unitholders' Contributions

	12th fiscal period As of July 31, 2009	11th fiscal period As of January 31, 2009	10th fiscal period As of July 31, 2008	9th fiscal period As of January 31, 2008	8th fiscal period As of July 31, 2007
Units authorized (units)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Units issued and outstanding (units)	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)	8,684	7,948	8,005	8,406	8,821

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of July 31, 2009.

Name	Address	Number of units owned	As a percentage of number of units issued and outstanding
		Units	%
NikkoCiti Trust and Banking Corporation (investment trust account)	2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo	13,925	8.22
Japan Trustee Services Bank, Ltd. (trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	12,276	7.25
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	11,301	6.67
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	8,096	4.78
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	5,880	3.47
AIG Star Life Insurance Co., Ltd. (general account) (Standing Proxy: Citibank Japan Ltd.)	Olinas Tower, 4-1-3, Taihei, Sumida-ku, Tokyo (2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo)	4,871	2.88
North Pacific Bank, Ltd.	3-11, Odori Nishi, Chuo-ku, Sapporo, Hokkaido	4,604	2.72
The Bank of New York 132561 (Standing Proxy: Mizuho Corporate Bank, Ltd. Settlement & Clearing Services Division)	One Wall Street New York NY 10286 U.S.A. (4-16-13, Tsukishima, Chuo-ku, Tokyo)	3,927	2.32
Tokyu Land Corporation	1-21-2, Dogenzaka, Shibuya-ku, Tokyo	3,920	2.31
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	3,750	2.21
Total		72,550	42.83

(3) Details of TOKYU REIT's Directors and Auditors

① Name of Directors and Auditor (as of July 31, 2009)

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

Note 1. The executive director, supervisory directors and independent auditor do not possess investment units of TOKYU REIT under their own name nor under another person's name. Although there are cases that supervisory directors could be directors of companies other than those stated above, none of the companies or those stated above have vested interest in TOKYU REIT.

Note 2. The amount paid to the executive director and supervisory directors in the fiscal period under review and the amount payable to the independent auditor for audits pertaining to the fiscal period under review are shown.

Note 3. The executive director serves without compensation.

② Policies Regarding Decision of Dismissing and Not Reappointing Independent Auditors

TOKYU REIT shall observe the stipulations in the Investment Trusts 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 Administrators

The following table sets forth information of TOKYU REIT's investment management company, asset custodian and general administrators as of July 31, 2009.

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 matters, running of the organization, transfer agent for investment units, etc.)	Mitsubishi UFJ Trust and Banking Corporation
General Administrator (administration of investment corporation bonds)	The Sumitomo Trust and Banking Company, Limited

3. Portfolio Profile
(1) Asset Composition

Asset type	Use	Area	12th fiscal period As of July 31, 2009		11th fiscal period As of January 31, 2009	
			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	¥ 15,871	7.3	¥ 15,898	7.3
		Other	—	—	—	—
		Sub total	15,871	7.3	15,898	7.3
	Office	Central Tokyo and Tokyu Areas	9,984	4.6	9,995	4.6
		Other	—	—	—	—
		Sub total	9,984	4.6	9,995	4.6
	Total		25,855	11.9	25,893	11.9
Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	56,911	26.2	57,135	26.2
		Other	15,991	7.4	16,074	7.4
		Sub total	72,902	33.6	73,209	33.6
	Office	Central Tokyo and Tokyu Areas	102,311	47.1	102,794	47.2
		Other	—	—	—	—
		Sub total	102,311	47.1	102,794	47.2
	Total		175,213	80.7	176,003	80.8
Other assets		16,132	7.4	15,832	7.3	
Total assets		¥ 217,200 [¥ 201,068]	100.0 [92.6]	¥ 217,728 [¥ 201,896]	100.0 [92.7]	

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, 2009, is as follows:

	Name of property	Book value	Leasable area	Leased area	Occupancy rate	As a percentage of revenue from property leasing	Use
		Millions of yen	m ²	m ²	%	%	
R	QFRONT	¥ 14,442	4,544.07	4,544.07	100.0	8.3	Retail
R	Lexington Aoyama	4,741	2,241.76	474.49	21.2	1.1	Retail
R	TOKYU REIT Omotesando Square	5,730	2,702.42	2,702.42	100.0	2.5	Retail
R	Tokyu Saginuma Building	6,721	19,610.06	19,610.06	100.0	4.1	Retail
R	Tokyu Saginuma 2 Building	1,234	1,284.60	1,284.60	100.0	0.9	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,650	1,543.05	1,543.05	100.0	2.3	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	8,965	50,285.89	50,285.89	100.0	4.0	Retail
R	Cocoti	24,043	8,319.96	8,112.89	97.5	9.5	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.3	Retail
R	CONZE Ebisu	5,040	2,319.24	2,319.24	100.0	1.9	Retail
R	Daikanyama Forum	4,181	2,477.64	2,267.22	91.5	1.3	Retail
O	Setagaya Business Square	19,653	24,930.32	23,711.36	95.1	16.8	Office
O	Tokyu Nampeidai-cho Building	4,345	7,148.18	7,148.18	100.0	2.4	Office
O	Tokyu Sakuragaoka-cho Building	6,422	4,737.19	4,737.19	100.0	3.4	Office
O	Tokyo Nissan Taito Building	3,917	7,947.24	7,947.24	100.0	3.1	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,491	3,206.25	3,206.25	100.0	2.0	Office
O	TOKYU REIT Kamata Building	4,227	7,337.82	7,337.82	100.0	4.0	Office
O	Resona Maruha Building	23,779	14,414.99	14,414.99	100.0	11.3	Office
O	TOKYU REIT Toranomom Building	9,984	10,136.72	10,136.72	100.0	6.7	Office
O	TOKYU REIT Hatchobori Building	7,009	6,024.06	6,024.06	100.0	2.8	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,422	3,533.03	3,533.03	100.0	2.7	Office
O	Tokyu Ikejiri-ohashi Building	5,460	5,710.41	5,710.41	100.0	2.8	Office
O	Ryoshin Harajuku Building	15,586	4,760.09	4,760.09	100.0	3.6	Office
Total		¥ 201,068	239,293.11	235,889.39	98.6	100.0	

Note 1. The properties listed above except for TOKYU REIT Shibuya Udagawa-cho Square, CONZE Ebisu , Daikanyama Forum and TOKYU REIT Toranomom Building (total of 19 properties) are all owned in the form of trust beneficiary interest in real estate.

Note 2. 'Leasable area' is the total area of the building's, facility's and land's leasable offices, stores, warehouses and land as indicated in the agreements and drawings (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, the area of parking lots is included. Regarding QFRONT, the area of other compartmentalized owners' exclusive-use portion is included since the fiduciary rents that area and leases it out as a block together with the entrusted property. For Setagaya Business Square, which is jointly owned with another owner, the stated figure is given by multiplying the leasable area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomom Building, the area of the exclusive-use portions jointly owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive-use portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (*sokochi*) indicates the leased area of land.

