

September 13, 2010

FINANCIAL REPORT

FOR THE FOURTEENTH FISCAL PERIOD ENDED July 31, 2010

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

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

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Planned start of dividend payments: October 12, 2010

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

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

PERFORMANCE FOR THE FOURTEENTH FISCAL PERIOD (FEBRUARY 1, 2010 – JULY 31, 2010)

(1) Business Results

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

	Operating Revenues		Operating Income		Ordinary Income	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
Fourteenth Fiscal Period	6,550	-74.2	3,001	-79.1	2,134	-84.1
Thirteenth Fiscal Period	25,359	239.0	14,374	313.5	13,457	412.2

	Net Income		Net Income per Unit	Return on Unitholders' Equity (ROE)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	(Millions of Yen)	(%)	(Yen)	(%)	(%)	(%)
Fourteenth Fiscal Period	2,133	84.1	12,597	2.0	1.0	32.6
Thirteenth Fiscal Period	13,456	412.4	79,445	12.7	6.1	53.1

(2) Distributions

	Distribution per Unit	Total Distributions	Distribution in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
	(Yen)	(Millions of Yen)	(Yen)	(Millions of Yen)	(%)	(%)
Fourteenth Fiscal Period	12,598	2,133	0	0	100.0	2.0
Thirteenth Fiscal Period	79,446	13,456	0	0	100.0	12.7

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

(3) Financial Position

	Total Assets	Unitholders' Equity	Unitholders' Equity to Total Assets	Unitholders' Equity per Share of Common Stock
	(Millions of Yen)	(Millions of Yen)	(%)	(Yen)
Fourteenth Fiscal Period	206,884	100,153	48.4	591,295
Thirteenth Fiscal Period	225,299	111,476	49.5	658,143

Reference: Unitholders' Equity for the fourteenth fiscal period: 100,153 million yen and for the thirteenth fiscal period: 111,476 million yen

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of Period
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Fourteenth Fiscal Period	2,616	-18,254	-20,440	18,576
Thirteenth Fiscal Period	53,519	-620	-2,624	54,656

**FORECAST OF RESULTS FOR FIFTEENTH FISCAL PERIOD (AUGUST 1, 2010 – JANUARY 31, 2011)
AND SIXTEENTH FISCAL PERIOD (FEBRUARY 1, 2011 – JULY 31, 2011)**

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

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution Per Unit	Distribution in Excess of Earnings per Unit
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Yen)	(Yen)
Fifteenth Fiscal Period	6,291	-4.0	2,712	-9.6	1,864	-12.7	1,863	-12.7	11,000	0
Sixteenth Fiscal Period	6,212	-1.3	2,670	-1.6	1,830	-1.8	1,829	-1.8	10,800	0

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

Estimated net income per unit for the sixteenth fiscal period: ¥10,800

OTHERS

(1) Changes in Account Policies

Changes according to revision of account standard: No

Changes according to another reason: No

(2) The number of investment units outstanding

The number of investment units outstanding totaled 169,380 units as of January 31, 2010 and July 31, 2010.

No investment unit is held by TOKYU REIT itself as of January 31, 2010 and July 31, 2010.

Notes:

Forecasts presented in this document are based on “Assumptions for Forecasts for the Fifteenth Fiscal Period (from August 1, 2010 to January 31, 2011) and the Sixteenth Fiscal Period (from February 1, 2011 to July 31, 2011)” identified in the separate reference attached. Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may differ significantly from actual results due to changes in operating conditions and a variety of factors. Accordingly, TOKYU REIT does not guarantee any distribution amount.

Assumptions for Forecasts for the Fifteenth Fiscal Period (from August 1, 2010 to January 31, 2011) and the Sixteenth Fiscal Period (from February 1, 2011 to July 31, 2011)

Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit and distributions in excess of earnings per unit for the fifteenth fiscal period (from August 1, 2010 to January 31, 2011) and the sixteenth fiscal period (from February 1, 2011 to July 31, 2011) are based on the following preconditions and assumptions. If major discrepancies between the following assumptions and initial forecast are found, and if they may cause a certain level of change in forecast figures displayed above, a revised forecast shall be drafted and announced immediately.

