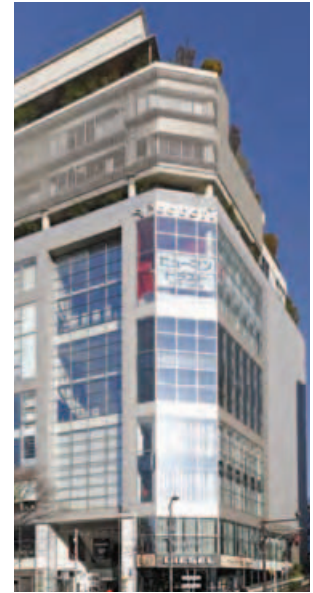


Capitalize on Time in Asset Management

TOKYU REIT



Investment in **Highly Competitive Properties** in Areas with **Strong Growth Potential**



TOKYU REIT, Inc. Semiannual Report
Seventeenth Fiscal Period
From August 1, 2011 to January 31, 2012

TOKYU REIT, Inc.

**Semiannual Report
Seventeenth Fiscal Period**

From August 1, 2011 to January 31, 2012

17th



**17th Fiscal Period
Cash Distribution per Unit**

¥13,106 (Fixed)

(Date of payment: Apr. 12, 2012)

**18th Fiscal Period
Cash Distribution per Unit**

¥11,000 (Forecast)

(Date of payment: Mid Oct. 2012)

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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 Corporation and its subsidiaries
- 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'

- Adherence to strict internal rules for preventing conflicts of interest
- Independent third-party checks
- Proactive disclosure of transaction details

HIGHLIGHTS

At TOKYU REIT Toranomon Building we conducted renewal work on six floors which became vacant in order to attract potential tenants. With regard to Kojimachi Square at which a notice of cancellation was received for three floors in June 2011, we proactively conducted tenant leasing activities aiming for full occupancy.

TOKYU REIT Toranomon Building



Kojimachi Square



FINANCIAL SUMMARY

		16th Fiscal Period	17th Fiscal Period
Balance Sheets	Number of Properties	26 properties	26 properties
	Total Assets	¥207,661 million	¥205,497 million
	Interest-Bearing Liabilities	¥90,000 million	¥89,000 million
	Total Assets Loan-to-Value (LTV) Ratio	43.3%	43.3%
Statements of Income	Operating Revenues	¥6,918 million	¥6,819 million
	Net Income	¥2,242 million	¥2,219 million
Distributions	Cash Distribution per Unit	¥13,239	¥13,106
	Average Market Price per Unit	¥534,655	¥406,642
	Distribution Yield	4.99%	6.39%

Policy and Strategy

TOKYU REIT, Inc. (**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 January 31, 2012, the end of TOKYU REIT's seventeenth fiscal period, **TOKYU REIT** held 15 office buildings and 11 retail facilities, for a total of 26 properties.

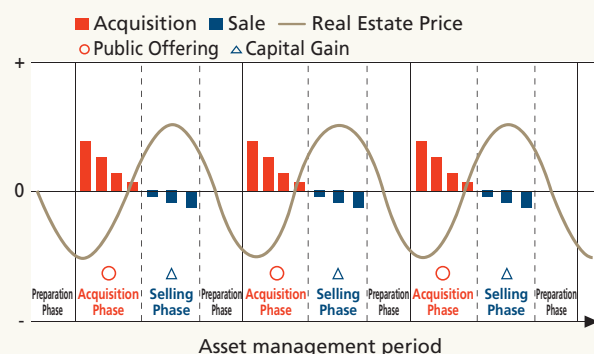
Investment Policy

Stable earnings and cash distributions through investment in highly competitive properties in areas with strong growth potential

- Investment Targeted Areas: Limited to Tokyo Metropolitan Area (Central Tokyo + Tokyu Areas more than 85%)
- Use: Limited to office and retail
- Size of Properties: Over ¥4 billion per property Over 5,000m² floor space (for office properties)
- Sponsor Collaboration Of the 26 portfolio properties, 13 properties sourced from Tokyu Group companies^(Note)
- Capital Re-investment Model A business model aimed at enhancing the value of investment targeted areas by Tokyu Corporation and its subsidiaries through re-investing the capital invested by **TOKYU REIT**

Long-Term Investment Management Strategy (Surf Plan)

"Value and contrarian investment strategy" focusing on cyclicity of real estate prices



Investment Management Fee

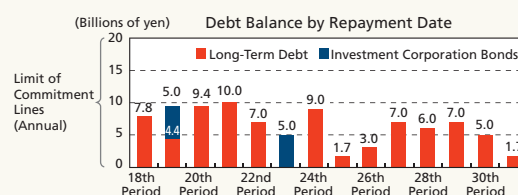
"Being in the same boat as unitholders" investment management fee structure

- Base 1: Linked to asset valuation
- Base 2: Linked to cash flow
- Incentive Fee: Linked to investment unit price
- Time-limited reduction of fees 16th period to 19th period (5% reduction)

Debt Management

Debt management strong against credit crises

- Management of low LTV to ensure financial soundness
- Long-term fixed-interest debt financing
- Diversification of repayment dates and leveling-off of repayment amounts
- Limit of commitment line is ¥20 billion.



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.

(Note) The Tokyu Group companies referred to in this semiannual report collectively represent "Tokyu Corporation and its subsidiaries," "A consolidated affiliate of Tokyu Corporation" and "Tokyu Land Corporation and its subsidiaries."

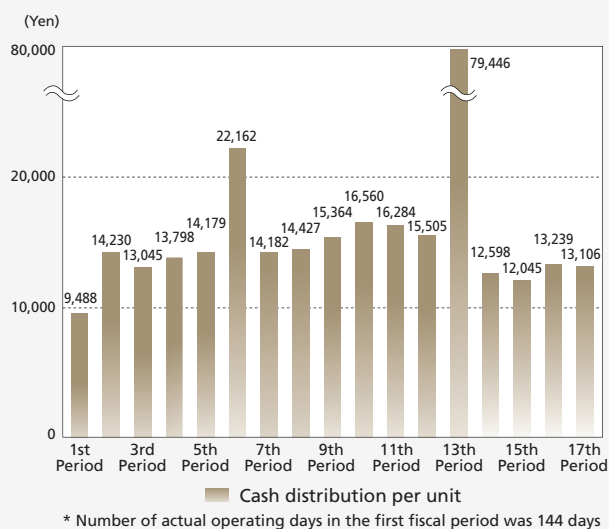
Tokyu Corporation and its subsidiaries referred to in this semiannual report collectively represent "Tokyu Corporation," "A consolidated subsidiary of Tokyu Corporation (*not including equity method affiliates)," "A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%."

Tokyu Land Corporation and its subsidiaries referred to in this semiannual report collectively represent "Tokyu Land," "A consolidated subsidiary of Tokyu Land," "A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Land or a consolidated subsidiary of Tokyu Land and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%."

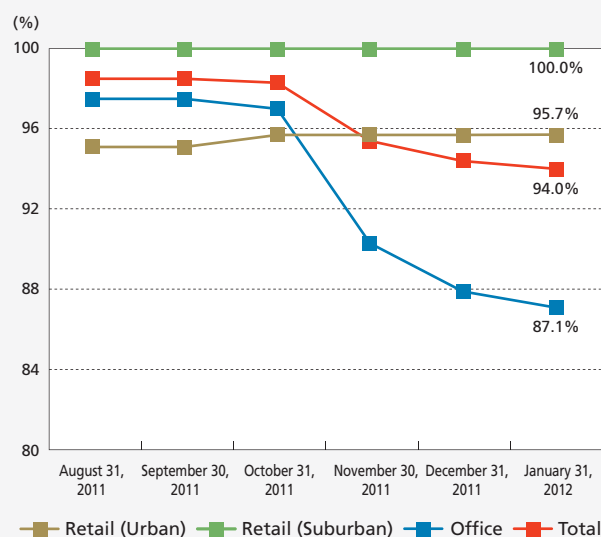
Performance

TOKYU REIT has paid out a cumulative total of ¥309,658 in cash distribution per unit over the approximately eight and a half years since listing (simple average cash distribution per unit of ¥18,215 per fiscal period) as a result of stable occupancy and sale of three properties. Weighted-average capital yield (ROE) stands at 6.6%, achieving high returns for unitholders. TOKYU REIT has set the immediate goal for adjusted ROE, which is an index found by averaging out fluctuations in ROE performance, at no less than 5% on a consistent basis.

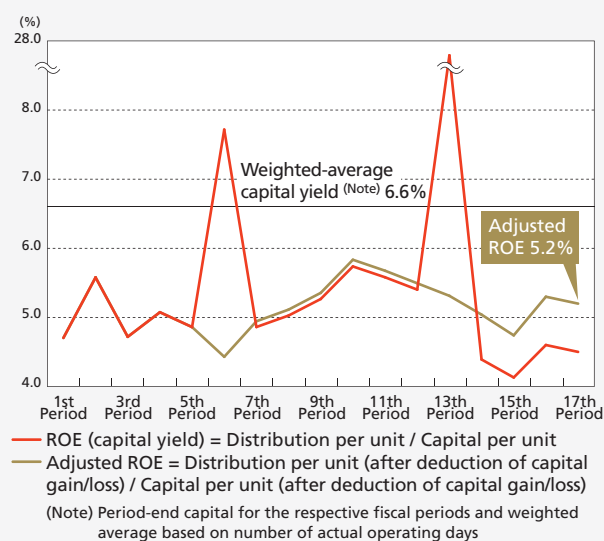
Cash Distribution per Unit



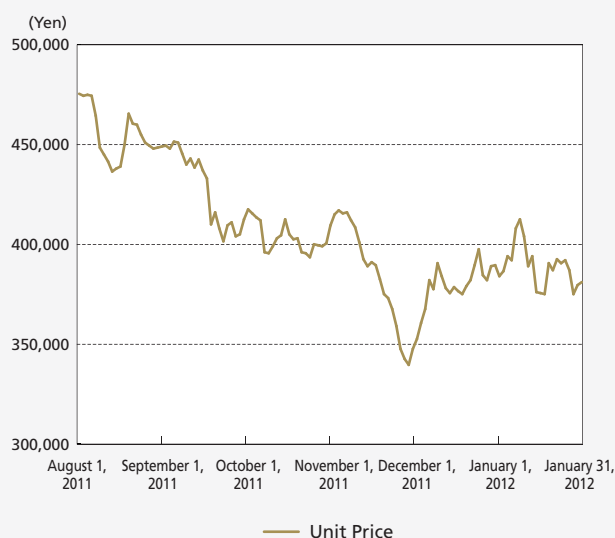
Occupancy Rate



ROE (Capital Yield)



Unit Price



To Our Unitholders

On behalf of **TOKYU REIT**, I would like to express my sincere appreciation to all of our REIT unitholders for your continued support and patient understanding.

The following pages provide an overview of our operating environment and results for the seventeenth fiscal period, August 1, 2011 to January 31, 2012.

Masahiro Horie

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



Cash Distribution of ¥13,106 per Unit

For the current fiscal period (seventeenth fiscal period), **TOKYU REIT** posted ¥6,819 million in operating revenues and ¥2,219 million in net income. Due to such factors as the move out of large tenants at Kojimachi Square, net income decreased by ¥22 million from the previous fiscal period. The net income figure was higher by ¥153 million than the forecast announced on September 13, 2011.

Consistent with our distribution policy, 100% of unappropriated retained earnings were allocated for a cash distribution of ¥13,106 per unit. This was ¥133, or 1.0%, less than the ¥13,239 distribution in the sixteenth fiscal period, while being ¥906, or 7.4%, above the distribution forecast announced on September 13, 2011.

Net assets (after deducting cash distribution) stood at ¥578,697 per unit. Accounting for unrealized gains (the difference between book value and period-end appraisal value), adjusted net asset value (NAV) per unit was ¥580,532, a decrease of ¥2,480 from the sixteenth fiscal period.

■ Leasing Performance for the Seventeenth Fiscal Period (Ended January 31, 2012)

During the seventeenth fiscal period, seven tenants moved in or increased their leased floor space, while 10 tenants vacated or decreased their leased space. Overall conditions continued to be severe.

Specifically, leasing activities were conducted for space that became vacant during the seventeenth fiscal period or that had been vacant as of the end of the previous fiscal period. As a result Lexington

Aoyama became fully occupied. However, occupancy rates decreased significantly at TOKYU REIT Toranomon Building and Kojimachi Square where large tenants vacated. Furthermore, we initiated proactive activities aimed at attracting tenants including large-scale renovation work at common areas of TOKYU REIT Toranomon Building, such as in vacant spaces and the elevator hall, and held a private viewing at Kojimachi Square attracting 200 brokers and others.

Consequently, as of January 31, 2012, 18 of the 26 portfolio properties had an occupancy rate of 100% and the occupancy rate for the entire portfolio was 94.0%, or down 4.5 percentage points from the sixteenth fiscal period. Also, with regard to the tenants that did not vacate, for a total of 167 tenants there was a decrease in rent from the previous rent for 15 tenants.

Also, as we aimed to improve stability of the portfolio during the seventeenth fiscal period, we were able to extend contract periods with multiple existing tenants. Contract periods were extended with large tenants at Tokyu Ginza 2-chome Building, Tokyu Sakuragaoka-cho Building and TOKYU REIT Shibuya Udagawa-cho Square (upward rent revision as of February 2012 for TOKYU REIT Shibuya Udagawa-cho Square). As a result, the ratio of tenants with remaining contract periods of five years or more as of February 1, 2012 was 52.7%, an increase of 1.4 percentage points from July 31, 2011.

■ Report on Property Sales and Acquisitions

There were no acquisitions or sales of properties during the seventeenth fiscal period. Though several properties were surveyed and their

acquisitions considered, we decided to hold back due to the results of preliminary surveys and bidding.

Forecasts

Cash distributions per unit for the eighteenth fiscal period (ending July 31, 2012) and the nineteenth fiscal period (ending January 31, 2013) are both forecast to be ¥11,000 per unit. Assumptions for these forecasts take into account the possibility of future rent decreases for some existing tenants. Occupancy rate forecasts do not assume new tenants for vacant space, excluding vacant space for which new lease contracts have been concluded. Also, future tenants that have already concluded contracts but are granted free-rent periods were not factored into the posted income for the concerned periods. No additional property acquisitions are expected and cash reserves are assumed to be allocated toward reducing interest-bearing liabilities. Although of course we will earnestly conduct activities relating to property acquisitions, the forecasts do not assume any new acquisitions.

■ Leasing Policy for the Eighteenth Fiscal Period (Ending July 31, 2012)

As we continue to bolster leasing activities in the eighteenth fiscal period, we do so with the foremost aim of inviting new tenants to vacant spaces.

The vacancy rate for TOKYU REIT was 6.0% at the end of January 2012, staying at a comparatively lower rate than the 7.6% vacancy rate for office properties in the Tokyo 23 wards and the 7.4% for office properties in the five central Tokyo wards (both according to CBRE K.K.). However, this was

a decrease of 4.5 percentage points compared to 1.5% at the end of the previous fiscal period (as of the end of July 2011) and vacant space increased by 11,078.90m² (3,351.37 *tsubo*). This is the main reason why the forecasts for the eighteenth and nineteenth fiscal periods have plunged from that of the seventeenth fiscal period.

Two properties which especially require our focus are Kojimachi Square and TOKYU REIT Toranomon Building. Large tenants have vacated due to the effects of budget screening of the government and such, and at the end of January 2012 their vacancy rates were 57.2% (four floors) and 71.0% (about six floors) respectively. However, in February 2012 there were positive achievements such as contracting one floor with a tenant at Kojimachi Square and two floors with a tenant at TOKYU REIT Toranomon Building. The respective vacancy rates of the properties are expected to improve to 26.7% and 47.6% and we will continue to invite potential tenants and pour our effort into improving forecasts.

■ Policy for Property Sales and Acquisitions

Concerning the acquisition of properties, we will continue to actively deliberate and aim to improve cash distribution per unit and NAV per unit. Our caution is due to our belief that the recent prices of Tokyo real estate properties are relatively low from a long-term and cyclical perspective.

We will prioritize the securing of a high level of financial soundness while keeping the appraisal LTV (loan-to-value) at no higher than 50%.

Stagnant Investment Unit Price

The investment unit price of **TOKYU REIT** has been stagnant since August 2011, and on November 28, 2011 the price was ¥339,500, reaching the lowest since being listed. We believe this is a cause of concern for many of our unitholders. In fact, in the questionnaire which we handed out the previous fiscal period, we received several opinions saying, “I am concerned the investment unit price is falling significantly,” “the price is too low,” and “I am hoping that it will increase.” We believe there are two sets of factors contributing to the stagnant investment unit price, namely those pertaining to **TOKYU REIT** itself and those stemming from the overall J-REIT market.

■ Factors of TOKYU REIT

Factors for **TOKYU REIT** include “downward revision of forecasts” and “sale of investment units by a major unitholder.”

On September 13, 2011 **TOKYU REIT** announced its forecasts along with the financial results for the sixteenth fiscal period (ended July 2011). While revising cash distribution per unit for the seventeenth fiscal period (ended January 2012) from ¥12,000 to ¥12,200, the forecast also set cash distribution per unit at ¥11,000 for the eighteenth fiscal period (ending July 2012). Due to the significant downward revision of the forecast for the eighteenth fiscal period from that of the seventeenth fiscal period, the investment unit price of **TOKYU REIT** has for a time been below the TSE REIT Index. The fact that the price was favorable in the sixteenth fiscal period at ¥13,239 is also believed to be a factor to the drop in the eighteenth fiscal period being perceived very negatively.

The major unitholder that sold its investment units was a foreign-capital life insurance company in Japan which has undergone business integration. Due in part to this, the total number of investment units held by life insurance companies in Japan decreased by more than 4,000 units from the end of the sixteenth fiscal period.

■ Factors of the Overall J-REIT Market

Another set of factors in addition to those pertaining to **TOKYU REIT** includes a deterioration of supply-demand balance that is shared by the entire J-REIT market. We believe investors' weakened appetite for investment can be explained by three factors. The first is the flight of investors to safer assets due to the European debt crisis. The second is the termination of investment trusts targeting J-REITs. The third is the reluctant attitude of value investors.

There must have been many investors, especially foreign investors whose asset under management were damaged due to the European debt crisis, whose only options were to let go of J-REITs (assets denominated in a foreign currency) in the second half of 2011 and jump to safer assets such as cash regardless of whether or not J-REIT units were cheap, as it was not possible for them to take big risks. There also may be investors who sold J-REIT units which had unrealized gain due to the strong yen and allocated funds to losses from other operating assets.

Of the many types of products for investment trusts targeting J-REITs that had a major impact on the deterioration of supply-demand balance are those investment trusts known as currency select type trusts. This product which began selling in 2010 is a "double-decker fund" which takes in J-REIT risks

as well as foreign currency risks. Because standard prices plunged due to the appreciating trend of the yen towards the end of 2011, regardless of the performance of J-REITs, it appears many investors cancelled these currency select type trusts. Consequently, individual J-REIT units were also sold and, according to our analysis, this caused a spiraling decline of investment unit prices.

Since early autumn last year, most of the J-REIT investment unit prices including that of **TOKYU REIT** have been below net assets per unit as well as NAV per unit reflecting unrealized profits and losses. Although J-REITs were an attractive investment target for investors seeking cheaper financial products, investment attitude especially of overseas value investors was one of reluctance. This is believed to be due to value investors thinking J-REIT investment unit prices were not necessarily cheap at that point. In other words, there is a possibility, at that point, that they saw real estate appraisal values not as reasonable but rather, taking a cautious approach, predicted that in the future Japan's real estate prices would fall and J-REIT unit prices per NAV would come to the level of investment unit prices seen recently.

We, however, take a more positive view of the long-term real estate market of Tokyo. Short-term improvements in the vacancy rate and new advertised rent may be difficult. However, from a long-term perspective, we believe the current level of appraisal values is below what is moderate. At properties at the level for which we actually conduct investment activities, there have been cases of transaction exceeding the appraisal values. Regrettably, under the current system J-REITs are not permitted to acquire or retire investment units,

and therefore we are not able to directly appeal the relatively reasonable price of our investment units. We hope to work towards eliminating discount factors of investment unit prices through further communication with value investors including those from overseas. Also, with regard to the amendment to the Investment Trust Law scheduled for the next fiscal year, we plan to propose changes to the system to the related parties that would ease the investment policies on J-REITs, including granting the acquisition and retirement of investment units.

President of the investment management company. Of the many comments and questions received, a portion of these are shown on page 83.

Also, we learned through the questionnaire that not necessarily many respondents use our website when checking information on **TOKYU REIT**. On our website we post presentation materials for analyst meetings containing detailed information. We will deliver these materials by request to the first 100 unitholders on a first come basis. The contact information can also be found on page 83.

We again thank you for your comments, questions and words of encouragement. We received praise from many of you for the stability of our asset management and stance on disclosure of information. We will strive to respond to such voices and thank you for your continued support.

March 2012

Thank You for Participating in the Questionnaire

We requested your cooperation in completion of a questionnaire at the previous fiscal period in order to make use of them as references for future asset management. We are sincerely grateful as we received responses from 794 unitholders. I myself have personally read all of the comments as the Executive Director of **TOKYU REIT** and as the



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 (current position).

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 (current position).

June 2009
Posted to a member of the board of the Investment Trusts Association, Japan (to June 2011).