Note 3. 'Leased area' is the area out of the total leasable area that is actually under lease agreements and leased (the area as indicated in the agreements; does not include lease agreements for parking lots, side signboards, etc.). With respect to Tokyu Saginuma Building, Beacon Hill Plaza (Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, the area of parking lots is included. Regarding QFRONT, the area of other compartmentalized owners' exclusive-use portion is included since the fiduciary rents that area and leases it out as a block together with the entrusted property. For Setagaya Business Square, which is jointly owned with another owner, the stated figure is given by multiplying the leased area of the whole building by the ratio of

co-ownership (55%). For TOKYU REIT Toranomon Building, the area of the exclusive-use portions jointly owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive-use portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (*sokochi*) indicates the leased area of land.

Note 4. 'Occupancy rate' is the leased area expressed as a percentage of leasable area at the end of the period.

Note 5. '(Book value) As a percentage of revenue from property leasing' is rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.

(3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of July 31, 2009 are as follows:

	Name of property	Location (lot number)	Investment Type	Leasable area	Appraisal value at end of period	Book value	
				m ²	Millions of yen	Millions of yen	
Retail	Central Tokyo and Tokyo Areas	R QFRONT	75-8, etc., Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,544.07	¥ 19,600	14,442
		R Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,241.76	5,300	4,741
		R TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,702.42	7,000	5,730
		R Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	19,610.06	7,890	6,721
		R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	1,284.60	1,390	1,234
		R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	7,730	6,650
		R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,319.96	20,600	24,043
		R CONZE Ebisu	2-3-5, etc., Ebisu Minami Shibuya-ku, Tokyo	Real estate	2,319.24	4,500	5,039
		R Daikanyama Forum	Building 1 (East) 33-18, etc., Sarugaku-cho, Shibuya-ku, Tokyo Building 2 (West) 33-1, Sarugaku-cho, Shibuya-ku, Tokyo	Real estate	2,477.64	3,330	4,181
		Sub total				45,042.80	77,340
Other	R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	88-1, etc., Noukendai-higashi, Kanazawa-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest in real estate	50,285.89	8,290	8,966	
	R Shonan Mall Fill (<i>sokochi</i>)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	5,710	7,026	
Sub total				94,364.01	14,000	15,992	
Total				139,406.81	91,340	88,773	

Office	Central Tokyo and Tokyu Areas	○	Setagaya Business Square	4-260-2, etc., Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,930.32	23,900	19,653	
		○	Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	5,750	4,345	
		○	Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	8,970	6,422	
		○	Tokyo Nissan Taito Building	2-120-2, etc., Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,947.24	5,190	3,917	
		○	TOKYU REIT Akasaka Hinokicho Building	6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,206.25	4,480	3,491	
		○	TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	6,900	4,227	
		○	Resona Maruha Building	1-2-1, etc., Otemachi, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	14,414.99	31,600	23,779	
		○	TOKYU REIT Toranomom Building	3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,136.72	14,200	9,984	
		○	TOKYU REIT Hatchobori Building	2-104-1, etc., Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	6,024.06	5,810	7,009	
		○	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	4-806 and 4-819, Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,533.03	7,170	8,422	
		○	Tokyu Ikejiri-ohashi Building	3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,710.41	5,090	5,460	
		○	Ryoshin Harajuku Building	6-16-46, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,760.09	9,180	15,586	
		Sub total					99,886.30	128,240	112,295
		Total					99,886.30	128,240	112,295
Grand total					239,293.11	¥ 219,580	¥ 201,068		

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

Note 2. 'Leasable area' is the total area of the building's, facility's and land's leasable offices, stores, warehouses and land as 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, the area of parking lots is included. Regarding QFRONT, the area of other compartmentalized owners' exclusive-use portion is included since the fiduciary rents that area and leases it out as a block together with the entrusted property. For Setagaya Business Square, which is jointly owned with another owner, the stated figure is given by multiplying the leasable area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomom Building, the area of the exclusive-use portions jointly owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive-use portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (*sokochi*) indicates the leased area of land.

Note 3. For 'Appraisal value at end of period', TOKYU REIT indicates the assessed value based on the appraisal by real estate appraisers following the asset evaluation method, standards and reporting date laid down in TOKYU REIT's Articles of Incorporation and rules of The Investment Trusts Association, Japan (based on reports prepared by Japan Real Estate Institute, HIRO & REAS network, Inc., Jones Lang LaSalle K.K., and Daiwa Real Estate Appraisal Co., Ltd., which adopt the period end date as the date of value estimate).

The developments of the leasing business of the properties held by TOKYU REIT are as follows:

Name of property		12th fiscal period From February 1, 2009 to July 31, 2009				11th fiscal period From August 1, 2008 to January 31, 2009					
		Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing		
			%	Millions of yen	%		%	Millions of yen	%		
Retail	Central Tokyo and Tokyo Areas	R	QFRONT	4	100.0	¥ 623	8.3	4	100.0	¥ 612	8.0
		R	Lexington Aoyama	1	21.2	82	1.1	2	100.0	166	2.2
		R	TOKYU REIT Omotesando Square	4	100.0	189	2.5	4	100.0	192	2.5
		R	Tokyu Saginuma Building	1	100.0	310	4.1	1	100.0	310	4.1
		R	Tokyu Saginuma 2 Building	1	100.0	65	0.9	1	100.0	65	0.9
		R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	170	2.3	2	100.0	170	2.2
		R	cocoti	14	97.5	714	9.5	15	100.0	731	9.6
		R	CONZE Ebisu	8	100.0	140	1.9	8	100.0	140	1.8
		R	Daikanyama Forum	4	91.5	98	1.3	4	91.5	111	1.5
			Sub total	39	95.1	2,391	32.0	41	99.5	2,496	32.7
	Other	R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	1	100.0	300	4.0	1	100.0	300	3.9
		R	Shonan Mall Fill (sokochi)	1	100.0	174	2.3	1	100.0	174	2.3
			Sub total	2	100.0	474	6.3	2	100.0	474	6.2
	Total	41	98.4	2,865	38.3	43	99.8	2,971	38.9		
Office	Central Tokyo and Tokyo Areas	O	Setagaya Business Square	55	95.1	1,256	16.8	54	94.6	1,291	16.9
		O	Tokyu Nampeidai -cho Building	1	100.0	182	2.4	1	100.0	182	2.4
		O	Tokyu Sakuragaoka -cho Building	2	100.0	256	3.4	2	100.0	255	3.3
		O	Tokyo Nissan Taito Building	11	100.0	232	3.1	12	100.0	234	3.1
		O	TOKYU REIT Akasaka Hinokicho Building	4	100.0	150	2.0	5	100.0	151	2.0
		O	TOKYU REIT Kamata Building	4	100.0	302	4.0	4	100.0	307	4.0
		O	Resona Maruha Building	3	100.0	846	11.3	3	100.0	877	11.5
		O	TOKYU REIT Toranomom Building	7	100.0	501	6.7	7	100.0	495	6.5
		O	TOKYU REIT Hatchobori Building	9	100.0	208	2.8	8	88.0	204	2.7
		O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	204	2.7	1	100.0	205	2.7
		O	Tokyu Ikejiri-ohashi Building	5	100.0	208	2.8	5	100.0	200	2.6
		O	Ryoshin Harajuku Building	8	100.0	269	3.6	7	75.6	273	3.6
			Sub total	110	98.8	4,614	61.7	109	96.8	4,673	61.1
	Total	110	98.8	4,614	61.7	109	96.8	4,673	61.1		
	Grand total	151	98.6	¥7,479	100.0	152	98.6	¥7,644	100.0		