	Preconditions and Assumptions
Property portfolio	<ul style="list-style-type: none"> It is assumed that there will be no transfers (new properties added or existing properties removed from the initial portfolio, etc.) by the end of the Sixteenth Fiscal Period (July 31, 2011) from the 23 properties as of July 31, 2010.
Operating revenues	<ul style="list-style-type: none"> Rental revenues are calculated based on lease agreements effective as of the issuance date of this document. For tenants, announced lease cancellation by the issuance date of this document is considered as vacant during the period from the cancellation date to the end of the sixteenth fiscal period. Average leasing rates are calculated based on those for competitive properties located in the same areas and exhibiting the same market trends. Forecasts are based on the assumption that there is no payment delay or nonpayment of tenants. Occupancy Rates as of the end of the 15th fiscal period and the end of the 16th fiscal period are projected to be 95.6% and 95.6%, respectively.
Operating expenses	<ul style="list-style-type: none"> Outsourcing expenses for the fifteenth and sixteenth fiscal periods are projected to be 443 million and 436 million, respectively. Repair, maintenance and renovation expenses for buildings for the fifteenth and sixteenth fiscal periods are projected to be 188 million and 233 million, respectively. Actual repair, maintenance and renovation expenses for each fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies. Property and other taxes, such as fixed property tax and city planning tax TOKYU REIT possesses are calculated based on the amount expected to be imposed in each fiscal period (fifteenth fiscal period: 524 million / sixteenth fiscal period: 571 million). Fixed property tax and other taxes paid as part of the purchase prices to the seller upon the property acquisition were not recorded as expenses but included in the relevant property acquisition costs. Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (fifteenth fiscal period: 1,004 million / sixteenth fiscal period : 915 million). Rental expenses other than those listed above were calculated in consideration of fluctuation factors based on results in past fiscal periods. Operating expenses other than expenses from real estate operation (investment management fees and asset custodian fees, etc.) for the fifteenth and sixteenth fiscal periods are expected to be 574 million and 568 million, respectively.
Debt financing	<ul style="list-style-type: none"> With debt financing (long-term debt financing of 15,000 million) repayment dates approaching in the Fifteenth and Sixteenth Fiscal Periods, it is assumed that the long-term debt financing of 15,000 million will be refinanced. There is no investment corporation bond maturing during the fifteenth fiscal period and the sixteenth fiscal period. LTVs as of the end of the fifteenth fiscal period and the end of the sixteenth fiscal period are projected to be 43.6% and 43.7%, respectively. LTV: Interest-bearing debt (forecast) / total assets (forecast) Interest expenses for the fifteenth and sixteenth fiscal periods are expected to be 848 million and 822 million, respectively. Interest expenses include interest expense, interest expense on investment corporation bonds, interest expense on security deposits and other financial expenses.
Investment units	<ul style="list-style-type: none"> TOKYU REIT has 169,380 investment units issued and outstanding as of July 31, 2010.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated based on the distribution policy stipulated in the Articles of Incorporation. Calculations are based on a 100% distribution of retained earnings. It is possible that the distribution per unit could change due to various factors, including changes in assets under management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> TOKYU REIT does not currently anticipate distributions in excess of earnings per unit.

Other	<ul style="list-style-type: none">● Concerning the “Accounting Standards for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008), which shall apply to fiscal years beginning on or after April 1, 2010, TOKYU REIT is reviewing whether or not a reasonable estimate can be made by taking into account evidence currently available to TOKYU REIT and other factors. Consequently, TOKYU REIT does not currently include such in the assumptions for forecasts.● Forecasts are based on the assumption that any major revisions to regulatory requirements, accounting standards and taxation will not impact forecast figures.● Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.
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This notice may contain forward-looking statements, such as current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations. This notice is a translation of the original document in Japanese and is prepared solely for the convenience of non-Japanese speakers. There is no assurance as to the accuracy of the English translation. The original Japanese notice shall prevail in the event of any discrepancies between the translation and the Japanese original.