Status of Leasing Activities: TOKYU REIT Toranomon Building and Kojimachi Square

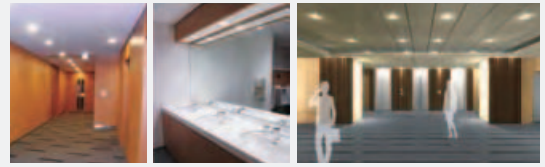
Focused on leasing activities as top priority for the two properties from which large tenants moved out at the end of the 16th period

TOKYU REIT Toranomon Building

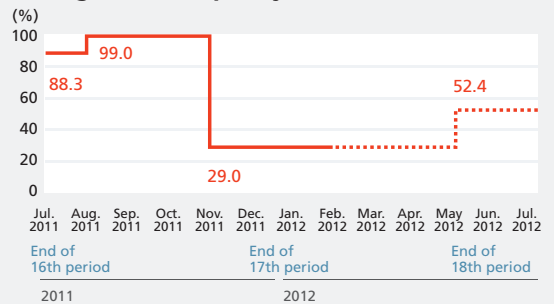
- Contracts already concluded for 8th and 9th floors (a branch of a life insurance company is scheduled to move in)
- Leasing activities being continued for the remaining 4th–7th floors, though several companies made private views and inquiries
- Conducted renewal work to enhance competitiveness and asset value (see photos to the right)
- Renewal work of the entrance hall under way (scheduled for completion in May 2012)
- Conducted direct marketing by listing companies as candidate tenants



Renewal in line with leasing



Changes in occupancy rate

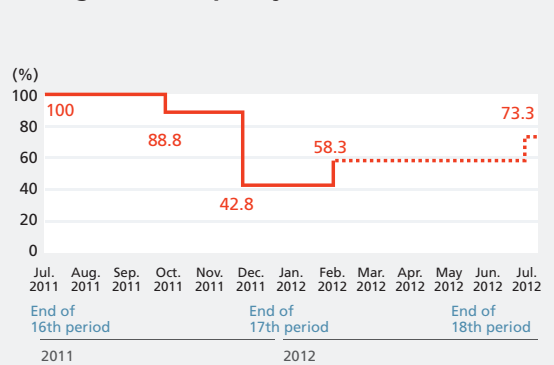


Kojimachi Square

- With the 3rd floor already occupied and the 5th floor contracted, negotiation is under way for the 1st and 2nd floors with a single, selected candidate tenant
- Improved service offerings by having building managers permanently stationed
- Conducted private views attracting 200 people (October 19, 2011)



Changes in occupancy rate



Countermeasures for Power Issues

TOKYU REIT plans and implements a variety of countermeasures for power issues

Adoption of Power-Saving Equipment

Measures to reduce power consumption

LED lamps (3,050 lamps in common areas of 15 properties)

- Power reduction of 65.2% on average is possible per lamp.
- The rated lifespan of LED is approximately 40 times longer than incandescent lighting and approximately 20 times longer than halogen lamps.

High-performance lighting reflection boards

(2,941 boards in exclusive areas of 4 properties)

- Mounted on existing fluorescent light fixtures. Approximately 1.6 times brightness is expected.

High frequency fluorescent lamps

(1,557 lamps in exclusive areas of a property)

- Reduced power consumption by about 44% through replacement

Diversification of Electricity Companies (Power Sources)

Responses in consideration of future rise in the unit cost of power rate

- Immediately after the earthquake, started investigation of changing electricity companies for diversifying power sources (risk management).
- Plans to shift from Tokyo Electric Power to specified-scale electricity companies (new power sources) during the 18th period in order to reduce power rate payments.
- Assumed results of cost reduction (in contrast to using Tokyo Electric Power):
First year ¥7.4 million Second year and after ¥4.1 million

Specified-scale electricity companies (new power sources)

- Operators that provide power to users with contract electricity demand of 50 kWh or more through power lines owned by general electricity companies

TOKYU REIT, Inc. Board of Directors

The Board of Directors Meeting

TOKYU REIT's Board of Directors comprises Executive Directors that execute the operations of the investment corporation and Supervisory Directors that oversee the Executive Directors' execution of operations. The Articles of Incorporation stipulate that the Board of Directors must contain one or two Executive Directors and two or three Supervisory Directors, with at least one more Supervisory Director than the number of Executive Directors. It also limits the term of office of these directors at two years. As of the end of the seventeenth fiscal period, there were one Executive Director and two Supervisory Directors at **TOKYU REIT**.



Giichi Yanagisawa
Supervisory Director



Masahiro Horie
Executive Director



Maruhito Kondo
Supervisory Director

Giichi Yanagisawa Supervisory Director

March 1985	Certified as a public accountant in Japan (current position). Established Yanagisawa Certified Public Accountant Office.
May 1985	Certified as a tax accountant in Japan (current position).
June 2000	Appointed representative, Shinsoh Audit Corporation.
July 2001	Appointed member of the Board of The Japanese Institute of Certified Public Accountants.
June 2003	Appointed Supervisory Director, TOKYU REIT, Inc. (current position).
July 2004	Appointed Executive Board of The Japanese Institute of Certified Public Accountants (current position).
July 2010	Appointed Deputy President of the Tokyo Chapter of The Japanese Institute of Certified Public Accountants (current position).
April 2011	Appointed Chief Representative, Shinso Audit Corporation (current position).

Maruhito Kondo Supervisory Director

April 1988	Admitted to the Bar of Japan (Tokyo Bar Association). Entered Ohara Law Office.
May 1988	Studied abroad at the Chinese University of Hong Kong.
September 1988	Studied abroad at Renmin University of China.
July 1989	Worked at Robert Lee & Fong Solicitors in Hong Kong.
February 1996	Opened Maruhito Kondo Law Office (current position).
May 1998	Admitted to Daini Tokyo Bar Association (current position).
June 2003	Appointed Supervisory Director, TOKYU REIT, Inc. (current position).

Note: See page 10 about Masahiro Horie's career.

TOKYU REIT's Initiatives (Governance)

TOKYU REIT's Aim, Goals

- 1 Unitholder first**
Willing to learn from investors but reject requests from short-term interests
- 2 Aim to become a "Global investment product"**
Willing to become invest-worthy for all investors around the globe
- 3 Quality decision-making process**
Highest level board management
- 4 Aim to become the most reputable J-REIT**
Outperform other J-REITs

Characteristics of TOKYU REIT's Governance Structure

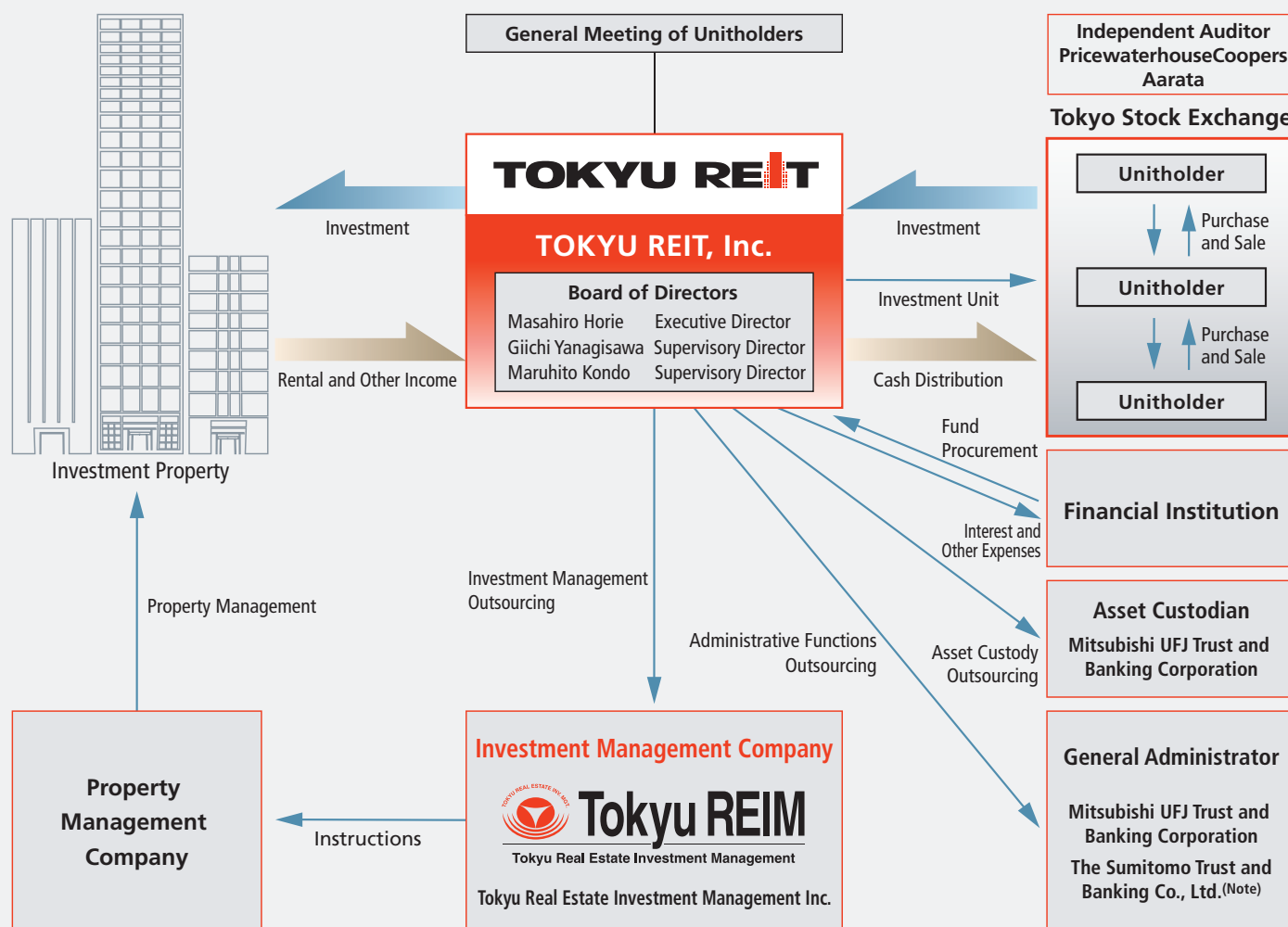
- 1 Involvement of independent outside board members**
- 2 Optimal balance between sponsor collaboration and independence**
- 3 Strict focus on fiduciary duty**
- 4 Management fee set to "being in the same boat as unitholders"**

TOKYU REIT's Management Characteristics

Excellent Governance as a Source of Competitiveness	Structural	<ul style="list-style-type: none"> ■ Multiple layers of monitoring and proactive involvement of outside board members ■ Management fee set to "being in the same boat as unitholders" 	<ul style="list-style-type: none"> ■ Stringent conflict of interest rules ■ Board meetings held twice or more a month on a regular basis and enhanced resolution and reporting system
	Human Resources	<ul style="list-style-type: none"> ■ Carefully select board members to enhance debate* ■ Provide appropriate compensation to board members for the responsibility and the workload 	<ul style="list-style-type: none"> ■ Legal advisor to be present at board meetings
	Culture	<ul style="list-style-type: none"> ■ Board members not hesitant to reject, waive resolution or agree with conditions ■ Willing to debate with independent outside board members 	<ul style="list-style-type: none"> ■ Tokyu REIM's efforts <ul style="list-style-type: none"> ● Strict focus on fiduciary duty ● Management fee programmed to enhance involvement of all business segments ● Intend to allow all Tokyu REIM staff to face and communicate with investors
	Track Record	<ul style="list-style-type: none"> ■ Average number of board meetings per month: 2.2 times (since establishment) ■ Average time per meeting: 1 hour and 37 minutes (since establishment) 	<ul style="list-style-type: none"> ■ Average board members' involvement besides board meetings: 1.0 times per member per month (17th period)

* Professional and a company manager with experience as an outside board member

TOKYU REIT Structure and External Service Providers



(Note) Sumitomo Trust and Banking Co., Ltd., Chuo Mitsui Trust and Banking Company Limited and Chuo Mitsui Asset Trust and Banking Company Limited are scheduled to merge as Sumitomo Mitsui Trust Bank Limited as of April 1, 2012.

Investment management fee structure linked to three performance indices aimed to balance conflict by “being in the same boat as unitholders”

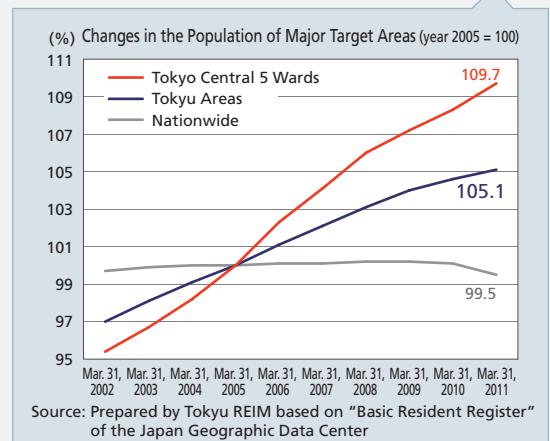
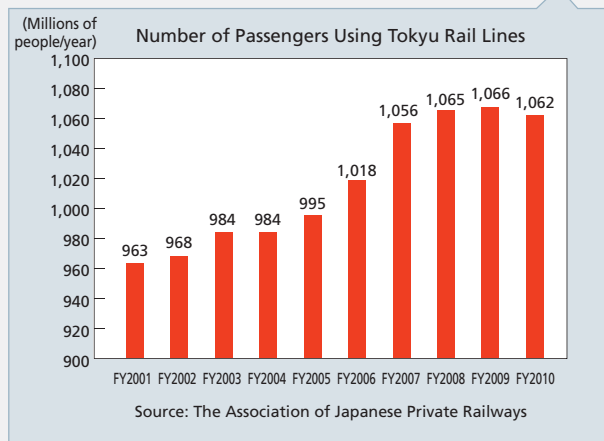
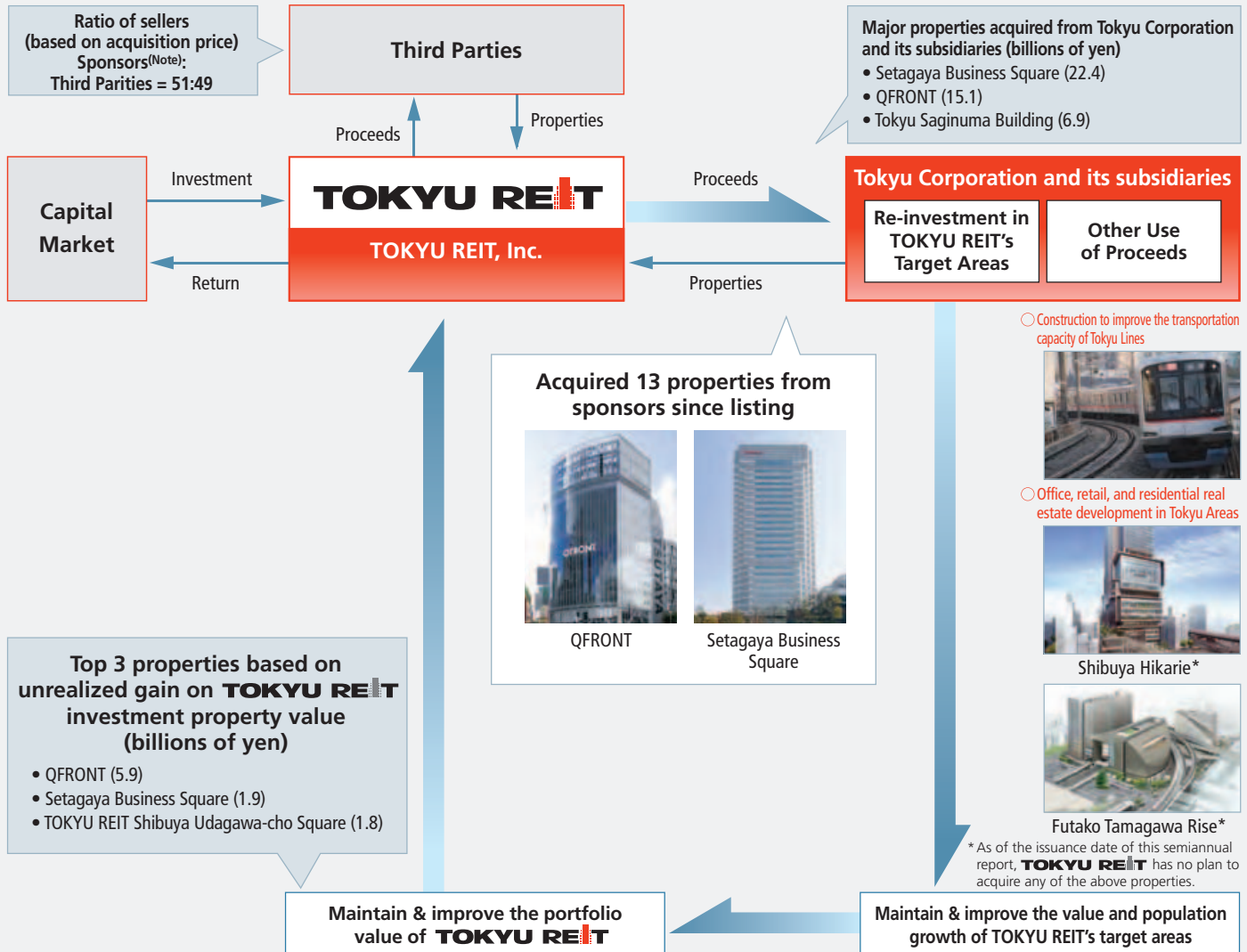
	Objective (Aim)	Formula	Note
Base 1 (Linked to asset valuation)	Enhance growth	Asset value at end of previous period × 0.150% (0.125% for the portion exceeding ¥200 billion and ¥300 billion or less) (0.115% for the portion exceeding ¥300 billion)	Encourage Investment Management Company to strive for asset appreciation by linking fee to valuation, not to the amount invested.
Base 2 (Linked to cash flow)		Standard cash flow in current period × 6.0% (5% for the portion exceeding ¥5 billion and ¥7.5 billion or less) (4.6% for the portion exceeding ¥7.5 billion)	Standard cash flow here shall be the amount derived by subtracting an amount equivalent to 50% each of profit or loss from the sale of specified assets and profit or loss from the valuation of specified assets from the net income before income taxes, plus depreciation and amortization of deferred assets.
Incentive fee (Linked to investment unit price)		(Average price in current period – Highest average price over all previous periods) × number of units × 0.4%	Change from 1.0% to 0.4%, approved by General Meeting of Unitholders on April 17, 2007
Time-limited reduction	Response to uncertainties that continue to exist	The following percentage shall be reduced from the above calculated Investment Management Fees: 16th fiscal period to the 19th fiscal period: 5%	

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

The above fees are all booked as expenses. TOKYU REIT does not have a fee structure that leaves the income statement unaffected, such as the acquisition incentive fee, which is capitalized as an acquisition cost.

Capital Re-investment Model

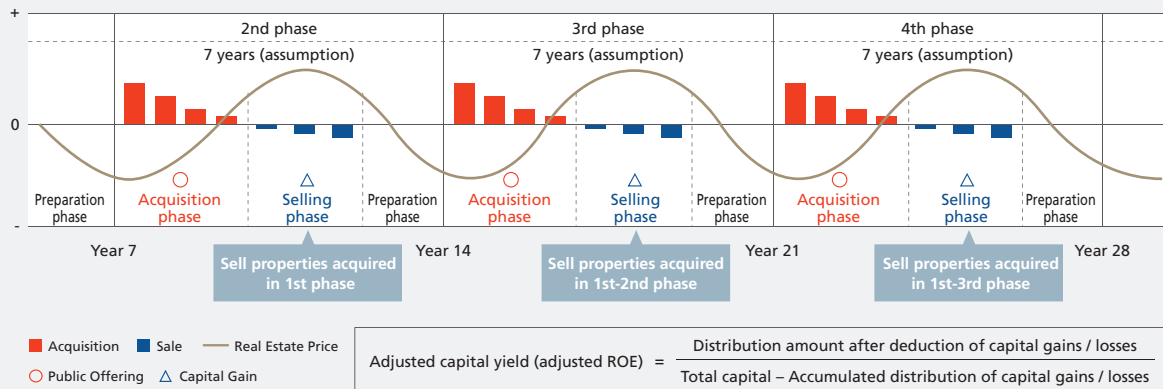
Our unique investment strategy involves a re-investment model. When we purchase properties from Tokyu Corporation and its subsidiaries, the proceeds are eventually used for re-investment in the Tokyu area by Tokyu Corporation and its subsidiaries, and therefore, contribute to maintaining and improving the value of our target area. While TOKYU REIT is not part of and is independent from the Tokyu Group, we try to explore opportunities for collaboration with Tokyu Corporation and its subsidiaries, while, at the same time, making sure we maintain and observe rules on conflicts of interest that investors also believe in.



(Note) Tokyu Corporation and its subsidiaries, Tokyu Land Corporation and its subsidiaries

TOKYU REIT's Long-Term Investment Management Strategy (Surf Plan)

TOKYU REIT unveiled a long-term investment and management strategy (Surf Plan) on September 2009. This strategy, focusing on the cyclicity of real estate prices, is the replacement of properties while securing capital gains by adopting a "value" and "contrarian" investment style so as to achieve better portfolio quality (younger average age of buildings) and adjusted ROE.



The aim is to accurately discern the 'waves' of prosperity and depression in real estate market conditions by applying the experience that has been gained from having gone through one cycle of the market since listing. As the market is presently assumed to be in the second phase acquisition period, investment activities will be proactively launched.