- Note 1. 'Number of tenants' 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 rate' is the leased area expressed as a percentage of leasable area at the end of the period.
- Note 3. '(Revenue from property leasing) As a percentage of revenue from property leasing' is rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.

(4) Other Assets

As of July 31, 2009, there are no assets targeted for investments other than those described above.

4. Capital Expenditures for Properties Held

(1) Plan of Capital Expenditures

The following lists the estimated amounts of major capital expenditures for repair and maintenance work of properties held, as scheduled as of July 31, 2009. The estimated construction costs shown below include those charged to expenses in accounting.

Repairs and maintenance and capital expenditures will continue to be based on efficient repair and maintenance plans prepared for each property to maintain and improve their competitiveness from a medium- to long-term perspective.

Name of property		Location	Objective	Estimated period	Estimated construction cost		
					Millions of yen		
					Total	Amount paid during period	Amount paid by end of period
R	Lexington Aoyama	Minato-ku, Tokyo	Renewal of 1F and 2F	From July 2009 to November 2009	¥ 50	¥ 0	¥ 0
O	Tokyu Sakuragaoka-cho Building	Shibuya-ku, Tokyo	Replacement of mechanical parking lot's main drive	From January 2010 to January 2010	¥ 15	—	—
O	TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Renovation of local power distribution board	From October 2009 to October 2009	¥ 26	—	—
O	TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Renovation of trunk lighting lines	From October 2009 to October 2009	¥ 14	—	—
O	Tokyu Ikejiri-ohashi Building	Meguro-ku, Tokyo	Installation of building multi air-conditioning systems for air-conditioning on 1F	From September 2009 to October 2009	¥ 16	—	—

(2) Capital Expenditures Made during Period

The following is an overview of construction work conducted during the fiscal period under review that fall under the category of capital expenditures for properties held.

Capital expenditures during the twelfth fiscal period amounted to ¥205 million and ¥182 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥388 million spent for such work.

Name of property		Location	Objective	Period	Construction cost
					Millions of yen
R	Tokyu Saginuma Building	Kawasaki-shi, Kanagawa	Renovation of guest restrooms on 2F	From June 2009 to July 2009	¥ 11
R	cocoti	Shibuya-ku, Tokyo	Construction of ramp and smoking rooms	From February 2009 to March 2009	¥ 19
O	TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Renovation of external walls	From October 2008 to February 2009	¥ 24
O	TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Renovation of electrical equipment	From June 2009 to July 2009	¥ 24
O	TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Installation of electronic locks and security sensors	From July 2009 to July 2009	¥11
O	Ryoshin Harajuku Building	Shibuya-ku, Tokyo	Renovation of restrooms in common areas on 4F to 9F	From June 2009 to July 2009	¥ 26
Other					¥ 88
Total					¥ 205

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

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

	12th fiscal period From February 1, 2009 to July 31, 2009	11th fiscal period From August 1, 2008 to January 31, 2009	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
	Millions of yen				
Reserve at beginning of period	¥ 458	¥ 453	¥ 224	¥ 274	¥ 270
Amount transferred to reserve during period	144	357	430	172	128
Reversal from reserve during period	239	352	201	222	125
Reserve at end of period	¥ 364	¥ 458	¥ 453	¥ 224	¥ 274

Note. TOKYU REIT took over reserves made in the trust assets that the prior owner accounted for at the time of trade of beneficiary interests in trust accounts and such reserves are included in the 'Amount transferred to reserve during period'.

5. Expenses and Debt

(1) Investment Management Expenses

	12th fiscal period From February 1, 2009 to July 31, 2009		11th fiscal period From August 1, 2008 to January 31, 2009	
	Millions of yen			
Asset management fees				
Asset-based fees	¥ 346		¥ 386	
Cash-based fees	250		269	
Unit price-based fees	-	¥ 596	-	¥ 655
Asset custodian fees		22		22
General administration fees		42		42
Directors' fees		6		6
Other expenses		56		66
Total		¥ 722		¥ 791

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

Short-term debt and long-term debt from each financial institution, as of July 31, 2009, are as follows:

	Category	Draw-down date	Balance as of July 31, 2009	Balance as of January 31, 2009	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
	Lender		Millions of yen	Millions of yen	%				
Short-term debt	Mitsubishi UFJ Trust and Banking Corporation	April 22, 2008	-	1,000	0.74333	April 22, 2009 (repaid on February 25, 2009)	Bullet payment	(Note 2)	Unsecured and Unguaranteed (Note 3)
	The Sumitomo Trust and Banking Company, Limited	June 27, 2008	-	1,400	0.71943	June 27, 2010 (¥4,000 million repaid on February 25, 2009) (¥400 million repaid on April 27, 2009) (¥1,200 million repaid on June 29, 2009) (maturity date extended on June 22, 2009)			
	The Chuo Mitsui Trust and Banking Company, Limited		-	1,400					
	Mizuho Corporate Bank, Ltd.		-	1,400					
	Mitsubishi UFJ Trust and Banking Corporation		7,000	8,400					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	July 25, 2008	-	1,400	July 25, 2009 (repaid on June 29, 2009)				
	Sub total		7,000	15,000					
Long-term debt	The Chuo Mitsui Trust and Banking Company, Limited	June 25, 2004	-	5,000	1.68875	June 25, 2009	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	Mitsubishi UFJ Trust and Banking Corporation		-	5,000					
	Aioi Insurance Co., Ltd.	1,000	1,000	1.92750	June 25, 2010	Unsecured and Unguaranteed (Notes 3, 4 and 5)			
	Daido Life Insurance Company	1,000	1,000						
	Mitsui Sumitomo Insurance Co., Ltd.	1,000	1,000						
	Development Bank of Japan Inc.		4,000	4,000	2.03000	June 25, 2012			
	The National Mutual Insurance Federation of Agricultural Cooperatives	October 25, 2005	1,000	1,000	1.26250	October 25, 2011			
	Development Bank of Japan Inc.	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			Unsecured and Unguaranteed (Note 3)
	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	3,000	1.76625	March 10, 2016				