Investment Style

Value & Contrary

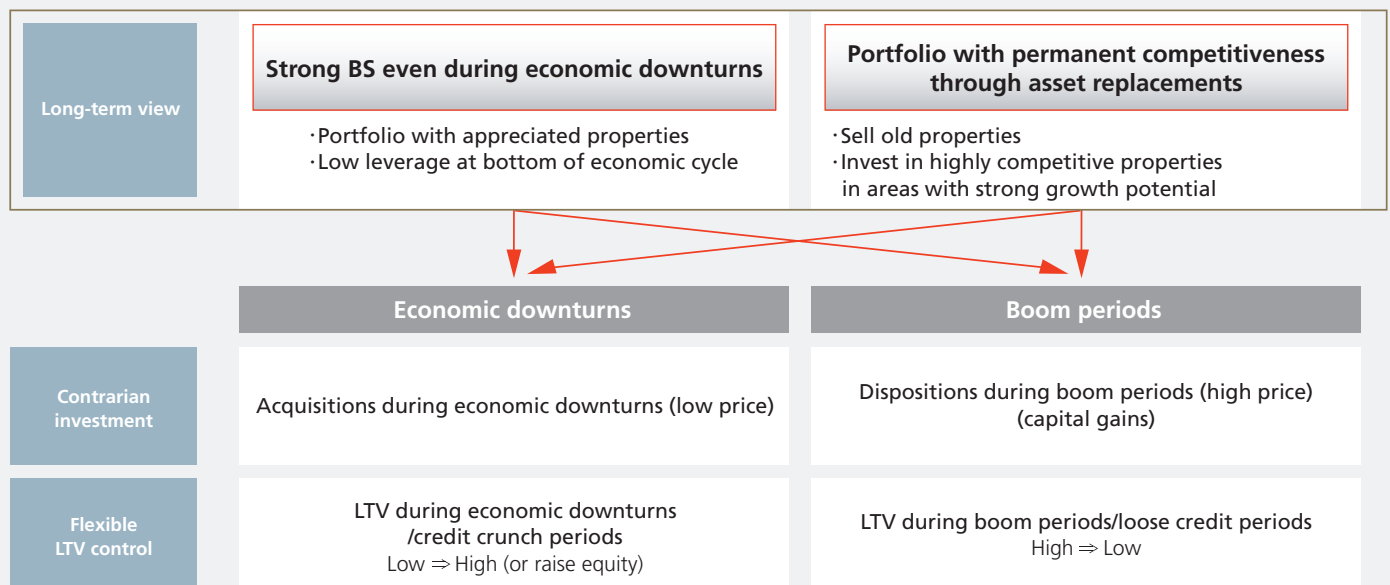
Value

An approach of investing into properties that are undervalued against the respective benchmarks. Properties are acquired when they appear to be undervalued upon an analysis of the appraisal value, NOI, etc., thereby securing of high yield (total return).

Contrary

An approach of investing in the phase when prices are falling. Properties are acquired when they are priced low and sold when they are priced high, thereby recouping the investment.

Concept



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.

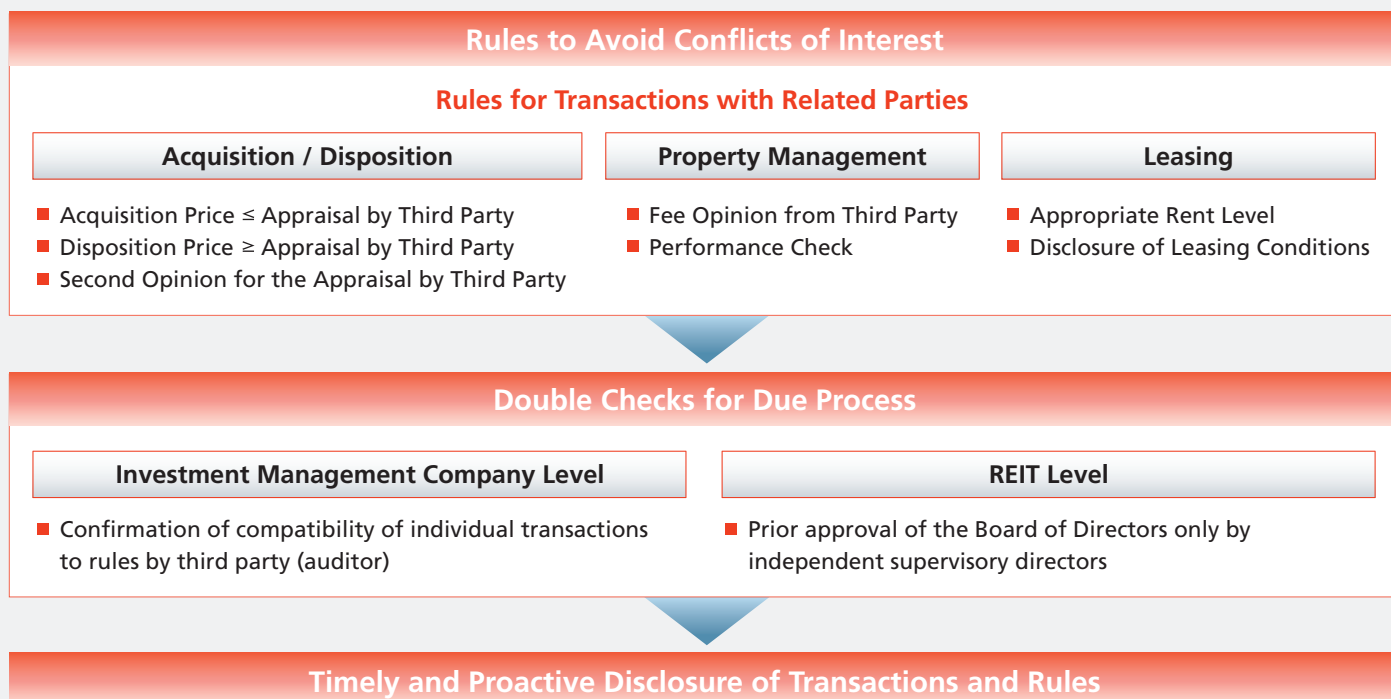
In addition, Tokyu REIM follows strict internal rules governing conflicts of interest and takes all necessary care in transactions with Tokyu Corporation and other related parties.^(Note)

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

Board of Directors	Function : Decision-making on management strategy Members: CEO, 2 directors (full-time), 3 directors from the sponsor (part-time)
Compliance and Risk Management Committee	Function : Advisory on compliance and risk management Members: 2 directors (part-time), 2 external committee members
Investment Committee	Function : Advisory on investment decisions Members: Representative director (chairman), 3 directors (part-time), 1 director (full-time), 1 appraiser

Related Party Transactions

Development of self-imposed rules on transactions with Related Parties and measures to avoid conflicts of interest through multiple checks



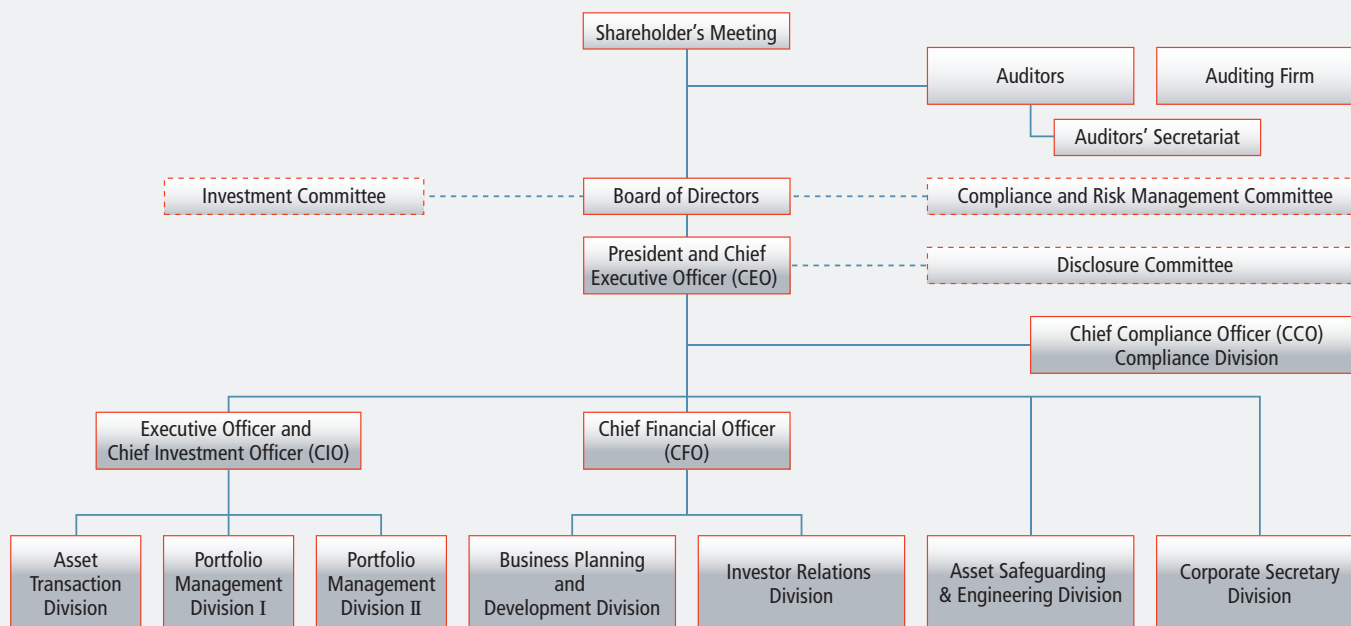
(Note) "Related Parties" is a collective term for "Tokyu Corporation and its subsidiaries," "Affiliates of Tokyu Corporation except Tokyu Corporation's subsidiaries," and "Tokyu Land Corporation and its subsidiaries."

- "Tokyu Corporation and its subsidiaries" refers to any entity that falls under the following (i) to (iii):
 - Tokyu Corporation
 - A consolidated subsidiary of Tokyu Corporation
 - A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.
- "Affiliates of Tokyu Corporation except Tokyu Corporation's subsidiaries" refers to affiliates within the scope of consolidation of Tokyu Corporation.
- "Tokyu Land Corporation and its subsidiaries" refers to any entity that falls under the following (i) to (iii):
 - Tokyu Land Corporation ("Tokyu Land")
 - A consolidated subsidiary of Tokyu Land
 - A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Land or a consolidated subsidiary of Tokyu Land and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

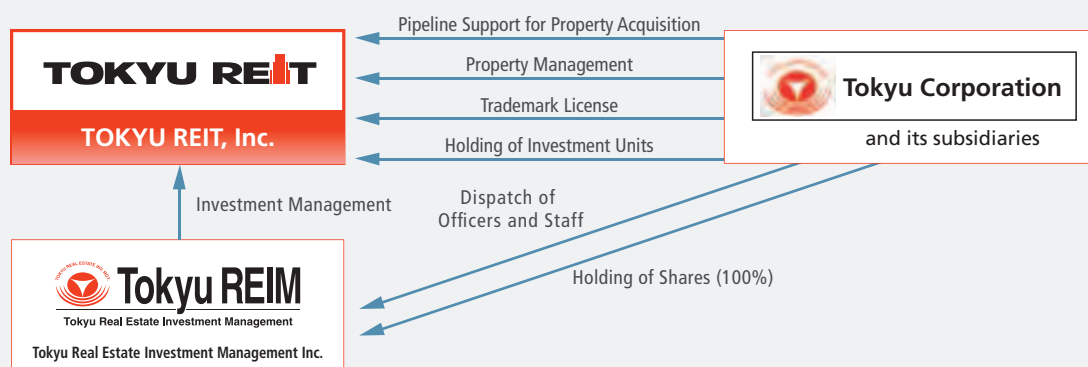
Major Shareholder (as of October 27, 2011)

Name	Address	Shares Held	Ratio
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	6,000 shares	100%

Organization Chart (as of January 31, 2012)



Collaboration with Tokyu Corporation and Its Subsidiaries



Pipeline Support for Property Acquisition	<ul style="list-style-type: none"> Main acquisitions are QFRONT, Setagaya Business Square and the others.
Property Management	<ul style="list-style-type: none"> Will be outsourced, in principle, to Tokyu Corporation and its subsidiaries. Arrangement with Tokyu Community Corporation will be sustained for the time being.
Trademark License	<ul style="list-style-type: none"> TOKYU REIT has received permission from Tokyu Corporation to use the trademarks of “東急” and “TOKYU.”
Holding of Investment Units	<ul style="list-style-type: none"> Tokyu Corporation owns 9,800 investment units (5.79% of total) of TOKYU REIT.

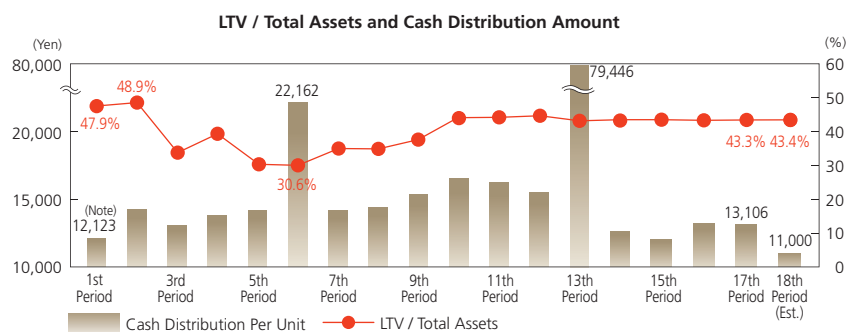
TOKYU REIT's Financial Strategies

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.



(Note) An acronym for Loan to Value. The proportion of liabilities including bonds, debt financing and other interest-bearing liabilities to total asset value. 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.

LTV / Total Assets and Cash Distribution Amount

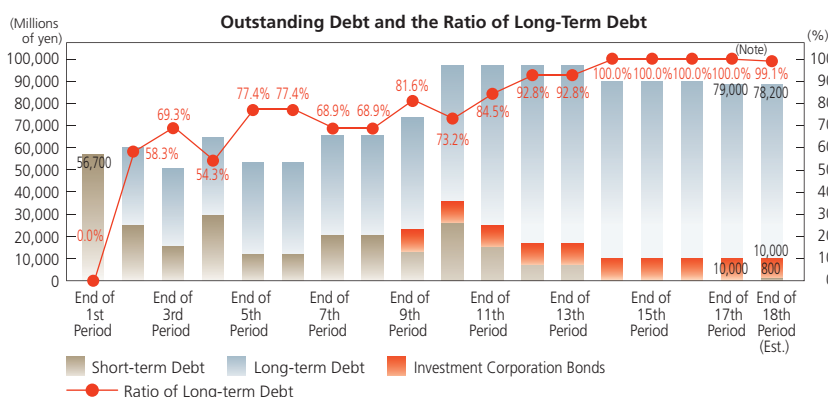


TOKYU REIT implements conservative management that considers the balance between the level of cash distribution amount and financial soundness, as shown left.

Cash distribution amount increased on the sixth fiscal period and the thirteenth fiscal period by selling properties.

* LTV / Total Assets = Period End Interest-Bearing Debt / Period End Total Assets
 (Note) Official distribution in the 1st Period was ¥9,488 based on the actual operating period of 144 days, but the recalculated distribution of ¥12,123 based on 184 operating days is used in the above graph for the sake of comparison with figures from the 2nd Period and thereafter.

Outstanding Debt and the Ratio of Long-Term Debt



(Note) 80.7% (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 seventeenth fiscal period is 100.0% (98.4%: 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.

Execution of Commitment Line Agreement (as of January 31, 2012)

Lenders	Commitment Line Agreement
Development Bank of Japan Inc.	: ¥10 billion
The Sumitomo Trust and Banking Co., Ltd.	: ¥1 billion
	: ¥1.6 billion
The Chuo Mitsui Trust and Banking Company, Limited:	: ¥1 billion
	: ¥1.6 billion
Mizuho Corporate Bank, Ltd.	: ¥1.6 billion
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	: ¥1.6 billion
Mitsubishi UFJ Trust and Banking Corporation	: ¥1.6 billion
Total	¥20 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.

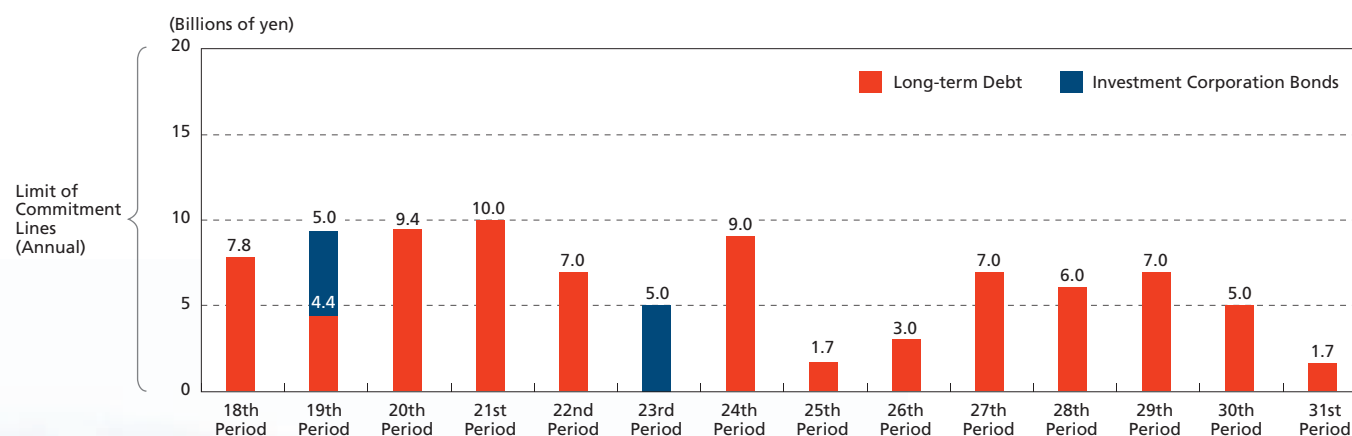
Moreover, there is no outstanding debt under the commitment line as of January 31, 2012.

Ratings (as of January 31, 2012)

- Rating and Investment Information, Inc. (R&I): R&I Issuer Rating AA- (Rating Outlook: Stable)
- Standard & Poor's Ratings Japan K.K. (S&P) : Long-term Issuer Rating A (Outlook: Stable)
: Short-term Issuer Rating A-1
- Moody's Japan K.K. (Moody's) : Moody's Issuer Rating A2 ^(Note)
Moody's Japan K.K. (Moody's) announced on March 16, 2012 it downgraded the issuer rating to A3 (Rating Outlook: Negative).

(Note) Since this fiscal period's semiannual report is dated March 15, 2012, the above downgrading is not mentioned on page 39.

Debt Balance by Repayment Date (at the end of the fiscal period)



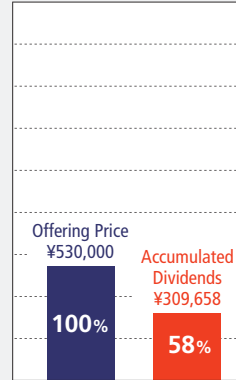
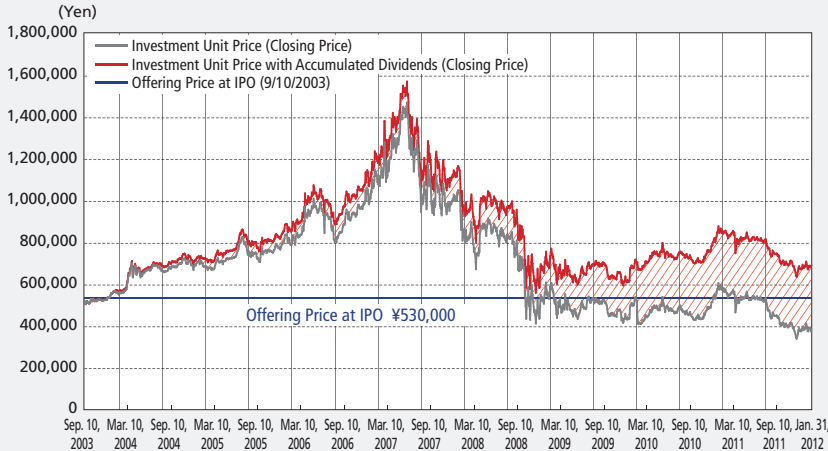
In addition, **TOKYU REIT** works to diversify repayment dates for its debt financing in order to avoid the risk of large-scale refinancing within a short period of time.

* For further details, please refer to "5. Expenses and Debt, (2) Short-term Debt and Long-term Debt and (3) Investment Corporation Bonds" below in the Asset Management Report section of this Semiannual Report.

Performance Against Public Offering Price

We show the performance of our unit prices and our unit prices with accumulated cash distribution compared to our public offering prices. The graphs also present accumulated cash distributions against the offering price. The red line graphs plot investment unit price inclusive of cash distributions. As at the end of January 2012, investment unit price inclusive of cash distributions exceeded offering price for the past two public offerings. Moreover, unitholders who took part in the IPO have already recouped at least half of their investment amount with cash distributions alone. We will make our best effort to provide an even greater return to our unitholders.

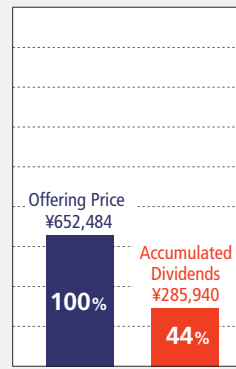
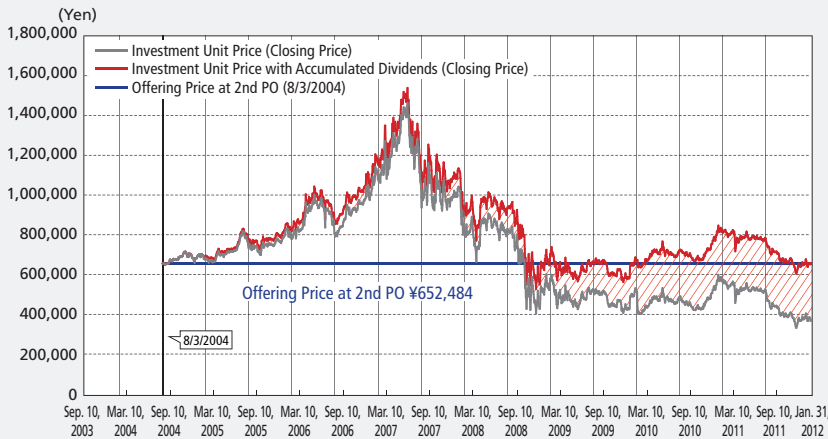
IPO (Initial Public Offering) (Issued Sep. 10, 2003)



58% of the IPO offering price was distributed in around 8 and a half years

If the offering price is 100, then accumulated dividends would equal 58

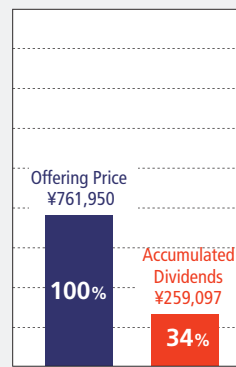
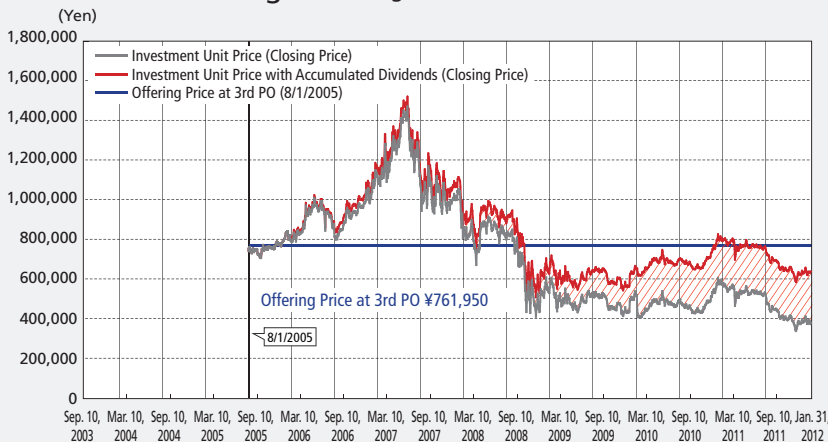
Second Public Offering (Issued Aug. 3, 2004)



44% of the 2nd PO offering price was distributed in around 7 and a half years

If the offering price is 100, then accumulated dividends would equal 44

Third Public Offering (Issued Aug. 1, 2005)



34% of the 3rd PO offering price was distributed in around 6 and a half years

If the offering price is 100, then accumulated dividends would equal 34



PORTFOLIO

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

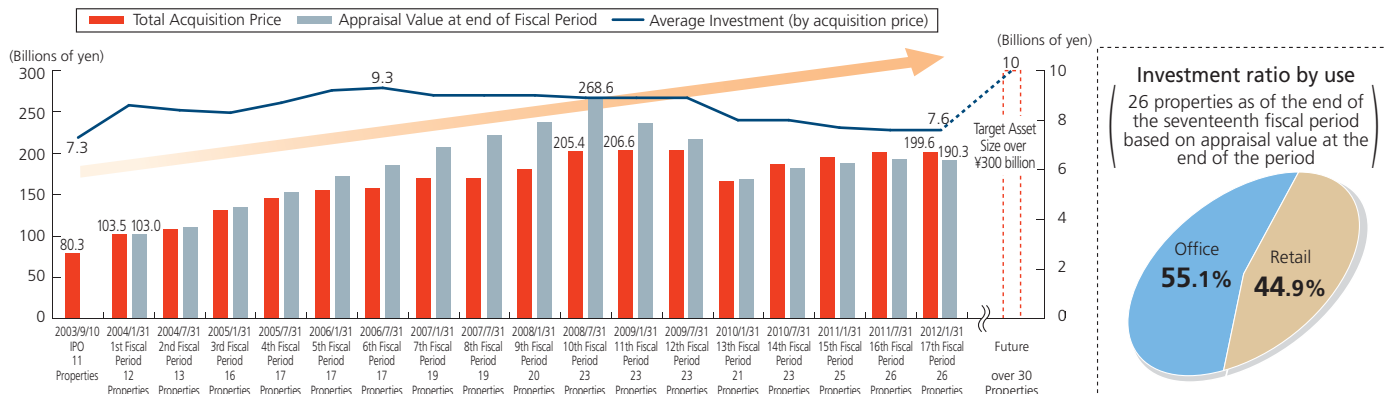
- Investment Targeted Areas**
 - Focusing on Five central Tokyo wards and Tokyu Areas expecting economic and population growth
 - Limited to Tokyo Metropolitan Area
- Investment Criteria**
 - Limited to office and retail portfolios with lower risk and more stable returns
 - Limited to the properties with prime locations and large scales for assuring market competitiveness

Total Acquisition Price and Appraisal Value, Investment Ratio (at the End of the Fiscal Period)

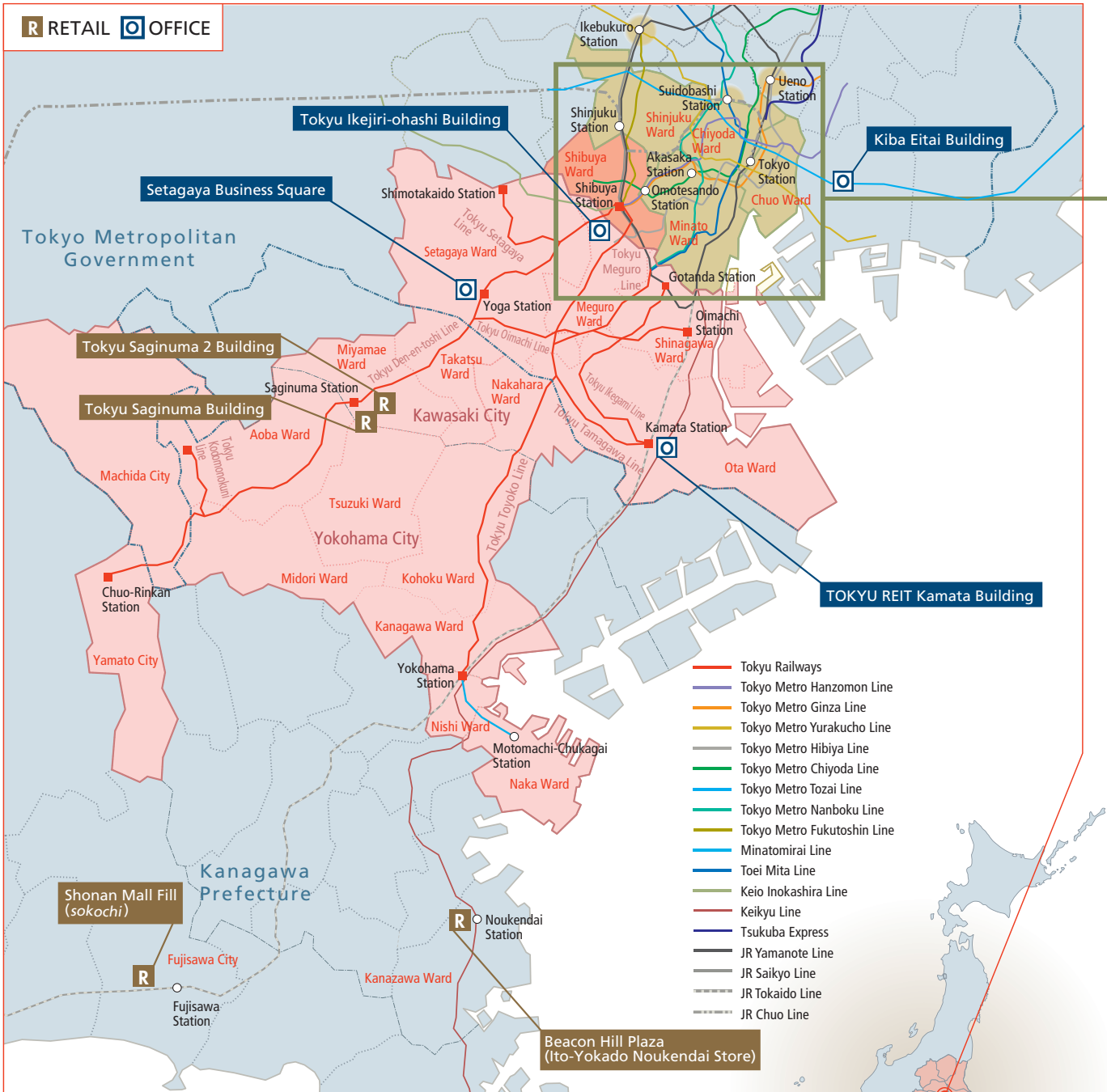
Total acquisition price as of the end of the seventeenth fiscal period ended January 31, 2012, stood at ¥199.6 billion, and appraisal value at the end of the fiscal period stood at ¥190.3 billion. Given TOKYU REIT's portfolio diversification, mobility of property acquisition, and liquidity of investment units, we believe that the asset portfolio should eventually reach ¥300 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.

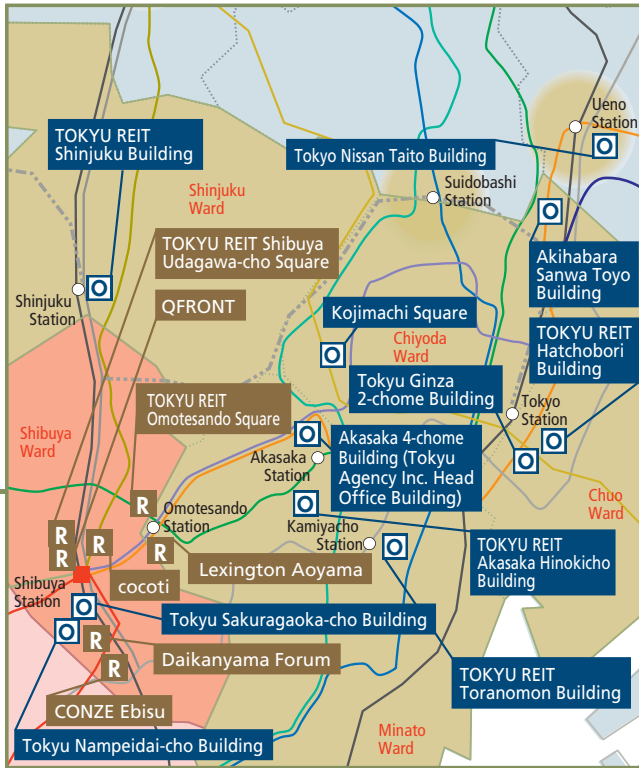
TOKYU REIT focuses on highly competitive office and retail properties and strives to maintain a ratio of 60% in office buildings and 40% in retail properties (based on appraisal value at the end of the fiscal period) over the long term.

As of the end of the seventeenth fiscal period (26 properties), investment ratio by use based on appraisal value at the end of the fiscal period is as follows:



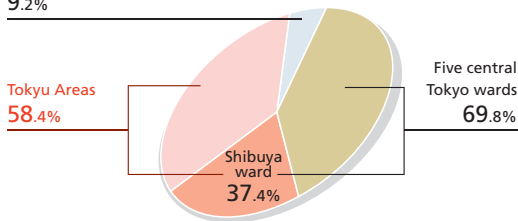
Investment Targeted Areas





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

Others
9.2%



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.

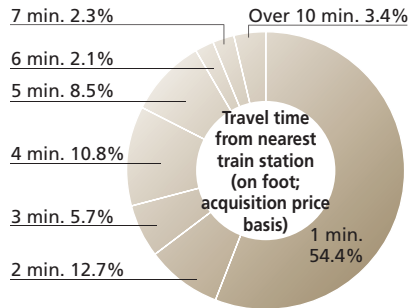
Area	Targeted Areas of Investment ^(Note 1)	Percentage Share in Total Portfolio ^(Note 2)
Central Tokyo	Five central Tokyo wards	More than 85%
	Other major commercial and retail districts of Tokyo	
Tokyu Areas	Tokyu rail network hub	More than 85%
	Other Tokyu rail network areas	
Others	Other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama and Chiba prefectures (excluding the separately mentioned areas above)	Less than 15%

(Notes) 1. Shibuya ward is included in both the central Tokyo wards and the Tokyu Areas.

2. 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.

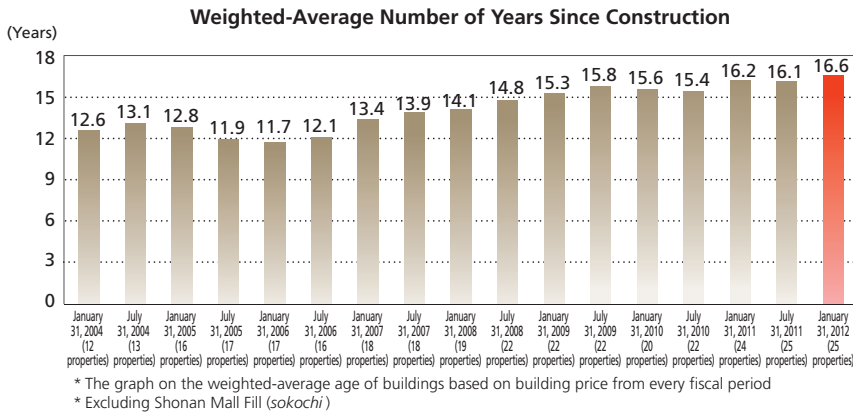
In the acquisition of investment properties, **TOKYU REIT** considers a variety of factors, including a comprehensive analysis of forecasted revenue stream, growth potential of the area, property size, construction and facility specifications, earthquake resistance, leasing rights, occupancy and appeal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

Location



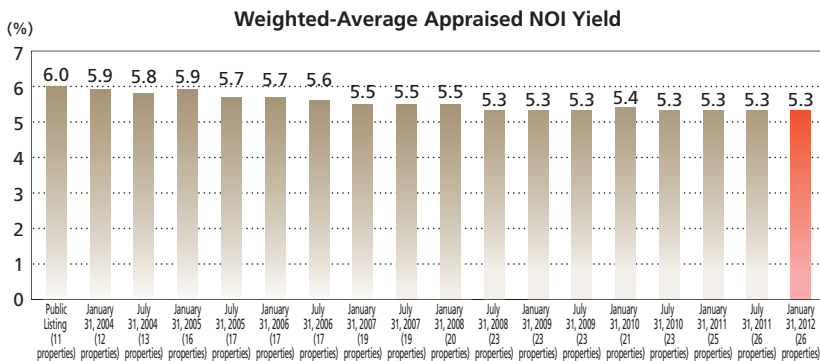
Properties conveniently located near train stations increase the stability of TOKYU REIT's portfolio.

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 25 properties as of the end of the seventeenth fiscal period, 16.6 years have passed since construction and the number of years increases only four years from the point of January 31, 2004 in elapsed eight years from then.

Portfolio Cap Rate



TOKYU REIT has acquired some properties after listing, and as of the end of the seventeenth fiscal period (26 properties), 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.

Top 10 Tenants by Leased Area

Top 10 Tenants by Leased Area

As of January 31, 2012

No.	Tenant Name	Business Category	Property Name	Expiration Date	Leased Area (m ²)	Ratio ^(Note 1)
1	Ito-Yokado Co., Ltd.	Retail	R Beacon Hill Plaza (Ito-Yokado Naukendai Store)	6/17/2018	50,285.89	21.8%
2	Daiwa House Industry Co., Ltd.	Construction	R Shonan Mall Fill (<i>sokochi</i>)	3/19/2023	44,078.12	19.1%
3	Tokyu Store Chain Co., Ltd.	Retail	R Tokyu Saginuma Building	6/30/2018	19,610.06	8.5%
4	Tokyu Corporation	Land Transportation	⊠ Tokyu Nampeidai-cho Building	12/31/2012	7,148.18	3.1%
			⊠ Tokyu Sakuragaoka-cho Building	12/31/2021	3,878.36	1.7%
5	Culture Convenience Club Co., Ltd.	Service	R QFRONT	12/14/2019 ^(Note 2)	4,044.10	1.8%
			⊠ Setagaya Business Square ^(Note 3)	8/14/2014 ^(Note 2)	220.65	0.1%
6	Tokyu Agency Inc.	Service	⊠ Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1/31/2013	3,533.03	1.5%
7	Fujitsu Advanced Solutions Limited	Information and Telecommunication	⊠ TOKYU REIT Kamata Building	3/31/2013 ^(Note 4)	3,402.84 ^(Note 4)	1.5%
8	The Dai-ichi Building Co., Ltd.	Real Estate	⊠ Tokyu Ginza 2-chome Building	9/30/2016	3,278.04	1.4%
9	Covidien Japan Inc.	Wholesale	⊠ Setagaya Business Square ^(Note 3)	1/31/2012 ^(Note 2) ^(Note 5)	3,204.70	1.4%
10	Oracle Corporation Japan	Information and Telecommunication	⊠ Setagaya Business Square ^(Note 3)	4/30/2012 ^(Note 6)	3,102.47 ^(Note 4)	1.3%
Total leased area of top 10 tenants					145,786.44	63.2%
Total leased area of 26 properties at the end of the seventeenth fiscal period					230,678.56	100.0%

(Notes) 1. "Ratio" indicates ratio of tenant's leased areas to total leased area of 26 properties held as of the end of the seventeenth fiscal period.

2. Expiration date of contract for largest leased area in plural leased area.

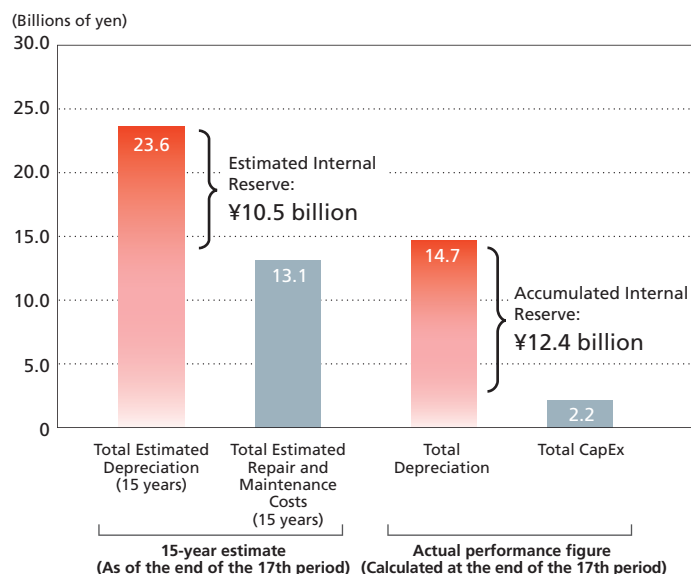
3. Leased areas of tenants in Setagaya Business Square are calculated by 55%.

4. As for the 4th and 5th floors (1,701.42m²) Fujitsu Advanced Solutions Limited is leasing, we received a notice of cancellation on October 24, 2011 and the contract will be terminated on April 30, 2012.

5. As for the leased area for which the contract ended on January 31, 2012, the contract has been updated for 2 years.

6. As for the 20th floor (639.24m²) Oracle Corporation Japan is leasing, we received a notice of cancellation on December 31, 2011 and the contract will be terminated on June 30, 2012.

Coverage Ratio by Depreciation of Repair and Maintenance Cost Estimation



* Repair and maintenance cost estimates are updated when appropriate.

* Not including 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 seventeenth fiscal period and over the next fifteen years, cumulative depreciation for the portfolio (25 properties) will significantly exceed total repair and maintenance cost (¥10.5 billion). This figure shows that **TOKYU REIT** has secured the funds necessary for projected repair and maintenance costs.

* Total estimation of repair and maintenance cost (15 years) is extracted from Property Report (including expenses items) and estimated accordingly.

* Accumulated depreciation (15 years) is estimated by Tokyu REIM (Depreciation of additional CapEx is not included, however it is included on re-estimation.).

And term of depreciation is coincided with term of repair and maintenance cost estimation.