Development Bank of Japan Inc.	June 25, 2008	5,000	5,000	2.21100	June 25, 2015	Unsecured and Unguaranteed (Notes 3 and 5)	
Mizuho Corporate Bank, Ltd.		2,000	2,000	1.81875	June 25, 2011		
Mitsubishi UFJ Trust and Banking Corporation		1,000	1,000	2.10187	December 25, 2013		
The Sumitomo Trust and Banking Company, Limited	July 25, 2008	1,000	1,000	1.55500	July 25, 2010		
The Chuo Mitsui Trust and Banking Company, Limited		1,000	1,000				
Shinkin Central Bank		2,000	2,000				
The Norinchukin Bank		1,000	1,000	1.80375	July 25, 2012		
Mizuho Corporate Bank, Ltd.	November 11, 2008	2,000	2,000	1.54250	November 11, 2011		
The Chuo Mitsui Trust and Banking Company, Limited	November 18, 2008	2,000	2,000	1.48125	May 18, 2011		
Mitsubishi UFJ Trust and Banking Corporation		2,000	2,000	1.72500	November 18, 2012		
The Sumitomo Trust and Banking Company, Limited	November 25, 2008	2,000	2,000	1.47500	May 25, 2011		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,000	2,000	1.63062	May 25, 2012		
Mizuho Corporate Bank, Ltd.		1,000	1,000	1.52875	November 11, 2011		
Development Bank of Japan Inc.	February 25, 2009	5,000	-	1.79000	February 25, 2014		Unsecured and Unguaranteed (Note 3)
Mizuho Corporate Bank, Ltd.	April 27, 2009	400	-	1.32750	October 27, 2011		
The Chuo Mitsui Trust and Banking Company, Limited	June 25, 2009	2,500	-	1.67500	June 25, 2013		
Mitsubishi UFJ Trust and Banking Corporation		2,500	-				
The Chuo Mitsui Trust and Banking Company, Limited		2,500	-	1.78812	December 25, 2013		
Mitsubishi UFJ Trust and Banking Corporation		2,500	-				
The Sumitomo Trust and Banking Company, Limited	June 29, 2009	400	-	1.66375	June 29, 2013		
The Chuo Mitsui Trust and Banking Company, Limited		400	-	1.46875	June 29, 2012		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,400	-	1.39000	August 29, 2012		
Mitsubishi UFJ Trust and Banking Corporation		400	-	1.46875	June 29, 2012		
Sub total		80,000	72,000				
Total		¥ 87,000	¥ 87,000				

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

Note 2. The funds are for purchase of property and for expenditures pertaining to the purchase.

Note 3. Depending on the financial position of TOKYU REIT, additional interest rates, additional cash reserves, asset acquisition and disposition restrictions, debt burden and payment restrictions, dividend restrictions, offering of additional pledge and other financial covenants may apply.

Note 4. Initially, although TOKYU REIT implemented refinancing of ¥6,000 million from Mizuho Corporate Bank, Ltd. on June 25, 2004, Mizuho Corporate Bank, Ltd. transferred ¥4,000 million of that amount borrowed to The Hyakugo Bank, Ltd. (repaid on June 25, 2008), Aioi Insurance Co., Ltd., Daido Life Insurance Company and Mitsui Sumitomo Insurance Co., Ltd. (¥1,000 million each) on the same day.

Note 5. As of the end of the fiscal period, the amounts are recorded in the balance sheets as 'Long-term debt due within one year' under 'Current liabilities.'

(3) Investment Corporation Bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2009 is as follows:

Name	Issue date	Balance as of July 31, 2009	Balance as of January 31, 2009	Annual interest rate	Maturity date	Redemption method	Use of proceeds	Remark
		Millions of yen		(%)				
1st 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)
2nd 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 Twelfth Fiscal Period

(1) Sales and Purchases of Properties and Asset Backed Securities

There is no item that falls under this category.

(2) Sales and Purchases of Other Assets

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

(3) Research on Prices of Specified Assets

There is no item that falls under this category.

(4) Trading with Related Parties and Major Shareholders

① Status of Trading

TOKYU REIT carried out no transactions, including the trading of specified assets, with related parties and major shareholders.

② Amounts of Commissions Paid

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	¥ 578,157	Yoga District Heating and Cooling Co., Ltd.	¥ 108,256	18.7
		Shibuya Underground Shopping Center, Inc.	57	0.0
Subcontract expenses	465,899	Tokyu Community Corporation	253,885	54.5
		Tokyu Facility Service Co., Ltd.	35,725	7.7
		its communications Inc.	20,065	4.3
		Kyodo Gijutsu Center Co., Ltd.	11,097	2.4
		Tokyu Store Corporation	3,877	0.8

Property management fees	162,031	Tokyu Corporation	82,843	51.1
		Tokyu Community Corporation	79,187	48.9
Insurance premium	18,460	Tokyu Insurance Consulting Co., Ltd.	18,210	98.6
Other rental service expenses	212,503	Tokyu Community Corporation	14,799	7.0
		Tokyu Corporation	6,640	3.1
		TMD Corporation	4,541	2.1
		Shibuya Underground Shopping Center, Inc.	952	0.4
		Tokyu Facility Service Co., Ltd.	181	0.1
		Tokyu Hotels Co., Ltd.	90	0.0
		its communications Inc.	62	0.0
		Tokyu Land Corporation	48	0.0
Other operating expenses	55,669	Tokyu Hotels Co., Ltd.	2,030	3.6
		Tokyu Department Service Co., Ltd.	2	0.0

Note 1. Pursuant to Article 123 of the Investment Trusts Law Enforcement Order, related parties are defined as having interests in Tokyu REIM based on the investment management agreement concluded with TOKYU REIT. 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, which are subject to TOKYU REIT’s voluntary measures to prevent conflicts of interest.

Note 2. In addition to the commissions paid described above, TOKYU REIT paid for commissions to third parties through related parties and major shareholders Tokyu Corporation and Tokyu Community Corporation in the amount of ¥58,318 thousand and ¥34,817 thousand, respectively.

In addition to commissions paid as described above, the amount paid for repair and maintenance work placed to related parties and major shareholders during the twelfth fiscal period are as follows:

Kyodo Gijutsu Center Co., Ltd.	¥ 11,132 thousand
Tokyu Construction Co., Ltd.	¥ 7,008 thousand
Tokyu Corporation	¥ 4,981 thousand
Tokyu Community Corporation	¥ 3,255 thousand
Tokyu Facility Service Co., Ltd.	¥ 1,700 thousand

(5) Trading between the Investment Management Company and TOKYU REIT Pertaining to Business Concurrently Operated by the Investment Management Company

There is no item that 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 to Financial Statements.

(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. Other

(1) News

During the fiscal period under review, TOKYU REIT's Board of Directors approved the following matters stipulated under Article 109, Paragraph 2, Items 2, 3, 5, 6 and 8 of the Investment Trusts Law.

Date of meeting	Agenda item	Summary
March 4, 2009	Signing of memorandum on investment management agreement	The meeting approved the signing of a memorandum on reducing the management fee set forth in the investment management agreement executed with the investment management company Tokyu REIM by an amount equivalent to a set ratio for fees for the twelfth fiscal period through fifteenth fiscal period.
April 24, 2009	Renewal of general administration and asset custody agreements	The meeting approved to renew the agreements for the general administration agreement (excluding transfer agent for investment units) and asset custody agreement executed with general administrator and asset custodian Mitsubishi UFJ Trust and Banking Corporation.
May 29, 2009	Signing of memorandum on amendment of investment management agreement	The meeting approved the signing of a memorandum on amending the investment management agreement executed with the investment management company Tokyu REIM to reflect TOKYU REIT's Articles of Incorporation, etc.

(2) Other

① During the fiscal period under review, TOKYU REIT's Board of Directors meetings approved the signing of the following agreements with the investment management company and property manager.

Date of meeting	Agenda item	Summary
February 26, 2009	Signing of agreement with Tokyu REIM (see Note)	The meeting approved the signing of an agreement with the investment management company Tokyu REIM, confirming Tokyu REIM's intentions, based on the investment management agreement, to take full responsibility for expenses (¥23 thousand) resulting from operational delinquency.
March 27, 2009	Signing of agreement on settlement with Tokyu REIM (see Note)	The meeting approved the signing of an agreement on settlement with the investment management company Tokyu REIM, confirming Tokyu REIM's intentions, based on the investment management agreement, to take full responsibility for expenses (¥27 thousand) resulting from operational delinquency.
July 28, 2009	Signing of agreement with Tokyu REIM (see Note)	The meeting approved the signing of an agreement with the investment management company Tokyu REIM, confirming Tokyu REIM's intentions, based on the investment management agreement, to take full responsibility for expenses (¥817 thousand) resulting from operational delinquency.
July 28, 2009	Signing of agreement with Tokyu Corporation	The meeting approved the signing of an agreement with the property manager Tokyu Corporation, confirming Tokyu Corporation's intentions, based on the property management agreement, to take full responsibility for expenses (¥5 thousand) resulting from operational delinquency.

Note. These activities do not fall under the category of loss compensation, which is prohibited under Article 42-2, Item 6 of the Financial Instruments and Exchange Law.

② Unless otherwise specifically mentioned, the amounts and ratios in this report have been rounded to the nearest specified unit.

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, 2009, and the related statements of income, changes in unitholders' equity and cash flows for the six months ended July 31, 2009, 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 statements presentation. We believe that our audit provides 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 the Company as of July 31, 2009, and the results of its operations and its cash flows for the six months ended July 31, 2009 in conformity with accounting principles generally accepted in Japan.



October 27, 2009

TOKYU REIT, Inc.

Balance Sheets

As of July 31, 2009 and January 31, 2009

	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 1,846	¥ 1,224
Cash and deposits with banks held in trust	12,908	13,138
Tenant receivables	137	134
Other current assets	30	51
Total current assets	14,921	14,547
Fixed assets:		
Property and equipment		
Buildings and structures	3,950	3,918
Land	22,436	22,436
Other tangible assets	18	18
Buildings and structures held in trust	45,473	45,323
Land held in trust	138,414	138,414
Other tangible assets held in trust	1,119	1,095
Construction in progress held in trust	2	4
Less accumulated depreciation	(10,360)	(9,328)
Total property and equipment	201,052	201,880
Intangible assets		
Intangible assets	1	1
Intangible assets held in trust	15	16
Total intangible assets	16	17
Investments and other assets		
Lease deposits	125	125
Lease deposits held in trust	874	874
Other assets	175	243
Total investments and other assets	1,174	1,242
Total fixed assets	202,242	203,139
Deferred assets		
Investment corporation bond issuance expenses	37	42
Total deferred assets	37	42
Total assets	¥ 217,200	¥ 217,728

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of July 31, 2009 and January 31, 2009

	July 31, 2009	January 31, 2009 (information only)
(Millions of yen)		
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	¥ 7,000	¥ 15,000
Long-term debt due within one year	7,000	10,000
Accounts payable	910	919
Consumption tax payable	81	183
Rent received in advance	1,161	1,179
Tenant leasehold and security deposits held in trust due within one year	625	625
Accrued expenses and other current liabilities	210	202
Total current liabilities	16,987	28,108
Long-term liabilities:		
Long-term debt	73,000	62,000
Investment corporation bonds	10,000	10,000
Tenant leasehold and security deposits	1,613	1,598
Tenant leasehold and security deposits held in trust	14,935	15,239
Other long-term liabilities	19	5
Total long-term liabilities	99,567	88,842
Total liabilities	¥ 116,554	¥ 116,950
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 2,000,000 units		
Units issued and outstanding - 169,380 units		
as of July 31, 2009 and January 31, 2009	¥ 98,019	¥ 98,019
Retained earnings	2,626	2,758
Total net assets	100,646	100,778
Total liabilities and net assets	¥ 217,200	¥ 217,728

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

TOKYU REIT, Inc.
Statements of Income

For the six months ended July 31, 2009 and January 31, 2009

	For the six months ended	
	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 6,976	¥ 7,111
Other	503	532
Operating expenses:		
Rental service expenses	(3,282)	(3,258)
Asset management fees	(596)	(655)
Other	(125)	(135)
Operating income	3,476	3,595
Non-operating income:		
Interest income	10	15
Other	14	23
Non-operating expenses:		
Interest expense	(727)	(724)
Interest expense on investment corporation bonds	(88)	(89)
Amortization of investment corporation bond issuance expenses	(4)	(5)
Other	(54)	(54)
Income before income taxes	2,627	2,760
Income taxes:		
Current	(1)	(1)
Deferred	0	(0)
Net income	2,626	2,758
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,626	¥ 2,758

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, 2009 and January 31, 2009

For the six months ended July 31, 2009

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at January 31, 2009	¥ 98,019	¥ 2,758	¥ 100,778
Changes during the period			
Cash distributions declared	-	(2,758)	(2,758)
Net income	-	2,626	2,626
Total changes during the period	-	(132)	(132)
Balance at July 31, 2009	¥ 98,019	¥ 2,626	¥ 100,646

For the six months ended January 31, 2009 (information only)

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at July 31, 2008	¥ 98,019	¥ 2,805	¥ 100,825
Changes during the period			
Cash distributions declared	-	(2,805)	(2,805)
Net income	-	2,758	2,758
Total changes during the period	-	(47)	(47)
Balance at January 31, 2009	¥ 98,019	¥ 2,758	¥ 100,778