* Excluding Shonan Mall Fill (*sokochi*)

Portfolio Overview (at the End of the Fiscal Period)

Use	Name of Property	Acquisition Date	Acquisition Price (Billions of yen)	PM	Occupancy Ratio	Probable Maximum Loss (PML) in Earthquake Risk Analysis(Notes 1)
R	QFRONT	Sep. 10, 2003	15.1	Tokyu Corporation	100.0%	4.1%
R	Lexington Aoyama	Sep. 11, 2003	4.8	Tokyu Community Corp.	100.0%	2.3%
R	TOKYU REIT Omotesando Square	Sep. 10, 2003	5.7	Tokyu Community Corp.	100.0%	9.5%
R	Tokyu Saginuma Building	Sep. 10, 2003	6.9	Tokyu Corporation	100.0%	9.9%
R	Tokyu Saginuma 2 Building	Sep. 11, 2003	1.2	Tokyu Corporation	100.0%	9.3%
R	TOKYU REIT Shibuya Udagawa-cho Square	Mar. 1, 2004	6.6	Tokyu Corporation	100.0%	7.3%
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Aug. 3, 2004	9.5	Tokyu Community Corp.	100.0%	9.5%
R	cocoti	Apr. 6, 2005 Aug. 2, 2005	14.7 9.8	Tokyu Corporation	93.5%	6.2%
R	Shonan Mall Fill (<i>sokochi</i>)	Apr. 28, 2006	6.8	—	100.0%	—
R	CONZE Ebisu	Oct. 31, 2006	5.1	Tokyu Corporation	87.6%	4.1%
R	Daikanyama Forum	Apr. 22, 2008	4.1	Tokyu Corporation	91.5%	8.0%
○	Setagaya Business Square	Sep. 11, 2003	22.4	Tokyu Community Corp.	90.5%	2.8%
○	Tokyu Nampeidai-cho Building	Sep. 11, 2003	4.6	Tokyu Corporation	100.0%	7.9%
○	Tokyu Sakuragaoka-cho Building	Sep. 11, 2003	6.6	Tokyu Corporation	100.0%	11.1%
○	Tokyu Nissan Taito Building	Sep. 11, 2003	4.4	Tokyu Community Corp.	100.0%	7.4%
○	TOKYU REIT Akasaka Hinokicho Building	Sep. 10, 2003	3.5	Tokyu Community Corp.	95.0%	11.2%
○	TOKYU REIT Kamata Building	Sep. 10, 2003	4.7	Tokyu Corporation	88.4%	7.7%
○	TOKYU REIT Toranomom Building	Dec. 15, 2004 Sep. 21, 2007 Sep. 21, 2007 Oct. 26, 2007	8.6 1.1 0.2 0.1	Tokyu Corporation	29.0%	7.2%
○	TOKYU REIT Hatchobori Building	Sep. 29, 2006	7.0	Tokyu Community Corp.	100.0%	4.0%
○	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Jan. 31, 2008	8.5	Tokyu Community Corp.	100.0%	3.9%
○	Tokyu Ikejiri-ohashi Building	Mar. 28, 2008	5.4	Tokyu Corporation	100.0%	5.8%
○	Kojimachi Square	Mar. 19, 2010	9.0	Tokyu Community Corp.	42.8%	4.8%
○	TOKYU REIT Shinjuku Building	Mar. 26, 2010	9.0	Tokyu Corporation	100.0%	4.2%
○	Akihabara Sanwa Toyo Building	Oct. 29, 2010	4.6	Tokyu Community Corp.	100.0%	11.8%
○	Kiba Eitai Building	Oct. 29, 2010	4.0	Tokyu Community Corp.	100.0%	7.3%
○	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5.0	Tokyu Corporation	100.0%	4.4%
Total			199.6		94.0%	4.1%

Creation of Portfolio Resilient to Earthquakes

Structural status (earthquake resistance)

Investment Criteria	Properties that are compliant with the new earthquake resistance standards ^(Note 2) , that completed antiseismic reinforcement work, or that has PML of less than 15%	Manage properties with a portfolio PML of 10% or less; examine purchasing earthquake insurance if PML of any property surpasses the figure.
Portfolio	<ul style="list-style-type: none"> 24 out of 26 properties either comply with the new earthquake resistance standards, or have completed anti-seismic reinforcement work or seismic isolation work. (One of the two remaining properties is <i>sokochi</i> only, and the other one is based on the previous standards.) Tokyu Saginuma 2 Building conforms to the previous earthquake resistance standards, but has sufficient anti-seismic performance with PML at 9.3%. 	<ul style="list-style-type: none"> Portfolio PML: 4.1% Although the merit of geographical diversification in terms of earthquake risks is small, the value of the portfolio PML for properties which have high earthquake resistance ratings is kept at a fairly low level as individual properties have high earthquake resistant ratings.

(Notes) 1. The "Total" column of the "Probable Maximum Loss (PML) in Earthquake Risk Analysis" indicates the PML for the entire portfolio. There is no unified, strict definition of PML; as used in this semiannual report, PML represents 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. The PML and the probable lost days are based on the earthquake risk analysis reports prepared by Engineering & Risk Services Corporation and OYO RMS Corporation. 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.

2. The new earthquake resistance standards are the earthquake resistant design standards based on the Building Standards Act, which was revised in 1981 with the aim to prevent buildings from collapsing even from earthquakes with seismic intensity of 6 and secure safety for human lives. Buildings that obtained building confirmation in June 1981 and after are understood to satisfy the new earthquake resistance standards. In fact, there were almost no reports of collapsing of buildings that were designed in accordance with the new earthquake resistance standards from the Great Hanshin Earthquake in 1995 and the Great East Japan Earthquake, in which a seismic intensity of 7 was actually observed.

R QFRONT



QFRONT is a retail property located directly across from Shibuya Station, an area identified as one of Japan's busiest retail districts. The main tenant is TSUTAYA operated by Culture Convenience Club Co., Ltd., a large rental and retail store of videos and CDs. QFRONT contains a coffee shop located on the first and second floors, and a restaurant 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, etc./Tokyo Metro Ginza Line, etc./Tokyo Toyoko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line
 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
 Tenant: Culture Convenience Club Co., Ltd.;
 Tokyu Corporation;
 Punraku Co., Ltd.



* Shibuya Hikarie is scheduled to open on April 26, 2012.



R Lexington Aoyama



Lexington Aoyama is a retail property along Kotto-dori in the Aoyama district, leased to multiple tenants, including cafés, apparel shops, and a hair salon. The property is located in the central area of Kotto-dori, which has a concentration of stores serving customers with high sensibility.

Address: 5-11-9, Minami-Aoyama, Minato-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Omotesando Station—Tokyo Metro Ginza Line, etc.
 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: Aeffe Japan Inc.;
 Ryohin Keikaku Co., Ltd.;
 avex Planning & Development Inc.;
 etc.



R TOKYU REIT Omotesando Square



TOKYU REIT Omotesando Square is a multi-faceted retail property located in Shibuya Ward within a one-minute walk from Omotesando Station. The complex contains Barbaoco 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 Line, etc.
 Approximately a nine-minute walk from Meiji-jingumae Station—Tokyo Metro Fukutoshin Line
 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
 Tenant: THINK FITNESS Corporation;
 Royal Holdings Co., Ltd.;
 Wondertable, Ltd.;
 etc.



R Tokyu Saginuma Building



Tokyu Saginuma Building is located in Miyamae Ward, Kawasaki City, approximately 15 kilometers southwest of Shibuya. The area is a residential suburb of Tokyo still with a growing population, increasing number of households and high growth potential.

With the entire building leased to Tokyu Store Corporation, it was renewed to an NSC (neighborhood shopping center) in May 2011, with Tokyu Store as the anchor store, and was renamed to Fullel Saginuma. In line with this, **TOKYU REIT** conducted large-scale renovation work in the 16th fiscal period, partly replacing some fundamental facilities that were aging.

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 two 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, the area identified as one of Japan's busiest retail 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 1,804 stores (as of October 31, 2011). 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, etc./Tokyo Metro Ginza Line, etc./Tokyo Toyoiko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line
 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
 Tenant: ZARA Japan Corporation;
 NIPPAN Co., Ltd.



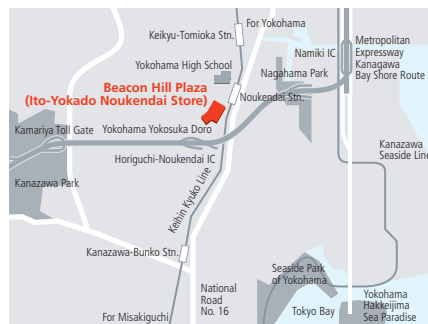
* Shibuya Hikarie is scheduled to open on April 26, 2012.

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* (23,371.73m²) 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 three-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Approximately a one-minute walk from Shibuya Station—Tokyo Metro Ginza Line, etc./Tokyo Toyoiko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line
 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
 Tenant: TOMORROWLAND Co., Ltd.;
 DIESEL JAPAN Co., Ltd.;
 THINK FITNESS Corporation;
 etc.



* Shibuya Hikarie is scheduled to open on April 26, 2012.

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 in the 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/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 houses a wide range of restaurants.

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 three-minute walk from Ebisu Station—JR Yamanote Line, etc.
 Approximately a two-minute walk from Ebisu Station—Tokyo Metro Hibiya Line
 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
 Tenant: Secret Table;
 MYU PLANNING & OPERATORS Inc.;
 Task;
 etc.



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—Tokyu Toyoko Line
 Total Land Space: Building 1 (East): Site rights area 942.30m²
 Interest 10,000/10,000
 Building 2 (West): Site rights area 1,108.01m²
 Interest 6,413/10,000
 Total Floor Space: Building 1 (East): 1,441.57m²
 Building 2 (West): Site 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
 Tenant: Jun Ashida Co., Ltd.;
 Hiramatsu Inc.;
 ART IN Shakan;
 etc.



Setagaya Business Square



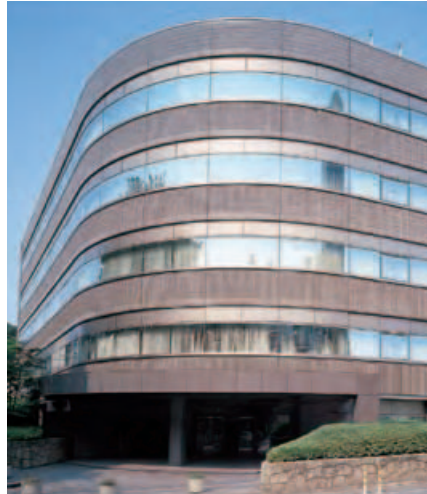
Setagaya Business Square is a large complex situated above Yoga Station on the Tokyu Den-en-toshi Line, consisting of a 28-story high-rise connected to the station. It consists of four mid-size office towers, two terraces with commercial facilities and a community center.

The site 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 (from 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%)
 Tenant: Coviden Japan Inc.; Tokyu Community Corp.; Oracle Corporation Japan; etc.

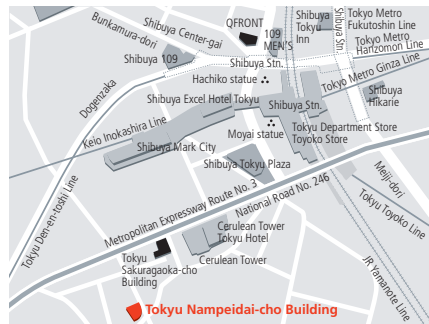


Tokyu Nampeidai-cho Building



Tokyu Nampeidai-cho Building is a five-story office building located in Shibuya Ward, which Tokyu Corporation uses as its head office.

Address: 5-6, Nampeidai-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a seven-minute walk from Shibuya Station—JR Yamanote Line, etc./Tokyo Metro Ginza Line, etc./Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 2,013.28m²
 Total Floor Space: 7,003.88m²
 Structure/Floors: S/SRC, B2/5F
 Completed: July 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Tokyu Corporation



* Shibuya Hikarie is scheduled to open on April 26, 2012.

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.

Address: 31-2, Sakuragaoka-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Shibuya Station—JR Yamanote Line, etc./Tokyo Metro Ginza Line, etc./Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line
 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^(Note)
 Tenant: Tokyu Corporation; The Tokyo Electric Power Company, Incorporated
 (Note) All of compartmentalized ownerships with whole building are entrusted.



* Shibuya Hikarie is scheduled to open on April 26, 2012.

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 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, Nissan Network Holdings Co., Ltd. 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
 Approximately a three-minute walk from Shin-Okachimachi Station—Toei Oedo Line
 Approximately a four-minute walk from Shin-Okachimachi Station—Tsukuba Express Line
 Approximately a ten-minute walk from Ueno Station—JR Yamanote Line, etc.

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

Tenant: Miyachi Corporation;
 Nissan Network Holdings Co., Ltd.;
 Ataka Construction & Engineering Co., Ltd.;
 etc.



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 are 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

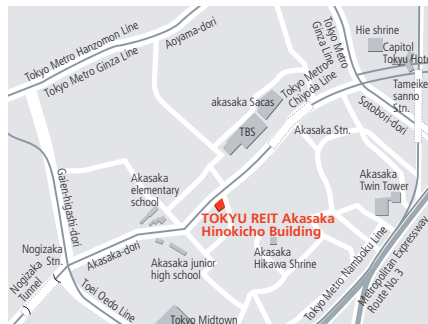
Total Floor Space: 4,058.92m²

Structure/Floors: RC, 7F

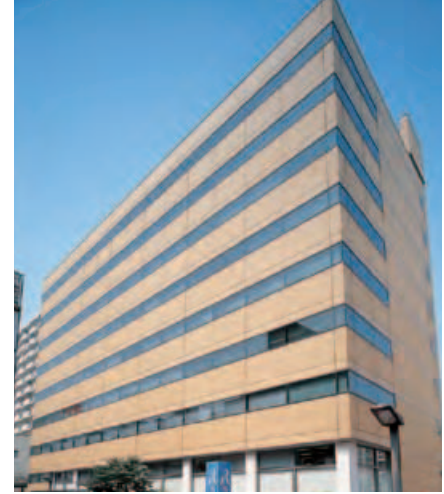
Completed: August 1984

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

Tenant: Q-TEC, Inc.;
 Seven-Eleven Japan Co., Ltd.;
 Lainage 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 Ward, the third most populous district in Tokyo, while Kamata Station is a convenient terminal served by two Tokyu railway lines and one JR line. A proposed railway link between the Tokyu Tamagawa Line and the Keikyū Airport Line enhances the possibility that the area will become even more convenient in the future. (Council for Transport Policy Report No. 18)

Address: 5-13-23, Kamata, Ota-ku, Tokyo

Nearest Station: Approximately a two-minute walk from Kamata Station—JR Keihin Tohoku Line/Tokyu Tamagawa Line/ Tokyu Ikegami 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

Tenant: Fujitsu Advanced Solutions Limited;
 Dai Nippon Toryo Co., Ltd.;
 Chuo Labour Bank;
 etc.



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). We are maintaining the property's competitiveness within the area where office buildings have concentrated since 2009 with renovation work of the elevator hall and restrooms, renewal of air-conditioning and lighting equipment, and installation of OA-compatible floors. Also, large-scale redevelopments such as the "Loop Line #2 Shimbashi/Toranomon Redevelopment Project" are underway nearby, and the area can be expected to become more vibrant.

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
(Co-ownership ratio 84.652%)

Total Floor Space: 15,343.73m²
(10,787.59m²(Note))

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

Tenant: REMOTE SENSING TECHNOLOGY CENTER OF JAPAN;
DAITOHKIGYO CO., LTD.;
Kamiyacho Clinic; etc.

(Note) Portion owned by TOKYU REIT



TOKYU REIT Hatchobori Building



TOKYU REIT Hatchobori Building is located in a traditional office area that has long had a high concentration of office buildings which is connected to the Yaesu area. This building is a large office building with standard floor layout of 200 *tsubo* (661.16m²).

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

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—JR Keiyo Line
Approximately a ten-minute walk from Tokyo Station—JR Yamanote Line, etc.
Approximately a three-minute walk from Hatchobori Station—Tokyo Metro Hibiya Line
Approximately a six-minute walk from Kayabacho Station—Tokyo Metro Tozai Line
Approximately a six-minute walk from Takaracho Station—Toei Asakusa Line

Total Land Space: 974.32m²

Total Floor Space: 8,810.21m²

Structure/Floors: SRC, B2/9F

Completed: September 1965

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

Tenant: Tokai Kogyo Co., Ltd.;
Polaire Intellectual Property Corporation;
Universal Home, Inc.;
etc.



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



Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building) is a nine-story office building facing Aoyama-dori.

This property is located approximately a four-minute walk from Akasaka-Mitsuke and Nagatacho Stations and have excellent office specifications.

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 Hanzomon Line, etc.

Total Land Space: 712.49m²

Total Floor Space: 5,002.36m²

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

Completed: February 2003

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

Tenant: 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 320 *tsubo* (1,064.53m²) of floor space per floor, for an approximate total of 2,300 *tsubo* (7,619.56m²), making it a rare find that is considered to possess a competitive edge in the area.

In addition, the external walls were renovated in 2010.

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: 2,382.67m²

Total Floor Space: 7,619.56m²

Structure/Floors: SRC, 7F

Completed: October 1989

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

Tenant: Tokyu Bus Corporation;
Top Tour Corporation;
Tokyu Facility Service Co., Ltd.;
etc.



Kojimachi Square



The Bancho-Kojimachi area where Kojimachi Square is located has numerous commuter train lines running through it with stations including Kojimachi, Ichigaya, Yotsuya and Hanzomon. Demand for this property is expected to come from tenants who are looking for an academic area that also offers easy access to central Tokyo area as well as a pleasant quiet environment.

Address: 3, Nibancho, Chiyoda-ku Tokyo
Nearest Station: Approximately a one-minute walk from Kojimachi Station—Tokyo Metro Yurakucho Line
Approximately a seven-minute walk from Hanzomon Station—Tokyo Metro Hanzomon Line
Approximately an eight-minute walk from Ichigaya Station—Tokyo Metro Namboku Line/Toei Shinjuku Line
Approximately a ten-minute walk from Yotsuya Station—Tokyo Metro Marunouchi Line
Approximately a seven-minute walk from Ichigaya Station—JR Sobu Line
Approximately an eight-minute walk from Yotsuya Station—JR Chuo and Sobu Lines
Approximately an eight-minute walk from Ichigaya Station—Toei Shinjuku Line

Total Land Area: 1,269.24m²

Total Floor Area: 6,803.47m²

Structure/Floors: S/R C B1/7F

Completed: January 2003

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

Tenant: Japan Safe Driving Center;
Construction Industry Engineers Center;
Japan Industrial Waste Information Center; etc.



TOKYU REIT Shinjuku Building



The Shinjuku 3-chome area where TOKYU REIT Shinjuku Building is situated is one of Tokyo's most vibrant commercial areas, and there are many large commercial buildings near Shinjuku Station. With such regional characteristics, demand can be expected from sales and services related companies.

Address: 4-3-25, Shinjuku, Shinjuku-ku, Tokyo
Nearest Station: Approximately a one-minute walk from Shinjuku-Sanchome Station—Tokyo Metro Marunouchi and Fukutoshin Lines
Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.
Approximately a six-minute walk from Shinjuku Station—Toei Shinjuku and Oedo Lines/Keio Line
Approximately a seven-minute walk from Shinjuku Station—Odakyu Odawara Line

Total Land Area: 1,113.87m²

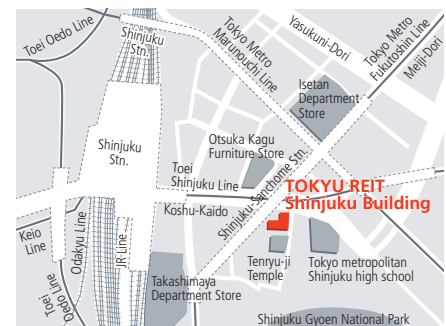
Total Floor Area: 8,720.09m²

Structure/Floors: SRC 10F

Completed: May 2003

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

Tenant: ORIX Corporation;
JTB Business World Tokyo Corp.;
DAIDO LIFE INSURANCE COMPANY;
etc.



Akihabara Sanwa Toyo Building



The Akihabara area where Akihabara Sanwa Toyo Building is located has long been nationally famous as "Akihabara Denki Gai" (Akihabara Electric Town). Directly linked to Suehirocho Station on the Tokyo Metro Ginza Line, a line which connects Shibuya to Ueno/Asakusa, the property is located on a corner lot at the intersection of Chuo-dori and Kuramaebashi-dori. The traffic convenience and extremely high visibility make it a rare property.

Address: 3-16-8, Sotokanda, Chiyoda-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Suehirocho Station—Tokyo Metro Ginza Line
 Approximately a seven-minute walk from Akihabara Station—JR Yamanote Line, etc.
 Approximately a nine-minute walk from Akihabara Station—Tsukuba Express Line
 Total Land Area: 795.33m²
 Total Floor Area: 5,704.69m²
 Structure/Floors: SRC, B1/8F
 Completed: September 1985
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership^(Note)
 Tenant: The Bank of Tokyo-Mitsubishi UFJ, Ltd.;
 OS Electronics Co., Ltd.;
 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.;
 etc.

(Note) All of compartmentalized ownership with whole building are entrusted.



Kiba Eitai Building



The Toyoko area where Kiba Eitai Building is located is close to central Tokyo, approximately 4 km east of Tokyo Station, allowing expectations for demand from affiliates and counterparties of large companies. Furthermore, despite the fact that it is highly accessible to central Tokyo, rent levels are relatively cheap, and so demand from corporate restructurings can also be expected regardless of industry type. Vacancy rates for the past 10 years have remained stable at a low rate, even compared to the average for the five central Tokyo wards as well as the average for the 23 wards.

Address: 3-7-13, Toyo, Koto-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Kiba Station—Tokyo Metro Tozai Line
 Total Land Area: 1,259.52m²
 Total Floor Area: 7,513.09m²
 *Including parking spaces (41.74m²)
 Structure/Floors: SRC, 10F
 Completed: February 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership^(Note)
 Tenant: Hill's-Colgate (JAPAN) Ltd.;
 STS Co., Ltd.;
 AOYAMA TRADING Co., Ltd.;
 etc.

(Note) Joint registration was conducted on December 5, 2011 and the ownership of the property has been changed from compartmentalized ownership to ownership of the entire building.



Tokyu Ginza 2-chome Building



The Ginza area where Tokyu Ginza 2-chome Building is located is one of Japan's busiest commercial areas with high-end brand strength. As such, the property should have great appeal to companies that prefer an address in Ginza. In addition, the property is relatively new and boasts high competitiveness in its building specifications, as well as in traffic convenience.

Address: 2-15-2, Ginza, Chuo-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shintomicho Station—Tokyo Metro Yurakucho Line
 Approximately a four-minute walk from Higashi-ginza Station—Tokyo Metro Hibiya Line/Toei Asakusa Line
 Approximately an eight-minute walk from Ginza Station—Tokyo Metro Ginza Line, etc.
 Approximately a four-minute walk from Higashi-ginza Station—Toei Asakusa Line
 Total Land Space: 805.42m²
 Total Floor Space: 5,098.61m²
 Structure/Floors: S/RC, B1/8F
 Completed: August 2008
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: The Dai-ichi Building Co., Ltd.;
 Seven-Eleven Japan Co., Ltd.



I . Asset Management Report

1. Financial Highlights

(1) Result of Operation and Financial Position

		17th fiscal period From August 1, 2011 to January 31, 2012 (184 days)	16th fiscal period From February 1, 2011 to July 31, 2011 (181 days)	15th fiscal period From August 1, 2010 to January 31, 2011 (184 days)	14th fiscal period From February 1, 2010 to July 31, 2010 (181 days)	13th fiscal period From August 1, 2009 to January 31, 2010 (184 days)		
		Millions of yen, except per unit data or where otherwise indicated						
Result of operation	Statement of income	Operating revenues	¥ 6,819	¥ 6,918	¥ 6,524	¥ 6,550	¥ 25,359	
		Operating income	¥ 3,049	¥ 3,121	¥ 2,878	¥ 3,001	¥ 14,374	
		Net income	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133	¥ 13,456	
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 6,819	¥ 6,850	¥ 6,522	¥ 6,550	¥ 7,100	
		Rental service expenses (b)	¥ 3,164	¥ 3,180	¥ 3,070	¥ 2,980	¥ 3,140	
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	¥ 1,009	¥ 1,042	¥ 1,040	¥ 1,016	¥ 1,019	
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 4,664	¥ 4,712	¥ 4,492	¥ 4,587	¥ 4,978	
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,228	¥ 3,284	¥ 3,078	¥ 3,150	¥ 3,396	
		Capital expenditures (e)	¥ 343	¥ 259	¥ 235	¥ 121	¥ 125	
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 2,885	¥ 3,025	¥ 2,843	¥ 3,029	¥ 3,271	
Financial position	Balance sheet	Total assets (f)	¥ 205,497	¥ 207,661	¥ 207,106	¥ 206,884	¥ 225,299	
		[Change from the preceding period]	[–1.0%]	[0.3%]	[0.1%]	[–8.2%]	[3.7%]	
		Interest-bearing liabilities (g) (Note 5)	¥ 89,000	¥ 90,000	¥ 90,000	¥ 90,000	¥ 97,000	
		Total unitholders' equity (Net assets) (h)	¥ 100,239	¥ 100,262	¥ 100,059	¥ 100,153	¥ 111,476	
		[Change from the preceding period]	[–0.0%]	[0.2%]	[–0.1%]	[–10.2%]	[10.8%]	
	Portfolio	Unitholders' capital	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	
		Acquisition costs of properties (Note 6)	¥ 199,672	¥ 199,672	¥ 194,662	¥ 186,062	¥ 168,032	
		Book value of properties (Note 6)	¥ 190,049	¥ 190,709	¥ 186,412	¥ 178,433	¥ 160,901	
		Appraisal value of properties at end of period (i) (Note 6)	¥ 190,360	¥ 191,440	¥ 187,900	¥ 181,440	¥ 171,080	
		Number of properties at end of period	26 properties	26 properties	25 properties	23 properties	21 properties	
		Total leasable area (Note 7)	245,378.77 m ²	245,373.01 m ²	241,903.86 m ²	231,468.57 m ²	220,003.69 m ²	
	Other	Distri- bution	Cash distribution	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133	¥ 13,456
			Dividend payout ratio	100.0%	100.0%	100.0%	100.0%	100.0%
		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)			¥ 591,803	¥ 591,936	¥ 590,742	¥ 591,295	¥ 658,143	
Cash distribution per unit			¥ 13,106	¥ 13,239	¥ 12,045	¥ 12,598	¥ 79,446	
Management index		Return on total unitholders' equity (annualized) (Note 8)	4.4%	4.5%	4.0%	4.1%	25.2%	
		Equity ratio (h)÷(f)	48.8%	48.3%	48.3%	48.4%	49.5%	
		[Change from the preceding period]	[0.5%]	[–0.0%]	[–0.1%]	[–1.1%]	[3.1%]	
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	43.3%	43.3%	43.5%	43.5%	43.1%	
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	46.8%	47.0%	47.9%	49.6%	56.7%	
Average market price per unit during period (Note 9)	¥ 406,642	¥ 534,655	¥ 490,426	¥ 470,862	¥ 478,579			

- Note 1. Consumption tax is not included in operating revenues.
- Note 2. 'Revenue from property leasing' does not include revenues from facility acceptance (15th fiscal period: ¥2 million; 16th fiscal period: ¥0 million) and contribution for construction (16th fiscal period: ¥67 million).
- Note 3. 'Depreciation and amortization' includes loss on disposal of property and equipment (13th fiscal period: ¥0 million; 14th fiscal period: ¥33 million; 15th fiscal period: ¥1 million; 16th fiscal period: ¥47 million; 17th fiscal period: ¥6 million).
- Note 4. Net income + Depreciation and amortization + Other property related depreciation and amortization + Loss on sale of property - Gain on sale of property - 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 due within one year + 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 money 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 (seventeenth fiscal period: six-month period ended January 31, 2012), although severe circumstances remain owing to the Great East Japan Earthquake, the Japanese economy showed gradual recovery. In the Tokyo metropolitan area's economy, from the short-term perspective, recovery is slowing down owing to resurgence of the European debt crisis and deceleration of the overseas economy. This has caused consumer confidence to be lower than in other area of Japan. However, in the medium to long term, the Tokyo metropolitan area is anticipated to see growth that is somewhat higher than other regions due in part to the Tokyo metropolitan area's susceptibility to enjoy the benefits of the overseas economy, which is anticipated to see high growth compared to the Japanese economy.

With regard to population movements, more than 60,000 people migrated to the Tokyo metropolitan area from other areas of the country between January and December 2011. This has further exacerbated the disparity between the area and other regions of the country.

Under these circumstances, the average advertised rent for December 2011 in the Tokyo 23 ward's office leasing market decreased by 3.1% over the six-month period and by 6.5% over the one-year period. Vacancy rates continued to remain roughly flat over the one-year period at 7.3%. The recently growing sense of economic uncertainty, such as the European debt crisis and historical appreciation of the yen, generated a sense of stagnation overall. Among certain IT firms, which are less susceptible to the effects of such conditions, several cases of relocation for the purpose of moving to a property with larger area associated with business expansion were found, but the impact of this in decreasing vacancy rates overall was limited. In the retail property leasing market, sales turnover decreased by a large margin owing to downturn in consumer confidence due to the Earthquake, but recovered to the year-on-year level at one point, one exception is the home appliances market in which case sales turnover decreased on the termination of the eco-points system and transition to digital terrestrial broadcasting. However, the downturn in consumer confidence owing to a decline in household income and the European debt crisis led to a downward trend again in mainly clothing and luxury goods.

In the real estate investment market, while there was no large increase in the amount of new lending by banks in Japan to the real estate industry, the lending attitude of financial institutions is positive and the financing environment continues to be relatively favorable. However, despite the volume of real estate transactions which followed the post the Earthquake slump and being on a recovery trend, transactions of competitive, high-quality blue-chip properties continue to be few. In addition, the cap rate of office properties is decreasing, including these properties.

② Investment Performance Results

a. Acquisition and Sale of Properties, and Investment Management Control

TOKYU REIT engaged in investment activities by adopting an investment policy based on the stance of investing in highly competitive properties in areas with strong growth potential as it has to date and additionally pursuant to its “Long-Term Investment Management Strategy (Surf Plan)” (see Note below) that was formed by applying the investment management experience that it has gained from having gone through one cycle of the market since its listing. Consequently, TOKYU REIT did not acquire properties during the seventeenth fiscal period as there were no properties that would serve to maintain or enhance portfolio quality. As of January 31, 2012, TOKYU REIT held an investment portfolio totaling 26 properties with a total acquisition price of ¥199,672 million and total leasable area of 245,378.77 m². The period-end appraisal value for TOKYU REIT’s entire portfolio amounted to ¥190,360 million.

Note. The “Long-Term Investment Management Strategy (Surf Plan)” is a strategy of TOKYU REIT formed by its investment management company Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”). Under this strategy, while replacing properties through contrarian investment by focusing on the cyclicity of real estate prices, TOKYU REIT aims to build a portfolio that boasts lasting competitiveness and balance sheets that are strong against even difficult economic times.

As in the previous fiscal period, the total period-end appraisal value exceeded the total book value, resulting in an unrealized gain (the difference between book value and period-end appraisal value) of ¥310 million. Based on generally accepted accounting principles, unrealized gains are not reflected in TOKYU REIT’s financial statements.

Under the prolonged severe leasing market conditions, the occupancy rate for TOKYU REIT’s entire portfolio of 26 properties as of January 31, 2012 was 94.0% and the average per-tsubo rental rate for the existing property portfolio at the end of the seventeenth fiscal period dropped 5.2% compared with the end of the sixteenth fiscal period.

b. Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. This stance continued into the seventeenth fiscal period with the refinancing of ¥8,400 million in long-term debt for the purpose of securing interest-bearing liabilities with fixed long-term interest rates and diversifying repayment dates. In addition, TOKYU REIT has established commitment lines which provide credit facilities totaling ¥20,000 million with six banks to secure financial credibility through the enhancement of liquidity on hand. The balance of interest-bearing liabilities as of January 31, 2012 was ¥89,000 million, consisting of ¥10,000 million in investment corporation bonds and ¥79,000 million in long-term debt (of which, ¥5,000 million is the current portion of investment corporation bonds and ¥12,200 million is the current portion of long-term debt). The weighted-average interest rate for the seventeenth fiscal period was 1.72% (calculated based on the annualized amount of interest payable for the seventeenth fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of January 31, 2012 were as follows:

Rating Agency	Credit Rating	
Rating and Investment Information, Inc.	Rating: AA-	Outlook: Stable
Standard & Poor's Ratings Japan K.K.	Long-term: A Short-term: A-1	Outlook: Stable
Moody's Japan K.K.	Rating: A2	Outlook: Under review (On December 20, 2011, Moody's Japan K.K. announced that it placed the rating under review for possible downgrade.)

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, follows prescribed procedures.

Moreover, TOKYU REIT has received an opinion report from Urban Research Institute Corporation stating that fees paid to related parties (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. "Related parties" refers to any entity that falls under the following (i) to (vii):

- (i) Tokyu Corporation
- (ii) A consolidated subsidiary of Tokyu Corporation
- (iii) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by silent partnerships or other investment shares in that entity by the respective company exceeds 50%
- (iv) Affiliates within the scope of consolidation of Tokyu Corporation
- (v) Tokyu Land Corporation ("Tokyu Land")
- (vi) A consolidated subsidiary of Tokyu Land
- (vii) A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Land or a consolidated subsidiary of Tokyu Land and where the share of investment by silent partnerships or other investment shares in that entity by the respective company exceeds 50%

(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	¥ 49,917	¥ 50,117	(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:

	17th fiscal period From August 1, 2011 to January 31, 2012	16th fiscal period From February 1, 2011 to July 31, 2011	15th fiscal period From August 1, 2010 to January 31, 2011	14th fiscal period From February 1, 2010 To July 31, 2010	13th fiscal period From August 1, 2009 to January 31, 2010
	Yen				
Highest	¥ 475,500	¥ 574,000	¥ 607,000	¥ 540,000	¥ 539,000
Lowest	¥ 339,500	¥ 465,500	¥ 429,000	¥ 409,500	¥ 413,000

(4) Distribution Information

With respect to the distribution for the seventeenth 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 on investment corporations (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 seventeenth fiscal period was ¥13,106.

	17th fiscal period From August 1, 2011 to January 31, 2012	16th fiscal period From February 1, 2011 to July 31, 2011	15th fiscal period From August 1, 2010 to January 31, 2011	14th fiscal period From February 1, 2010 to July 31, 2010	13th fiscal period From August 1, 2009 to January 31, 2010
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133	¥ 13,456
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133	¥ 13,456
[Cash distribution per unit]	[¥ 13,106]	[¥ 13,239]	[¥ 12,045]	[¥ 12,598]	[¥ 79,446]
Distribution of accumulated earnings	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133	¥ 13,456
[Distribution of accumulated earnings per unit]	[¥ 13,106]	[¥ 13,239]	[¥ 12,045]	[¥ 12,598]	[¥ 79,446]
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 outlook for the economy is that the moderate economic turnaround is anticipated to continue, backed by effects of various government policies, among other factors. However, the risks of downward pressures on the Japanese economy present owing to overseas economic downturn, and the impact of power supply constraints and nuclear disaster, as well as the impact of deflation and concerns of deterioration in the employment situation, still linger. These are matters that are thought to require attention.

In light of such outlook, in the real estate investment market, ongoing tight supply/demand situation of blue-chip office properties is expected to cause the cap rate of not only office properties, but also urban retail properties and regional and suburban retail properties, to keep decreasing. Demand is expected to increase in the office leasing market, due to positive effects of the economic recovery associated with recovery from the Earthquake. On the other hand, there will be a large supply from development of large buildings. As a result, vacancy rates are expected to continue to hover at a high level, the average contracted rent to hover at a low level and the rent-free, etc. period to be extended. The retail property leasing market is suffering from a slump in sales as the economic recovery slows down, but there are also many tenants improving their per-employee sales turnover and profit margin through reduction of personnel and other costs, maintenance of sales efficiency and other efforts, and overall improvement of their rent-paying capacity.

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 Central Tokyo, where ongoing growth is expected, and to the Tokyo metropolitan area centering on the Tokyu Areas (Note 1). TOKYU REIT will continue to adhere firmly to stringent investment criteria for selecting individual properties, and obtain a balanced mix of competitive, high-quality properties from the real estate investment market as well as Tokyu Corporation and its subsidiaries (Note 2).

Note 1. “Central Tokyo” is the five central Tokyo wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) and other major commercial and retail districts of Tokyo (the areas surrounding Ikebukuro, Koraku, Ueno and other areas).

“Tokyu Areas” is the Tokyu rail network hub (Shibuya ward) and other Tokyu rail network areas (Tokyo (Shinagawa, Meguro, Setagaya and Ota wards, and Machida city); Yokohama city, Kanagawa prefecture (Kohoku, Kanagawa, Naka, Nishi, Midori, Aoba and Tsuzuki wards); Kawasaki city, Kanagawa prefecture (Nakahara, Takatsu and Miyamae wards); and Yamato city, Kanagawa prefecture). Shibuya ward is included in both Central Tokyo and Tokyu Areas.

“Other” is other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama and Chiba prefectures (excluding the separately mentioned areas above).

Note 2. Tokyu Corporation and its subsidiaries refer to any of (i) to (iii) below:

(i) Tokyu Corporation

(ii) A consolidated subsidiary of Tokyu Corporation

(iii) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by silent partnerships or other investment shares in that entity by the respective company exceeds 50%.

Moreover, regarding sponsorship change, based on the letter of intent concluded on January 13, 2011 (Note 3), TOKYU REIT and Tokyu REIM are aiming to restructure the sponsorship of TOKYU REIT to a sole sponsorship by implementing various measures for smooth sponsorship cancellation, such as the conclusion of a “Memorandum relating to the purchase and sale of owned real estate assets” with Tokyu Corporation and “Memorandum relating to the provision of opportunities to acquire owned real estate assets” with Tokyu Land on March 4, 2011 (Note 4), as well as transfer of TOKYU REIT investment units issued and outstanding and Tokyu REIM shares issued and outstanding held by Tokyu Land to Tokyu Corporation on April 25, 2011 and June 24, 2011, respectively. By making Tokyu Corporation, which conducts business activities in the same area as the investment targeted areas of TOKYU REIT, its sole sponsor and having obtained a stronger commitment from Tokyu Corporation, TOKYU REIT intends to further promote the “Capital Reinvestment Model” (Note 5) in line with the “Long-Term Investment Management Strategy (Surf Plan).”

Note 3. Please refer to the “Notice Concerning Conclusion of Letter of Intent regarding Sponsor’s Structure” dated January 13, 2011 for details of the letter of intent.

Note 4. Please refer to the “Notice Concerning Conclusion of Memorandums Regarding Sponsor’s Structure” dated March 4, 2011 for details of the memorandums. Please note that the memorandums took effect upon approval of a proposal to partially amend the “Scope and Policy of Investment Management” attachment and other sections of the Articles of Incorporation of TOKYU REIT at the General Meeting of Unitholders held on April 14, 2011.

Note 5. An investment model advocated by TOKYU REIT in which Tokyu Corporation and its subsidiaries reinvest the capital collected from contributing properties to TOKYU REIT into real estate development, etc. mainly in Tokyu Areas. This reinvestment serves to invigorate economic activities in Tokyu Areas and thereby enhances the added value of the investment targeted areas of TOKYU REIT and maintains and enhances the value of its portfolio properties.

TOKYU REIT will endeavor to achieve internal growth by enhancing earnings stability and growth potential through collaboration with Tokyu Corporation and its subsidiaries 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 maintaining and 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 (March 14, 2012).

2. Company Profiles

(1) Summary of Unitholders' Contributions

	17th fiscal period As of January 31, 2012	16th fiscal period As of July 31, 2011	15th fiscal period As of January 31, 2011	14th fiscal period As of July 31, 2010	13th fiscal period As of January 31, 2010
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)	8,993	8,454	8,683	8,838	9,776

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of January 31, 2012.

Name	Address	Number of units owned	As a percentage of number of units issued and outstanding
		Units	%
Japan Trustee Services Bank, Ltd. (trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	31,601	18.66
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	13,668	8.07
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	11,831	6.98
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	9,800	5.79
The Asahi Fire & Marine Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	4,000	2.36
American Life Insurance Company GA Company JPY (Standing Proxy: Citibank Japan Ltd.)	2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo	3,902	2.30
State Street Bank and Trust Company 505103 (Standing Proxy: Tokyo Branch of The Hongkong and Shanghai Banking Corporation Limited)	3-11-1, Nihonbashi, Chuo-ku, Tokyo	3,505	2.07
Momiji Bank, Ltd.	1-24, Ebisu-cho, Naka-ku, Hiroshima-shi, Hiroshima	3,419	2.02
The Hachijuni Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	3,325	1.96
Nomura Bank (Luxembourg) S.A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	1-2-3, Otemachi, Chiyoda-ku, Tokyo	2,545	1.50
Total		87,596	51.72

Note. '(Number of units owned) As a percentage of number of units issued and outstanding' is rounded to two decimal places. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.

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

① Name of Directors and Auditor (as of January 31, 2012)

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	Chief Representative Partner of Shinsoh Audit Corporation Certified public accountant Certified public tax 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 Law Concerning Investment Trust and Investment Corporation (Law No. 198 of 1951, including amendments thereto) ("Investment Trust Law") in making decisions for the dismissal of an independent auditor. With regard to the abrogation of an independent auditor's reappointment, appropriate decisions shall be made at TOKYU REIT's Board of Directors meetings with due consideration given to audit quality, compensation and various other factors.

(4) Investment Management Company, Asset Custodian and General Administrators

The following table sets forth information of TOKYU REIT's investment management company, asset custodian and general administrators as of January 31, 2012.

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 (Note)

Note. The Sumitomo Trust and Banking Company, Limited, The Chuo Mitsui Trust and Banking Company, Limited and Chuo Mitsui Asset Trust and Banking Company, Limited are scheduled to merge to form Sumitomo Mitsui Trust Bank, Limited on April 1, 2012 (the same hereafter).

3. Portfolio Profile

(1) Asset Composition

Asset type	Use	Area	17th fiscal period As of January 31, 2012		16th fiscal period As of July 31, 2011		
			Total amount held	As a percentage of total assets	Total amount held	As a percentage of total assets	
			Millions of yen	%	Millions of yen	%	
Real estate	Retail	Central Tokyo and Tokyu Areas	¥ 15,712	7.6	¥ 15,745	7.6	
		Other	—	—	—	—	
		Sub total	15,712	7.6	15,745	7.6	
	Office	Central Tokyo and Tokyu Areas	24,253	11.8	24,213	11.7	
		Other	—	—	—	—	
		Sub total	24,253	11.8	24,213	11.7	
	Total		39,966	19.4	39,958	19.2	
	Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	55,796	27.2	56,061	27.0
			Other	15,593	7.6	15,670	7.5
Sub total			71,390	34.7	71,731	34.5	
Office		Central Tokyo and Tokyu Areas	74,713	36.4	75,011	36.1	
		Other	3,978	1.9	4,008	1.9	
		Sub total	78,691	38.3	79,019	38.1	
Total		150,082	73.0	150,751	72.6		
Other assets		15,448	7.5	16,952	8.2		
Total assets		¥ 205,497 [¥ 190,049]	100.0 [92.5]	¥ 207,661 [¥ 190,709]	100.0 [91.8]		

Note 1. Regarding 'Area,' please refer to note 1 of '1. Financial Highlights (5) Future Policies of Investment Management ② Future Policies of Investment Management and Issues to be Counterred.'

Note 2. '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 3. Figures in brackets of 'Total assets' represent the portion of actually held properties in the target assets above.

Note 4. '(Total amount held) As a percentage of total assets' is rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.