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

TOKYU REIT, Inc.
Statements of Cash Flows

For the six months ended July 31, 2009 and January 31, 2009

	For the six months ended	
	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,627	¥ 2,760
Depreciation and amortization	1,033	1,063
Amortization of investment corporation bond issuance expenses	5	5
Loss on disposal of property and equipment	-	19
Interest income	(10)	(15)
Interest expense	854	856
(Increase) Decrease in tenant receivables	(4)	24
(Increase) Decrease in consumption tax refund receivables	-	9
Increase (Decrease) in consumption tax payable	(102)	183
Increase (Decrease) in accounts payable	(23)	(16)
Increase (Decrease) in rent received in advance	(17)	(48)
Other, net	101	194
Total	4,464	5,034
Interest received	10	14
Interest paid	(847)	(831)
Income taxes paid	(0)	(1)
Net cash provided by operating activities	3,627	4,216
Cash flows from investing activities:		
Payments for purchases of property and equipment	(50)	(12)
Payments for purchases of property and equipment held in trust	(142)	(1,486)
Payments for lease deposits	-	(100)
Proceeds from lease deposits	-	282
Proceeds from tenant leasehold and security deposits	17	49
Payments for tenant leasehold and security deposits	(2)	(114)
Proceeds from tenant leasehold and security deposits held in trust	245	355
Payments for tenant leasehold and security deposits held in trust	(548)	(762)
Payments for restricted deposits with banks held in trust	(245)	(355)
Proceeds from restricted deposits with banks held in trust	331	545
Net cash used in investing activities	(394)	(1,598)
Cash flows from financing activities:		
Proceeds from short-term debt	500	3,600
Repayment of short-term debt	(8,500)	(14,600)
Proceeds from long-term debt	18,000	11,000
Repayment of long-term debt	(10,000)	-
Payment of dividends	(2,754)	(2,803)
Net cash used in financing activities	(2,754)	(2,803)
Net change in cash and cash equivalents	479	(185)
Cash and cash equivalents at beginning of period	3,903	4,088
Cash and cash equivalents at end of period	¥ 4,382	¥ 3,903

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

TOKYU REIT, Inc.
Notes to Financial Statements

For the six months ended July 31, 2009 and January 31, 2009

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 loans and the acquisition of an additional two 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, 2009, TOKYU REIT's total capital is ¥98,019 million with 169,380 units issued and outstanding. TOKYU REIT has been operating 23 properties at an occupancy rate of approximately 98.6%. Total acquisition cost of the 23 properties is ¥206,649 million and total rentable area is 239,293.11m².

(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 Corporate Law, the Investment Trust Law, the Financial Instruments and Exchange Law 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-General of the Kanto Local Finance 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 (in place of 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 January and July of each year. Prior period information in the accompanying financial statements has been disclosed for comparative purposes only.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

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 that are highly liquid, readily convertible to cash, have insignificant risk of price fluctuation and 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 and construction in progress, 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, 2009	January 31, 2009 (information only)
	(years)	
Buildings and structures		
Buildings	2-50	2-50
Structures	2-52	2-52
Other tangible assets		
Machinery and equipment	2-17	2-17
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 purposes. 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 ¥38 thousand are included in other current assets as of July 31, 2009 and January 31, 2009, 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 amount 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 are nil for the six months ended July 31, 2009, and total ¥354 thousand for the six months ended January 31, 2009.
- (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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

incurred from assets and liabilities in the trust, are recognized in the balance sheet and income statement accounts.

- (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 the "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" ("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, 2009 and January 31, 2009 consisted of the following:

	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Cash and deposits with banks	¥ 1,846	¥ 1,224
Cash and deposits with banks held in trust	12,908	13,138
Restricted deposits with banks held in trust	(10,372)	(10,459)
Cash and cash equivalents	¥ 4,382	¥ 3,903

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, 2009 and January 31, 2009

4. Schedule of property and equipment and intangible assets

Property and equipment and intangible assets as of July 31, 2009 and January 31, 2009 consisted of the following:

	July 31, 2009			January 31, 2009 (information only)		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 3,914	¥ (536)	¥ 3,378	¥ 3,882	¥ (467)	¥ 3,415
Structures	36	(5)	31	35	(3)	32
Land	22,436	-	22,436	22,436	-	22,436
Other tangible assets						
Machinery and equipment	3	(3)	0	3	(3)	0
Tools, furniture and fixtures	15	(6)	9	14	(4)	10
Intangible assets	1	(0)	1	1	(0)	1
Property and equipment held in trust						
Buildings and structures						
Buildings	44,679	(9,068)	35,611	44,530	(8,184)	36,346
Structures	794	(235)	559	793	(213)	580
Land	138,414	-	138,414	138,414	-	138,414
Other tangible assets						
Machinery and equipment	813	(334)	479	813	(294)	519
Tools, furniture and fixtures	306	(173)	133	283	(159)	124
Intangible assets held in trust	23	(8)	15	23	(7)	16
Construction in progress held in trust	2	-	2	4	-	4
Total	¥ 211,436	¥ (10,368)	¥ 201,068	¥ 211,231	¥ (9,334)	¥ 201,897

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, 2009 and January 31, 2009

6. Short-term debt and long-term debt

Short-term debt and long-term debt as of July 31, 2009 and January 31, 2009 consisted of the following:

	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Short-term debt		
Unsecured loans due on April 22, 2009 with floating rate	¥ -	¥ 1,000
Unsecured loans due on July 25, 2009 with floating rate	-	1,400
Unsecured loans due on June 27, 2010 with floating rate	7,000	12,600
Sub total	<u>7,000</u>	<u>15,000</u>
Long-term debt		
Unsecured loans due on June 25, 2009 with fixed rate	-	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	4,000
Unsecured loans due on December 25, 2010 with fixed rate	5,000	5,000
Unsecured loans due on May 18, 2011 with fixed rate	2,000	2,000
Unsecured loans due on May 25, 2011 with fixed rate	2,000	2,000
Unsecured loans due on June 25, 2011 with fixed rate	2,000	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 October 27, 2011 with fixed rate	400	-
Unsecured loans due on November 11, 2011 with fixed rate	2,000	2,000
Unsecured loans due on November 11, 2011 with fixed rate	1,000	1,000
Unsecured loans due on May 25, 2012 with fixed rate	2,000	2,000
Unsecured loans due on June 25, 2012 with fixed rate	4,000	4,000
Unsecured loans due on June 29, 2012 with fixed rate	800	-
Unsecured loans due on July 25, 2012 with fixed rate	1,000	1,000
Unsecured loans due on August 29, 2012 with floating rate	1,400	-
Unsecured loans due on November 18, 2012 with fixed rate	2,000	2,000
Unsecured loans due on June 25, 2013 with fixed rate	5,000	-
Unsecured loans due on June 29, 2013 with fixed rate	400	-
Unsecured loans due on July 31, 2013 with fixed rate	4,000	4,000
Unsecured loans due on December 25, 2013 with fixed rate	5,000	-
Unsecured loans due on December 25, 2013 with fixed rate	1,000	1,000
Unsecured loans due on January 25, 2014 with fixed rate	4,000	4,000
Unsecured loans due on February 25, 2014 with fixed rate	5,000	-
Unsecured loans due on June 25, 2015 with fixed rate	5,000	5,000
Unsecured loans due on March 10, 2016 with fixed rate	3,000	3,000
Unsecured loans due on January 25, 2018 with fixed rate	5,000	5,000
Sub total	<u>80,000</u>	<u>72,000</u>
Total	<u>¥ 87,000</u>	<u>¥ 87,000</u>
Weighted average interest cost	<u>1.68%</u>	<u>1.64%</u>