(2) Major Portfolio

Major portfolio held by TOKYU REIT as of January 31, 2012, is as follows:

Name of property		Book value	Total leasable area	Leased area	Occupancy rate	As a percentage of revenue from property leasing	Use
		Millions of yen	m ²	m ²	%	%	
R	QFRONT	¥ 14,164	4,502.93	4,502.93	100.0	9.2	Retail
R	Lexington Aoyama	4,757	2,107.08	2,107.08	100.0	1.6	Retail
R	TOKYU REIT Omotesando Square	5,714	2,708.18	2,708.18	100.0	2.6	Retail
R	Tokyu Saginuma Building	6,750	19,610.06	19,610.06	100.0	4.5	Retail
R	Tokyu Saginuma 2 Building	1,195	1,284.60	1,284.60	100.0	0.9	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,625	1,543.05	1,543.05	100.0	2.5	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	8,567	50,285.89	50,285.89	100.0	4.4	Retail
R	cocoti	23,214	8,319.97	7,781.55	93.5	7.7	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.6	Retail
R	CONZE Ebisu	4,955	2,319.24	2,032.09	87.6	1.7	Retail
R	Daikanyama Forum	4,131	2,477.64	2,267.22	91.5	1.4	Retail
O	Setagaya Business Square	18,587	24,956.99	22,590.09	90.5	15.4	Office
O	Tokyu Nampeidai-cho Building	4,258	7,148.18	7,148.18	100.0	2.7	Office
O	Tokyu Sakuragaoka-cho Building	6,404	4,737.19	4,737.19	100.0	3.6	Office
O	Tokyo Nissan Taito Building	3,787	7,947.24	7,947.24	100.0	3.2	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,458	3,199.50	3,040.90	95.0	1.9	Office
O	TOKYU REIT Kamata Building	4,096	7,337.82	6,487.11	88.4	4.0	Office
O	TOKYU REIT Toranomom Building	10,034	10,136.44	2,940.93	29.0	6.3	Office
O	TOKYU REIT Hatchobori Building	6,864	5,984.19	5,984.19	100.0	2.8	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,242	3,533.03	3,533.03	100.0	3.0	Office
O	Tokyu Ikejiri-ohashi Building	5,498	5,733.23	5,733.23	100.0	2.7	Office
O	Kojimachi Square	8,839	5,409.11	2,316.61	42.8	3.3	Office
O	TOKYU REIT Shinjuku Building	9,219	6,130.45	6,130.45	100.0	4.1	Office
O	Akihabara Sanwa Toyo Building	4,676	4,643.04	4,643.04	100.0	2.6	Office
O	Kiba Eitai Building (Note 6)	3,978	5,776.46	5,776.46	100.0	2.7	Office
O	Tokyu Ginza 2-chome Building	4,999	3,469.14	3,469.14	100.0	2.7	Office
Total		¥ 190,049	245,378.77	230,678.56	94.0	100.0	

Note 1. The properties listed above except for TOKYU REIT Shibuya Udagawa-cho Square, CONZE Ebisu, Daikanyama Forum, TOKYU REIT Toranomom Building, TOKYU REIT Shinjuku Building and Tokyu Ginza 2-chome Building (total of 20 properties) are all owned in the form of trust beneficiary interest in real estate.

Note 2. 'Total 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 total 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 total leased 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 4. 'Occupancy rate' is the leased area expressed as a percentage of total leasable area at the end of the period.
- Note 5. 'Occupancy rate' and '(Book value) As a percentage of revenue from property leasing' are rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.
- Note 6. The name of Kiba Eitai Building is scheduled to be changed to TOKYU REIT Kiba Building on August 1, 2012 (the same hereafter).
- Note 7. 'R' and 'O' in the table are a classification of TOKYU REIT's portfolio properties into R (retail properties) and O (office properties) (the same hereafter).

(3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of January 31, 2012 are as follows:

Name of property	Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value
			m ²	Millions of yen	Millions of yen
R QFRONT	75-8, etc., Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,502.93	¥ 20,100	¥ 14,164
R Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,107.08	3,910	4,757
R TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,708.18	6,460	5,714
R Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	19,610.06	8,170	6,750
R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	1,284.60	1,340	1,195
R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	8,430	6,625
R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,319.97	16,500	23,214
R CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,319.24	4,070	4,955
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	3,020	4,131
Sub total			44,872.75	72,000	71,509

Name of property		Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value		
				m ²	Millions of yen	Millions of yen		
Retail	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	8,130	8,567
		R	Shonan Mall Fill (sokochi)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	5,400	7,026
	Sub total				94,364.01	13,530	15,593	
Total				139,236.76	85,530	87,103		
Office	Central Tokyo and Tokyu Areas	O	Setagaya Business Square	4-260-2, etc., Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,956.99	20,500	18,587
		O	Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	5,560	4,258
		O	Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	7,020	6,404
		O	Tokyo Nissan Taito Building	2-120-2, etc., Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,947.24	5,160	3,787
		O	TOKYU REIT Akasaka Hinokicho Building	6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,199.50	4,060	3,458
		O	TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	5,520	4,096
		O	TOKYU REIT Toranomom Building	3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,136.44	9,020	10,034
		O	TOKYU REIT Hatchobori Building	2-104-1, etc., Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	5,984.19	5,240	6,864
		O	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	6,790	8,242
		O	Tokyu Ikejiri-ohashi Building	3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,733.23	4,480	5,498
		O	Kojimachi Square	2-3-9 and 2-3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	7,890	8,839
		O	TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,130.45	9,610	9,219
		O	Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,643.04	4,970	4,676
		O	Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	4,990	4,999
	Sub total				100,365.55	100,810	98,967	
Other	O	Kiba Eitai Building	3-21-5, etc., Toyo, Koto-ku, Tokyo	Trust beneficiary interest in real estate	5,776.46	4,020	3,978	
	Sub total				5,776.46	4,020	3,978	
Total				106,142.01	104,830	102,945		
Grand total				245,378.77	¥ 190,360	¥ 190,049		

- 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. 'Total 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 total 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 real estate appraisal reports prepared by Japan Real Estate Institute, Japan Valuers Co., Ltd., 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		17th fiscal period From August 1, 2011 to January 31, 2012				16th fiscal period From February 1, 2011 to July 31, 2011					
		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
Retail	Central Tokyo and Tokyu Areas	R	QFRONT	3	100.0	¥ 627	9.2	3	100.0	¥ 618	9.0
		R	Lexington Aoyama	7	100.0	111	1.6	6	94.0	111	1.6
		R	TOKYU REIT Omotesando Square	4	100.0	174	2.6	4	100.0	169	2.5
		R	Tokyu Saginuma Building	1	100.0	307	4.5	1	100.0	308	4.5
		R	Tokyu Saginuma 2 Building	1	100.0	62	0.9	1	100.0	62	0.9
		R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	168	2.5	2	100.0	169	2.5
		R	cocoti	14	93.5	523	7.7	15	100.0	520	7.6
		R	CONZE Ebisu	7	87.6	118	1.7	7	87.6	112	1.6
		R	Daikanyama Forum	4	91.5	96	1.4	4	91.5	94	1.4
		Sub total	43	97.7	2,190	32.1	43	98.6	2,168	31.6	
	Other	R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	1	100.0	300	4.4	1	100.0	300	4.4
		R	Shonan Mall Fill (sokochi)	1	100.0	174	2.6	1	100.0	174	2.5
			Sub total	2	100.0	474	7.0	2	100.0	474	6.9
		Total	45	99.3	2,664	39.1	45	99.6	2,642	38.6	
	Office	Central Tokyo and Tokyu Areas	O	Setagaya Business Square	54	90.5	1,050	15.4	55	93.4	1,071
O			Tokyu Nampeidai -cho Building	1	100.0	182	2.7	1	100.0	182	2.7
O			Tokyu Sakuragaoka -cho Building	2	100.0	244	3.6	2	100.0	249	3.6
O			Tokyo Nissan Taito Building	12	100.0	220	3.2	12	100.0	221	3.2
O			TOKYU REIT Akasaka Hinokicho Building	3	95.0	132	1.9	3	95.0	139	2.0
O			TOKYU REIT Kamata Building	5	88.4	269	4.0	6	100.0	259	3.8
O			TOKYU REIT Toranomon Building	4	29.0	428	6.3	5	88.3	333	4.9
O			TOKYU REIT Hatchobori Building	10	100.0	190	2.8	10	100.0	207	3.0
O			Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	203	3.0	1	100.0	202	3.0
O			Tokyu Ikejiri-ohashi Building	5	100.0	184	2.7	5	100.0	170	2.5
O			Kojimachi Square	3	42.8	222	3.3	5	100.0	290	4.2
O			TOKYU REIT Shinjuku Building	10	100.0	280	4.1	10	100.0	294	4.3
O			Akihabara Sanwa Toyo Building	6	100.0	174	2.6	6	100.0	174	2.5
O		Tokyu Ginza 2-chome Building (Note 4)	2	100.0	186	2.7	2	100.0	204	3.0	
		Sub total	118	86.4	3,971	58.2	123	97.0	4,000	58.4	
Other	O	Kiba Eitai Building	4	100.0	183	2.7	4	100.0	207	3.0	
		Sub total	4	100.0	183	2.7	4	100.0	207	3.0	
	Total	122	87.1	4,155	60.9	127	97.2	4,208	61.4		
	Grand total	167	94.0	¥ 6,819	100.0	172	98.5	¥ 6,850	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 total leasable area at the end of the period.
- Note 3. 'Occupancy rate' and '(Revenue from property leasing) As a percentage of revenue from property leasing' are rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.
- Note 4. Tokyu Ginza 2-chome Building was acquired on February 15, 2011. In the table, the property's 'Revenue from property leasing' and 'As a percentage of revenue from property leasing' for the sixteenth fiscal period show the figures for the period from the acquisition date to the end of the fiscal period.

(4) Other Assets

As of January 31, 2012, there are no assets targeted for investment other than those described above.

(5) Assets Held in Each Country and Region

TOKYU REIT does not invest in overseas properties.

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 January 31, 2012. 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	cocoti	Shibuya-ku, Tokyo	Renewal of common areas	From March 2011 to April 2012	¥ 176	¥ 4	¥ 11
O	Tokyo Nissan Taito Building	Taito-ku, Tokyo	Installation of individually controlled air conditioning equipment on 7F, etc.	From May 2012 to May 2012	¥ 33	—	—
O	TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Change of ceiling specifications on 9F	From April 2012 to April 2012	¥ 22	—	—
O	Kiba Eitai Building	Koto-ku, Tokyo	Renewal of air-conditioning equipment	From July 2012 to July 2012	¥ 60	—	—
O	Kiba Eitai Building	Koto-ku, Tokyo	Construction for raised flooring on 6F to 9F	From July 2012 to July 2012	¥ 21	—	—

(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 seventeenth fiscal period amounted to ¥343 million, and ¥246 million in repairs and maintenance expenses and ¥10 million in reversal of provision for loss on disaster for the cost of repairing fixed assets and other expenses associated with the Great East Japan Earthquake were charged to expenses, for a combined total of ¥600 million spent for such work.

Name of property		Location	Objective	Period	Construction cost Millions of yen
○	Tokyu Sakuragaoka-cho Building	Shibuya-ku, Tokyo	Renovation of external walls	From August 2011 to November 2011	¥ 62
○	TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Construction for raised flooring on 4F to 9F	From January 2012 to January 2012	46
○	TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Renewal of lighting fixtures in exclusive areas on 2F to 8F	From December 2011 to January 2012	31
○	TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Renewal of air-conditioning equipment on 4F and 5F	From January 2012 to January 2012	19
○	TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Renovation of elevator hall on 4F to 9F	From November 2011 to January 2012	18
Other					164
Total					¥ 343

(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:

	17th fiscal period From August 1, 2011 to January 31, 2012	16th fiscal period From February 1, 2011 to July 31, 2011	15th fiscal period From August 1, 2010 to January 31, 2011	14th fiscal period From February 1, 2010 to July 31, 2010	13th fiscal period From August 1, 2009 to January 31, 2010
	Millions of yen				
Reserve at beginning of period	¥ 531	¥ 428	¥ 370	¥ 245	¥ 364
Amount transferred to reserve during period	226	450	394	346	151
Reversal from reserve during period	417	348	336	222	269
Reserve at end of period	¥ 340	¥ 531	¥ 428	¥ 370	¥ 245

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

	17th fiscal period		16th fiscal period	
	From August 1, 2011 to January 31, 2012		From February 1, 2011 to July 31, 2011	
Millions of yen				
Asset management fees				
Asset-based fees	¥ 272		¥ 267	
Cash-based fees	211		212	
Unit price-based fees	-	¥ 484	-	¥ 479
Asset custodian fees		16		16
General administration fees		40		41
Directors' fees		6		6
Other operating expenses		58		71
Total		¥ 606		¥ 616

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

Short-term debt and long-term debt from each financial institution, as of January 31, 2012, are as follows:

Category	Lender	Draw-down date	Balance as of January 31, 2012	Balance as of July 31, 2011	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark	
			Millions of yen	Millions of yen	%					
Long-term debt	Development Bank of Japan Inc.	June 25, 2004	¥ 4,000	¥ 4,000	2.03000	June 25, 2012	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 2 and 3)	
	The National Mutual Insurance Federation of Agricultural Cooperatives	October 25, 2005	-	1,000	1.26250	October 25, 2011			Unsecured and Unguaranteed (Note 2)	
	Development Bank of Japan Inc.	January 25, 2006	5,000	5,000	1.95000	January 25, 2018				
	The Dai-ichi Mutual Life Insurance Company	July 31, 2006	4,000	4,000	2.21125	July 31, 2013				
	The Dai-ichi Mutual Life Insurance Company	January 25, 2007	1,000	1,000	1.92000	January 25, 2014				
	The National Mutual Insurance Federation of Agricultural Cooperatives		3,000	3,000						
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 25, 2007	-	5,000	1.62625	September 26, 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				
	Mitsubishi UFJ Trust and Banking Corporation		1,000	1,000	2.10187	December 25, 2013				
	The Norinchukin Bank	July 25, 2008	1,000	1,000	1.80375	July 25, 2012				Unsecured and Unguaranteed (Notes 2 and 3)
	Mizuho Corporate Bank, Ltd.	November 11, 2008	-	2,000	1.54250	November 11, 2011				Unsecured and Unguaranteed (Note 2)
	Mitsubishi UFJ Trust and Banking Corporation	November 18, 2008	2,000	2,000	1.72500	November 18, 2012				Unsecured and Unguaranteed (Notes 2 and 3)

Category	Lender	Draw-down date	Balance as of January 31, 2012	Balance as of July 31, 2011	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark					
			Millions of yen	Millions of yen	%									
Long-term debt	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	November 25, 2008	2,000	2,000	1.63062	May 25, 2012	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 2 and 3)					
	Mizuho Corporate Bank, Ltd.		-	1,000	1.52875	November 11, 2011								
	Development Bank of Japan Inc.	February 25, 2009	5,000	5,000	1.79000	February 25, 2014								
	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	2,500	1.67500	June 25, 2013			Unsecured and Unguaranteed (Note 2)					
	Mitsubishi UFJ Trust and Banking Corporation		2,500	2,500										
	The Chuo Mitsui Trust and Banking Company, Limited		2,500	2,500	1.78812	December 25, 2013								
	Mitsubishi UFJ Trust and Banking Corporation		2,500	2,500										
	The Sumitomo Trust and Banking Company, Limited	June 29, 2009	400	400	1.66375	June 29, 2013			Unsecured and Unguaranteed (Notes 2 and 3)					
	The Chuo Mitsui Trust and Banking Company, Limited		400	400	1.46875	June 29, 2012								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,400	1,400	1.16818	August 29, 2012								
	Mitsubishi UFJ Trust and Banking Corporation		400	400	1.46875	June 29, 2012								
	Daido Life Insurance Company	June 25, 2010	1,000	1,000	1.17125	December 25, 2012			Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 2 and 3)			
	Mitsui Sumitomo Insurance Co., Ltd.	June 25, 2010	1,000	1,000	1.31250	June 25, 2014								
	Mizuho Corporate Bank, Ltd.		1,000	1,000										
	The Sumitomo Trust and Banking Company, Limited	July 26, 2010	1,000	1,000	1.46250	July 26, 2015								
	The Chuo Mitsui Trust and Banking Company, Limited		1,000	1,000										
	Shinkin Central Bank		2,000	2,000										
	The Sumitomo Trust and Banking Company, Limited	December 27, 2010	5,000	5,000	1.63250	December 27, 2016						Unsecured and Unguaranteed (Note 2)		
	The Chuo Mitsui Trust and Banking Company, Limited	May 18, 2011	2,000	2,000	1.47625	May 18, 2017								
	The Sumitomo Trust and Banking Company, Limited	May 25, 2011	2,000	2,000		May 25, 2017								
	Mizuho Corporate Bank, Ltd.	June 27, 2011	2,000	2,000	1.45375	June 27, 2017								
	Nippon Life Insurance Company	July 29, 2011	2,000	2,000	1.36875	January 31, 2017								
	Nippon Life Insurance Company		2,000	2,000	1.49563	January 31, 2018								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 26, 2011	5,000	-	1.41375	March 26, 2018								
	Mizuho Corporate Bank, Ltd.	November 11, 2011	1,700	-	1.03500	November 11, 2015								
	Mizuho Corporate Bank, Ltd.		1,700	-	1.48875	November 11, 2018								
	Total		¥ 79,000	¥ 80,000										

- Note 1. 'Average interest rate' is the weighted average interest rate during the period.
- Note 2. 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 3. 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 January 31, 2012 is as follows:

Name	Issue date	Balance as of January 31, 2012	Balance as of July 31, 2011	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 (Notes 1 and 2)
2nd Series Unsecured Investment Corporation Bond	October 24, 2007	5,000	5,000	1.89000	October 24, 2014			Unsecured/Unguaranteed (Note 1)
Total		¥10,000	¥10,000					

- Note 1. These bonds rank pari passu in right of payment with certain investment corporation bonds.
- Note 2. As of the end of the fiscal period, the amounts are recorded in the balance sheets as 'Investment corporation bonds due within one year' under 'Current liabilities.'

6. Acquisitions and Dispositions during the Seventeenth 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 Interested Persons, Etc. and Major Shareholders

① Status of Trading

TOKYU REIT carried out no transactions, including the trading of specified assets, with interested persons, etc. and major shareholders.

② Amounts of Commissions Paid

Item	Total amounts of commissions paid (A) Thousands of yen	Paid to interested persons, etc. and major shareholders		B/A (%)
		Payee	Amount of payment (B) Thousands of yen	
Utilities expenses	¥ 525,007	Yoga District Heating and Cooling Co., Ltd.	¥ 105,998	20.2
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 420,324	Tokyu Community Corporation	¥ 264,483	62.9
		Tokyu Facility Service Co., Ltd.	¥ 32,239	7.7
		Kyodo Gijutsu Center Co., Ltd.	¥ 10,693	2.5
		Tokyu Store Corporation	¥ 3,877	0.9
		its communications Inc.	¥ 138	0.0
Property management fees	¥ 150,149	Tokyu Corporation	¥ 81,661	54.4
		Tokyu Community Corporation	¥ 68,488	45.6
Insurance premium	¥ 12,541	Tokyu Insurance Consulting Co., Ltd.	¥ 12,227	97.5
Other rental service expenses	¥ 197,667	Tokyu Community Corporation	¥ 4,320	2.2
		Tokyu Corporation	¥ 3,043	1.5
		Shibuya Underground Shopping Center, Inc.	¥ 840	0.4
		Tokyu Green System Co., Ltd.	¥ 190	0.1
		its communications Inc.	¥ 62	0.0
		Tokyu Facility Service Co., Ltd.	¥ 58	0.0

Note 1. Pursuant to Article 123 of the Investment Trust Law Enforcement Order, interested persons, etc. 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 Interested Persons, Etc. and Major Shareholders,” includes trading with related parties, 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 interested persons, etc. and major shareholders Tokyu Corporation and Tokyu Community Corporation in the amount of ¥56,894 thousand and ¥27,451 thousand, respectively. In addition to commissions paid as described above, the amount paid for repair and maintenance work placed to interested persons, etc. and major shareholders during the seventeenth fiscal period are as follows:

Tokyu Construction Co., Ltd.	¥ 77,790 thousand
Tokyu Facility Service Co., Ltd.	¥ 17,906 thousand
Tokyu Corporation	¥ 10,028 thousand
Kyodo Gijutsu Center Co., Ltd.	¥ 4,014 thousand
Tokyu Community Corporation	¥ 3,841 thousand
Tokyu Renewal Co., Ltd.	¥ 944 thousand
Tokyu Green System Co., Ltd.	¥ 618 thousand
Tokyu Homes Corporation	¥ 320 thousand
Tokyu Techno System Co., Ltd.	¥ 152 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 Trust Law.

Date of meeting	Agenda item	Summary
November 25, 2011	Engagement of underwriters for investment corporation bond offerings, and outsourcing of general administrative operations relating to investment corporation bonds	In connection with a comprehensive resolution passed on the same date regarding the issuance of investment corporation bonds, the meeting approved that TOKYU REIT's executive director shall have full authority on the selection, etc. of providers of general administrative services relating to investment corporation bonds to be issued in the future.

(2) Status, etc. of Beneficiary Certificates of Investment Trust Issuing Beneficiary Certificates

There is no item that falls under this category.

(3) Other

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



Independent Auditor's Report

To the Board of Directors of TOKYU REIT, Inc.