TOKYU REIT executed commitment line agreements which provide credit facilities totaling ¥2 billion with two banks on April 21, 2005 and ¥10 billion with one bank on July 2, 2009. No amount has been drawn down as of July 31, 2009 and January 31, 2009.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

7. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2009 and January 31, 2009 were as follows:

Name	Issue date	Balance as of July 31, 2009	Balance as of January 31, 2009 (information 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>		

8. Collateral pledged and secured liabilities

Assets pledged as collateral and relevant secured liabilities were as follows:

Assets pledged as collateral	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 3,230	¥ 3,310
Structures	140	142
Land	5,586	5,586
Other tangible assets		
Machinery and equipment	9	10
Tools, furniture and fixtures	0	0
Total	<u>¥ 8,965</u>	<u>¥ 9,048</u>
 Secured liabilities	 July 31, 2009	 January 31, 2009 (information only)
	(Millions of yen)	
Tenant leasehold and security deposits held in trust due within one year	¥ 434	¥ 434
Tenant leasehold and security deposits held in trust	3,880	4,097
Total	<u>¥ 4,314</u>	<u>¥ 4,531</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

9. Rental revenue and expense

Rental revenues and expenses for the six months ended July 31, 2009 and January 31, 2009 were as follows:

	For the six months ended	
	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Revenue from property leasing:		
Rental revenue:		
Rental revenue	¥ 5,801	¥ 5,901
Common area charges	674	686
Parking lot revenue under monthly contract	134	141
Other	367	383
Sub total	6,976	7,111
Other:		
Incidental income	450	480
Other	53	52
Sub total	503	532
Total revenue from property leasing	7,479	7,643
Rental service expenses:		
Utilities expenses	578	611
Subcontract expenses	466	459
Property management fees	162	168
Repairs and maintenance expenses	183	141
Property-related taxes	630	543
Insurance premium	18	19
Depreciation and amortization	1,033	1,063
Loss on disposal of property and equipment	-	20
Other	212	234
Total rental service expenses	3,282	3,258
Operating income from property leasing activities	¥ 4,197	¥ 4,385

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

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, 2009 and January 31, 2009.

	July 31, 2009	January 31, 2009 (information only)
Statutory income tax rate	39.33%	39.33%
Deductible cash distributions	(39.31)	(39.31)
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 the Special Taxation Measures Law to achieve a deduction of cash distributions for income tax purposes. Based on this policy, TOKYU REIT treated the cash distributions as a tax allowable distribution as defined in the Special Taxation Measures Law.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

11. Per unit information

The following table summarizes the net income per unit for the six months ended July 31, 2009 and January 31, 2009 and the unitholders' equity per unit as of July 31, 2009 and January 31, 2009.

	For the six months ended	
	July 31, 2009	January 31, 2009 (information only)
Net income per unit	¥ 15,505	¥ 16,284
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, 2009	As of January 31, 2009 (information only)
Unitholders' equity per unit	¥ 594,202	¥ 594,982

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended July 31, 2009 and January 31, 2009.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

12. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of July 31, 2009 and January 31, 2009, the future lease revenues under the non-cancelable operating leases were as follows:

	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Due within one year	¥ 5,989	¥ 6,312
Due after one year	24,698	26,194
Total	¥ 30,687	¥ 32,507

As of July 31, 2009 and January 31, 2009, the future lease payments under the non-cancelable operating leases were as follows:

	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Due within one year	¥ 236	¥ 230
Due after one year	3,994	4,005
Total	¥ 4,230	¥ 4,235

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

13. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended July 31, 2009 and January 31, 2009 were as follows: (Unaudited)

For the six months ended July 31, 2009

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	¥ 623	¥ 249	¥ 374	¥ 55	¥ 320
R Lexington Aoyama	82	39	43	7	36
R TOKYU REIT Omotesando Square	189	35	154	8	146
R Tokyu Saginuma Building	310	61	249	26	223
R Tokyu Saginuma 2 Building	65	21	44	8	36
R TOKYU REIT Shibuya Udagawa-cho Square	170	19	151	5	146
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	61	239	83	156
R cocoti	714	178	536	176	360
R Shonan Mall Fill (<i>sokochi</i>)	174	26	148	-	148
R CONZE Ebisu	139	36	103	18	85
R Daikanyama Forum	98	39	59	13	46
O Setagaya Business Square	1,256	537	719	254	465
O Tokyu Nampeidai-cho Building	182	33	149	29	120
O Tokyu Sakuragaoka-cho Building	256	50	206	20	186
O Tokyo Nissan Taito Building	232	73	159	46	113
O TOKYU REIT Akasaka Hinokicho Building	150	38	112	10	102
O TOKYU REIT Kamata Building	302	93	209	32	177
O Resona Maruha Building	846	247	599	68	531
O TOKYU REIT Toranomom Building	502	195	307	35	272
O TOKYU REIT Hatchobori Building	208	54	154	49	105
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	204	41	163	38	125
O Tokyu Ikejiri-ohashi Building	208	53	155	24	131
O Ryoshin Harajuku Building	269	72	197	29	168
Total	¥ 7,479	¥ 2,250	¥ 5,229	¥ 1,033	¥ 4,197

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

For the six months ended January 31, 2009 (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	¥ 612	¥ 241	¥ 371	¥ 58	¥ 313
R Lexington Aoyama	166	29	137	7	130
R TOKYU REIT Omotesando Square	192	36	156	8	148
R Tokyu Saginuma Building	310	63	247	26	221
R Tokyu Saginuma 2 Building	65	15	50	9	41
R TOKYU REIT Shibuya Udagawa-cho Square	170	18	152	5	147
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	56	244	82	162
R cocoti	731	195	536	175	361
R Shonan Mall Fill (<i>sokochi</i>)	174	25	149	-	149
R CONZE Ebisu	140	38	102	18	84
R Daikanyama Forum	111	52	59	12	47
O Setagaya Business Square	1,291	543	748	272	476
O Tokyu Nampeidai-cho Building	182	35	147	30	117
O Tokyu Sakuragaoka-cho Building	255	49	206	20	186
O Tokyo Nissan Taito Building	234	75	159	61	98
O TOKYU REIT Akasaka Hinokicho Building	151	44	107	10	97
O TOKYU REIT Kamata Building	307	96	211	48	163
O Resona Maruha Building	877	236	641	68	573
O TOKYU REIT Toranomom Building	495	157	338	35	303
O TOKYU REIT Hatchobori Building	204	60	144	49	95
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	205	27	178	38	140
O Tokyu Ikejiri-ohashi Building	199	43	156	24	132
O Ryoshin Harajuku Building	273	43	230	28	202
Total	<u>¥ 7,644</u>	<u>¥ 2,176</u>	<u>¥ 5,468</u>	<u>¥ 1,083</u>	<u>¥ 4,385</u>

Note 1. Property leasing expenses are defined as rental service expenses adjusted for depreciation and amortization.

Note 2. 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.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2009 and January 31, 2009

14. Related party transactions

Masahiro Horie, who holds no voting units of TOKYU REIT, is executive director of TOKYU REIT and Representative Director & President and Chief Executive Officer of Tokyu Real Estate Investment Management Inc. Tokyu Real Estate Investment Management, Inc. has entered into an 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, 2009 and January 31, 2009 and payable due to asset manager as of then were as follows:

	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Asset management fees for the period	¥ 596	¥ 655
Management fees payable due to asset manager	263	282

15. Distribution information

The Board of Directors of TOKYU REIT resolved on September 11, 2009 and March 16, 2009 to effect payment of cash distributions of ¥15,505 and ¥16,284 per unit to unitholders of record on July 31, 2009 and January 31, 2009, respectively. Retained earnings carried forward after the distributions are as follows:

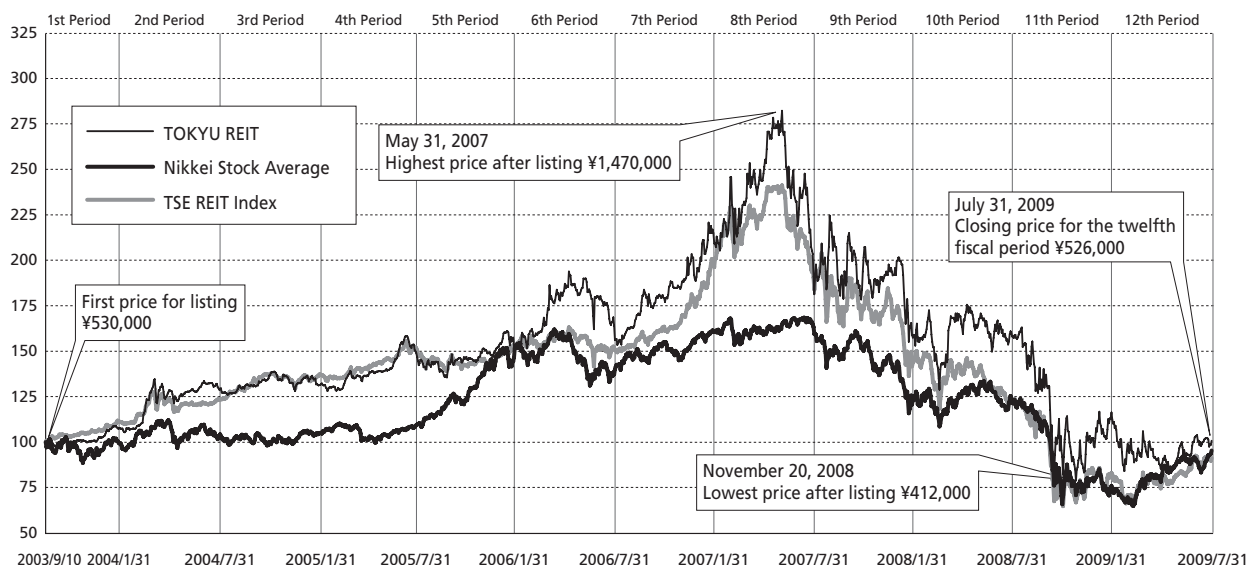
	July 31, 2009	January 31, 2009 (information only)
	(Millions of yen)	
Retained earnings at end of period	¥ 2,626	¥ 2,758
Cash distributions declared	2,626	2,758
Retained earnings carried forward	¥ 0	¥ 0

16. Subsequent events

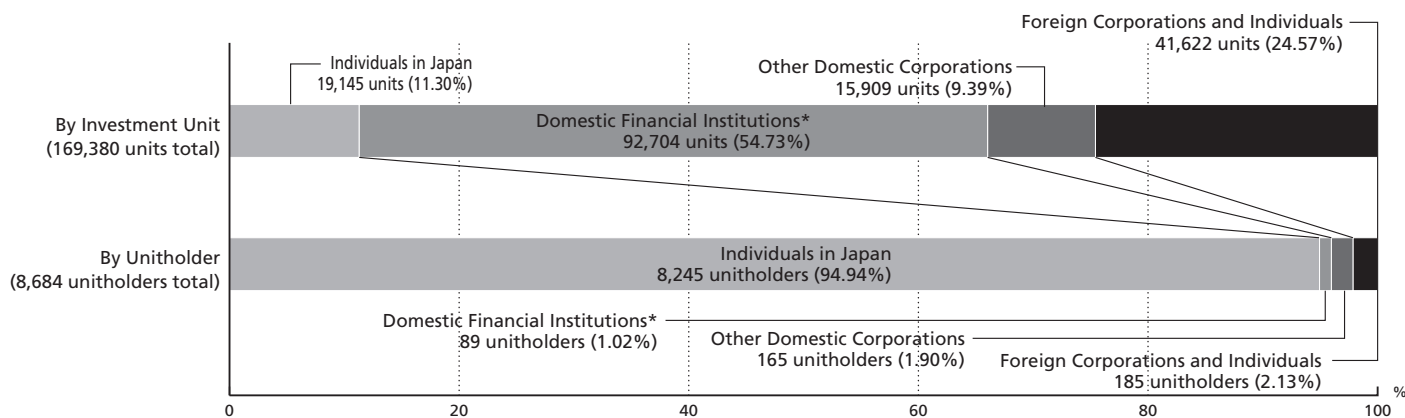
TOKYU REIT is not aware of any circumstances that may have a material impact on TOKYU REIT's financial position after the twelfth fiscal period ended July 31, 2009.

Unitholder Information

Unit Price Chart



Unitholder Composition



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

Results Reporting Schedule

	12th Period	13th Period
Date of settlement	Jul. 31, 2009	Jan. 31, 2010
Announcement of financial results	Sept. 11, 2009	Mid Mar. 2010
Delivery of investment management report (Japanese only)	Oct. 8, 2009	Mid Apr. 2010
Payment of dividends	Oct. 9, 2009	Mid Apr. 2010

Address

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

Established

June 20, 2003

Executive Director

Masahiro Horie

Supervisory Directors

Giichi Yanagisawa

Maruhito Kondo

Independent Auditor

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

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

Contact · Address

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

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

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 sixth fiscal period (ended July 31, 2006) is on October 13, 2006 and for the seventh fiscal period (ended January 31, 2007) is on April 13, 2007.

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, 2009.

TOKYU REIT

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