We have audited the accompanying financial statements of TOKYU REIT, Inc. ("the Company"), which comprise the balance sheet as at January 31, 2012, and the statements of income, changes in unitholders' equity and cash flows for the six months then ended, all expressed in Japanese yen, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2012, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

April 25, 2012

PricewaterhouseCoopers Aarata

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TOKYU REIT, Inc.
Balance Sheets
As of January 31, 2012 and July 31, 2011

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 3,917	¥ 4,599
Cash and deposits with banks held in trust	10,236	10,961
Tenant receivables	103	123
Lease deposits held in trust due within one year	18	18
Other current assets	41	40
Total current assets	14,317	15,744
Fixed assets:		
Property and equipment		
Buildings and structures	7,786	7,637
Land	33,228	33,228
Other tangible assets	83	77
Construction in progress	0	-
Buildings and structures held in trust	46,851	46,681
Land held in trust	115,335	115,335
Other tangible assets held in trust	1,240	1,232
Construction in progress held in trust	12	8
Less accumulated depreciation	(14,504)	(13,506)
Total property and equipment	190,036	190,695
Intangible assets		
Intangible assets	1	1
Intangible assets held in trust	10	11
Total intangible assets	12	13
Investments and other assets		
Lease deposits	125	125
Lease deposits held in trust	818	836
Other assets	173	227
Total investments and other assets	1,116	1,189
Total fixed assets	191,165	191,898
Deferred assets:		
Investment corporation bond issuance expenses	14	18
Total deferred assets	14	18
Total assets	¥ 205,497	¥ 207,661

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of January 31, 2012 and July 31, 2011

	January 31, 2012	July 31, 2011 (information only)
(Millions of yen)		
<u>LIABILITIES</u>		
Current liabilities:		
Investment corporation bonds due within one year	¥ 5,000	¥ -
Long-term debt due within one year	12,200	17,200
Accounts payable	1,098	992
Consumption tax payable	121	63
Rent received in advance	985	1,044
Tenant leasehold and security deposits held in trust due within one year	624	624
Provision for loss on disaster	15	26
Accrued expenses and other current liabilities	217	200
Total current liabilities	20,264	20,152
Long-term liabilities:		
Investment corporation bonds	5,000	10,000
Long-term debt	66,800	62,800
Tenant leasehold and security deposits	1,660	2,268
Tenant leasehold and security deposits held in trust	11,528	12,173
Other long-term liabilities	3	4
Total long-term liabilities	84,993	87,246
Total liabilities	¥ 105,257	¥ 107,398
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 2,000,000 units		
Units issued and outstanding - 169,380 units as of January 31, 2012 and July 31, 2011	¥ 98,019	¥ 98,019
Retained earnings	2,219	2,242
Total net assets	100,239	100,262
Total liabilities and net assets	¥ 205,497	¥ 207,661

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

TOKYU REIT, Inc.
Statements of Income

For the six months ended January 31, 2012 and July 31, 2011

	For the six months ended	
	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 6,158	¥ 6,408
Other rental revenue	661	442
Contribution for construction	-	67
Revenues from facility acceptance	-	0
Operating expenses:		
Rental service expenses	(3,164)	(3,180)
Asset management fees	(484)	(479)
Other	(122)	(136)
Operating income	3,049	3,121
Non-operating income:		
Interest income	1	2
Other	1	1
Non-operating expenses:		
Interest expense	(686)	(697)
Interest expense on investment corporation bonds	(89)	(87)
Amortization of investment corporation bond issuance expenses	(4)	(4)
Other	(50)	(43)
Extraordinary loss:		
Loss on disaster	-	(22)
Provision for loss on disaster	-	(26)
Income before income taxes	2,220	2,243
Income taxes:		
Current	(1)	(1)
Deferred	0	0
Net income	2,219	2,242
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,219	¥ 2,242

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 January 31, 2012 and July 31, 2011

For the six months ended January 31, 2012

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at beginning of period	¥ 98,019	¥ 2,242	¥ 100,262
Changes during the period			
Cash distributions declared	-	(2,242)	(2,242)
Net income	-	2,219	2,219
Total changes during the period	-	(22)	(22)
Balance at end of period	¥ 98,019	¥ 2,219	¥ 100,239

For the six months ended July 31, 2011 (information only)

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at beginning of period	¥ 98,019	¥ 2,040	¥ 100,059
Changes during the period			
Cash distributions declared	-	(2,040)	(2,040)
Net income	-	2,242	2,242
Total changes during the period	-	202	202
Balance at end of period	¥ 98,019	¥ 2,242	¥ 100,262

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

TOKYU REIT, Inc.
Statements of Cash Flows
For the six months ended January 31, 2012 and July 31, 2011

	For the six months ended	
	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,220	¥ 2,243
Depreciation and amortization	1,002	994
Amortization of investment corporation bond issuance expenses	4	4
Loss on disposal of property and equipment	6	47
Increase (Decrease) in provision for loss on disaster	(10)	26
Interest income	(1)	(2)
Interest expense	804	815
(Increase) Decrease in tenant receivables	20	(15)
Increase (Decrease) in consumption tax payable	58	(15)
Increase (Decrease) in accounts payable	17	145
Increase (Decrease) in rent received in advance	(58)	3
Other, net	51	(13)
Total	4,115	4,234
Interest received	1	2
Interest paid	(794)	(827)
Income taxes paid	(0)	(0)
Net cash provided by operating activities	3,321	3,409
Cash flows from investing activities:		
Payments for purchases of property and equipment	(44)	(5,075)
Payments for purchases of property and equipment held in trust	(207)	(202)
Proceeds from lease deposits held in trust	18	-
Proceeds from tenant leasehold and security deposits	7	477
Payments for tenant leasehold and security deposits	(615)	(41)
Proceeds from tenant leasehold and security deposits held in trust	101	256
Payments for tenant leasehold and security deposits held in trust	(745)	(529)
Payments for restricted deposits with banks held in trust	(119)	(256)
Proceeds from restricted deposits with banks held in trust	528	312
Net cash used in investing activities	(1,076)	(5,059)
Cash flows from financing activities:		
Proceeds from long-term debt	8,400	10,000
Repayment of long-term debt	(9,400)	(10,000)
Payment of dividends	(2,243)	(2,040)
Net cash used in financing activities	(3,243)	(2,040)
Net change in cash and cash equivalents	(998)	(3,691)
Cash and cash equivalents at beginning of period	7,064	10,756
Cash and cash equivalents at end of period	¥ 6,066	¥ 7,064

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

TOKYU REIT, Inc.
Notes to Financial Statements
For the six months ended January 31, 2012 and July 31, 2011

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 ¥49,917 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 ¥27,742 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 ¥20,159 million, TOKYU REIT had repaid short-term debt and acquired 40% of trust beneficiary interest of cocoti.

As at January 31, 2012, TOKYU REIT's total capital is ¥98,019 million with 169,380 units issued and outstanding. TOKYU REIT has been operating 26 properties at an occupancy rate of approximately 94.0%. Total acquisition cost of the 26 properties is ¥199,672 million and total rentable area is 245,378.77 m².

(b) Basis of presentation

The financial statements of TOKYU REIT, which is incorporated in Japan, have been prepared in accordance with the provisions set forth in the 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 have been reclassified and translated into English from 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 January 31, 2012 and July 31, 2011

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):

	January 31, 2012	July 31, 2011 (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) **Accounting treatment of beneficiary interest in trust accounts, including real estate** - For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan and through which TOKYU REIT holds most of its property, all accounts of assets and liabilities within the trust, as well as all income generated and expenses incurred from assets and liabilities in the trust, are recognized in the balance sheet and income statement accounts.
- (e) **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.
- (f) **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.
- (g) **Accounting standard for asset retirement obligations** - Effective April 1, 2010, TOKYU REIT adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21 issued on March 31, 2008).
- (h) **Provision recognition** - Of the future cost of repairing fixed assets that were damaged in the Great East Japan Earthquake and other associated expenses, the amount that can be reasonably estimated at the end of the fiscal period is recognized as provision for loss on disaster.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

- (i) **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 term of each lease. Rental revenue includes fixed rental revenues, recoveries of utility charges and other income.
- (j) **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 allocating 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 is capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes are nil for the six months ended January 31, 2012.
- (k) **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. Deferred tax assets of ¥20 thousand are included in other current assets as of January 31, 2012 .
- (l) **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.

3. Additional information

The “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan Statement No. 24 issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan Guidance No. 24 issued on December 4, 2009) are applied to accounting changes and corrections of prior period errors made after August 1, 2011.

4. Cash and cash equivalents

Cash and cash equivalents at January 31, 2012 and July 31, 2011 consisted of the following:

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Cash and deposits with banks	¥ 3,917	¥ 4,599
Cash and deposits with banks held in trust	10,236	10,961
Restricted deposits with banks held in trust	(8,087)	(8,496)
Cash and cash equivalents	¥ 6,066	¥ 7,064

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 January 31, 2012 and July 31, 2011

5. Schedule of property and equipment and intangible assets

Property and equipment and intangible assets as of January 31, 2012 and July 31, 2011 consisted of the following:

	January 31, 2012			July 31, 2011 (information only)		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 7,732	¥ (1,097)	¥ 6,635	¥ 7,583	¥ (957)	¥ 6,626
Structures	54	(11)	42	54	(9)	44
Land	33,228	-	33,228	33,228	-	33,228
Other tangible assets						
Machinery and equipment	52	(11)	41	52	(8)	44
Tools, furniture and fixtures	31	(13)	17	24	(11)	13
Construction in progress	0	-	0	-	-	-
Property and equipment held in trust						
Buildings and structures						
Buildings	46,066	(12,266)	33,799	45,894	(11,493)	34,401
Structures	785	(330)	455	786	(314)	471
Land	115,335	-	115,335	115,335	-	115,335
Other tangible assets						
Machinery and equipment	943	(558)	384	935	(509)	426
Tools, furniture and fixtures	297	(213)	83	296	(201)	95
Construction in progress	12	-	12	8	-	8
Sub total	204,541	(14,504)	190,036	204,201	(13,506)	190,695
Intangible assets						
Intangible assets	2	(1)	1	2	(1)	1
Intangible assets held in trust	23	(12)	10	23	(11)	11
Sub total	26	(14)	12	26	(12)	13
Total	¥ 204,567	¥ (14,518)	¥ 190,049	¥ 204,227	¥ (13,518)	¥ 190,709

6. Collateral pledged and secured liabilities

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

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Assets pledged as collateral		
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 2,840	¥ 2,915
Structures	132	134
Land	5,585	5,585
Other tangible assets		
Machinery and equipment	7	8
Tools, furniture and fixtures	0	0
Total	¥ 8,567	¥ 8,644
Secured liabilities		
Tenant leasehold and security deposits held in trust due within one year	¥ 433	¥ 433
Tenant leasehold and security deposits held in trust	2,795	3,012
Total	¥ 3,229	¥ 3,446

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

7. Short-term debt and long-term debt

Short-term debt and long-term debt as of January 31, 2012 and July 31, 2011 consisted of the following:

	Balance as of January 31, 2012	Balance as of July 31, 2011 (information only)	Average interest rate (Note 1)
	(Millions of yen)		(%)
Short-term debt			
Sub total	¥ -	¥ -	
Long-term debt			
Unsecured loans due on September 26, 2011 with fixed rate	-	5,000	1.62625
Unsecured loans due on October 25, 2011 with fixed rate	-	1,000	1.26250
Unsecured loans due on October 27, 2011 with fixed rate	-	400	1.32750
Unsecured loans due on November 11, 2011 with fixed rate	-	2,000	1.54250
Unsecured loans due on November 11, 2011 with fixed rate	-	1,000	1.52875
Unsecured loans due on May 25, 2012 with fixed rate (Note 2)	2,000	2,000	1.63062
Unsecured loans due on June 25, 2012 with fixed rate (Note 2)	4,000	4,000	2.03000
Unsecured loans due on June 29, 2012 with fixed rate (Note 2)	800	800	1.46875
Unsecured loans due on July 25, 2012 with fixed rate (Note 2)	1,000	1,000	1.80375
Unsecured loans due on August 29, 2012 with floating rate (Note 2)	1,400	1,400	1.16818
Unsecured loans due on November 18, 2012 with fixed rate (Note 2)	2,000	2,000	1.72500
Unsecured loans due on December 25, 2012 with fixed rate (Note 2)	1,000	1,000	1.17125
Unsecured loans due on June 25, 2013 with fixed rate	5,000	5,000	1.67500
Unsecured loans due on June 29, 2013 with fixed rate	400	400	1.66375
Unsecured loans due on July 31, 2013 with fixed rate	4,000	4,000	2.21125
Unsecured loans due on December 25, 2013 with fixed rate	1,000	1,000	2.10187
Unsecured loans due on December 25, 2013 with fixed rate	5,000	5,000	1.78812
Unsecured loans due on January 25, 2014 with fixed rate	4,000	4,000	1.92000
Unsecured loans due on February 25, 2014 with fixed rate	5,000	5,000	1.79000
Unsecured loans due on June 25, 2014 with fixed rate	2,000	2,000	1.31250
Unsecured loans due on June 25, 2015 with fixed rate	5,000	5,000	2.21100
Unsecured loans due on July 26, 2015 with fixed rate	4,000	4,000	1.46250
Unsecured loans due on November 11, 2015 with fixed rate	1,700	-	1.03500
Unsecured loans due on March 10, 2016 with fixed rate	3,000	3,000	1.76625
Unsecured loans due on December 27, 2016 with fixed rate	5,000	5,000	1.63250
Unsecured loans due on January 31, 2017 with fixed rate	2,000	2,000	1.36875
Unsecured loans due on May 18, 2017 with fixed rate	2,000	2,000	1.47625
Unsecured loans due on May 25, 2017 with fixed rate	2,000	2,000	1.47625
Unsecured loans due on June 27, 2017 with fixed rate	2,000	2,000	1.45375
Unsecured loans due on January 25, 2018 with fixed rate	5,000	5,000	1.95000
Unsecured loans due on January 31, 2018 with fixed rate	2,000	2,000	1.49563
Unsecured loans due on March 26, 2018 with fixed rate	5,000	-	1.41375
Unsecured loans due on November 11, 2018 with fixed rate	1,700	-	1.48875
Sub total	79,000	80,000	
Total	¥ 79,000	¥ 80,000	

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

Note 2. 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.'

TOKYU REIT executed commitment line agreements which provide credit facilities totaling ¥2 billion with two banks on April 21, 2005, ¥10 billion with one bank on July 2, 2009 and ¥8 billion with five banks on July 12, 2011. Combined, commitment lines total ¥20 billion with six banks. No amount has been drawn down as of January 31, 2012 and July 31, 2011.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

8. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of January 31, 2012 and July 31, 2011 were as follows:

Name	Issue date	Balance as of	Balance as of	Annual	Maturity date
		January 31, 2012	July 31, 2011 (information only)	interest rate	
		(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>		

9. 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 share capital. TOKYU REIT maintains minimum net assets of at least ¥50 million as required by the Investment Trust Law.

10. Rental revenue and expense

Rental revenues and expenses for the six months ended January 31, 2012 and July 31, 2011 were as follows:

	For the six months ended	
	January 31, 2012	July 31, 2011 (information only)
(Millions of yen)		
Revenue from property leasing:		
Rental revenue:		
Rent income	¥ 4,973	¥ 5,197
Common area charges	705	723
Parking lot revenue under monthly contract	140	140
Other rent income	338	347
Sub total	<u>6,158</u>	<u>6,408</u>
Other rental revenue:		
Incidental income	393	376
Other miscellaneous income	268	65
Sub total	<u>661</u>	<u>442</u>
Total revenue from property leasing	(a) <u>6,819</u>	<u>6,850</u>
Rental service expenses:		
Utilities expenses	525	488
Subcontract expenses	420	434
Property management fees	150	158
Repairs and maintenance expenses	246	219
Property-related taxes	603	611
Insurance premium	12	11
Depreciation and amortization	1,002	994
Loss on disposal of property and equipment	6	47
Other	197	214
Total rental service expenses	(b) <u>3,164</u>	<u>3,180</u>
Operating income from property leasing activities	(a)-(b) <u>¥ 3,655</u>	<u>¥ 3,669</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

11. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended January 31, 2012 and July 31, 2011 were as follows: (Unaudited)

For the six months ended January 31, 2012

Name of building	Revenue from property leasing	Property leasing expenses (Note 1)	NOI (Note 2)	Depreciation and amortization (Note 3)	Operating income from property leasing activities
	(Millions of yen)				
R QFRONT	¥ 627	¥ 252	¥ 374	¥ 53	¥ 321
R Lexington Aoyama	111	34	76	8	68
R TOKYU REIT Omotesando Square	174	43	130	10	120
R Tokyu Saginuma Building	307	51	256	31	224
R Tokyu Saginuma 2 Building	62	12	49	8	41
R TOKYU REIT Shibuya Udagawa-cho Square	168	24	143	4	138
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	54	246	82	163
R Cocoti	523	195	328	179	148
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	118	40	77	18	58
R Daikanyama Forum	96	40	55	9	46
O Setagaya Business Square	1,050	483	567	164	402
O Tokyu Nampeidai-cho Building	182	38	144	21	122
O Tokyu Sakuragaoka-cho Building	244	62	181	21	160
O Tokyo Nissan Taito Building	220	81	139	32	107
O TOKYU REIT Akasaka Hinokicho Building	132	37	95	10	85
O TOKYU REIT Kamata Building	269	82	187	31	155
O TOKYU REIT Toranomom Building	428	231	196	37	159
O TOKYU REIT Hatchobori Building	190	53	136	33	103
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	203	42	160	36	124
O Tokyu Ikejiri-ohashi Building	184	47	137	20	116
O Kojimachi Square	222	45	176	59	117
O TOKYU REIT Shinjuku Building	280	61	219	41	178
O Akihabara Sanwa Toyo Building	174	39	135	14	121
O Kiba Eitai Building	183	50	132	40	92
O Tokyu Ginza 2-chome Building	186	20	166	36	129
Total	¥ 6,819	¥ 2,155	¥ 4,664	¥ 1,009	¥ 3,655

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

For the six months ended July 31, 2011

Name of building	Revenue from property leasing	Property leasing expenses (Note 1)	NOI (Note 2)	Depreciation and amortization (Note 3)	Operating income from property leasing activities
	(Millions of yen)				
R QFRONT	¥ 618	¥ 245	¥ 372	¥ 53	¥ 318
R Lexington Aoyama	111	31	80	8	71
R TOKYU REIT Omotesando Square	169	42	127	10	117
R Tokyu Saginuma Building	308	116	191	76	115
R Tokyu Saginuma 2 Building	62	12	50	8	41
R TOKYU REIT Shibuya Udagawa-cho Square	169	23	146	4	141
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	60	239	82	157
R Cocoti	520	176	344	175	169
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	112	35	76	18	58
R Daikanyama Forum	94	36	57	10	47
O Setagaya Business Square	1,071	495	575	159	416
O Tokyu Nampeidai-cho Building	182	32	149	21	128
O Tokyu Sakuragaoka-cho Building	249	48	200	20	180
O Tokyo Nissan Taito Building	221	74	146	31	115
O TOKYU REIT Akasaka Hinokicho Building	139	39	99	9	89
O TOKYU REIT Kamata Building	259	103	155	32	123
O TOKYU REIT Toranomom Building	333	158	174	36	138
O TOKYU REIT Hatchobori Building	207	55	151	33	118
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	202	40	161	37	124
O Tokyu Ikejiri-ohashi Building	170	57	113	21	92
O Kojimachi Square	290	46	243	59	184
O TOKYU REIT Shinjuku Building	294	59	235	40	194
O Akihabara Sanwa Toyo Building	174	38	136	14	121
O Kiba Eitai Building	207	62	144	40	104
O Tokyu Ginza 2-chome Building	204	17	186	36	150
Total	<u>¥ 6,850</u>	<u>¥ 2,138</u>	<u>¥ 4,712</u>	<u>¥ 1,042</u>	<u>¥ 3,669</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.

12. Breakdown of extraordinary loss (information only)

As of July 31, 2011 and the six-month period then ended, of the cost of repairing fixed assets that were damaged in the Great East Japan Earthquake and other associated expenses, the amount of construction and related expenses, that were implemented in the fiscal period was recognized as "Loss on disaster" and the estimated amount of construction and other related expenses, that were due to be implemented in subsequent fiscal periods was recognized as "Provision for loss on disaster."

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

13. 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 January 31, 2012 and July 31, 2011.

	January 31, 2012	July 31, 2011 (information only)
Statutory income tax rate	39.33%	39.33%
Deductible cash distributions	(39.31)	(39.31)
Other	0.03	0.03
Effective tax rate	<u>0.05%</u>	<u>0.05%</u>

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.

14. Per unit information

The following table summarizes the net income per unit for the six months ended January 31, 2012 and July 31, 2011 and the unitholders’ equity per unit as of January 31, 2012 and July 31, 2011.

	For the six months ended	
	January 31, 2012	July 31, 2011 (information only)
Net income per unit	¥ 13,106	¥ 13,239
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 January 31, 2012	As of July 31, 2011 (information only)
Unitholders’ equity per unit	¥ 591,803	¥ 591,936

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended January 31, 2012 and July 31, 2011.

15. Distribution information

The Board of Directors of TOKYU REIT resolved on March 15, 2012 and September 13, 2011 to effect payment of cash distributions of ¥13,106 and ¥13,239 per unit to unitholders of record on January 31, 2012 and July 31, 2011, respectively. Retained earnings carried forward after the distributions are as follows:

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Retained earnings at end of period	¥ 2,219	¥ 2,242
Cash distributions declared	2,219	2,242
Retained earnings carried forward	<u>¥ 0</u>	<u>¥ 0</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

16. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of January 31, 2012 and July 31, 2011, the future lease revenues under the non-cancelable operating leases were as follows:

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Due within one year	¥ 5,631	¥ 5,581
Due after one year	20,541	18,263
Total	¥ 26,172	¥ 23,845

As of January 31, 2012 and July 31, 2011, the future lease payments under the non-cancelable operating leases were as follows:

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Due within one year	¥ 210	¥ 212
Due after one year	2,913	3,028
Total	¥ 3,123	¥ 3,241

17. Fair value of financial instruments

The “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan Statement No. 10 issued on March 10, 2008) and “Guidance on Disclosures about Fair Value of Financial Instruments” (Accounting Standards Board of Japan Guidance No. 19 issued on March 10, 2008) were applied for the first time as of July 31, 2010.

(a) Matters concerning status of financial instruments

(1) Policy for handling financial instruments

TOKYU REIT procures funds for asset acquisition or debt repayment, etc. through additional issuance of investment units, debt financing or issuance of investment corporation bonds. In the procurement of funds, TOKYU REIT adopts the financial policy of seeking maximization of unitholder value based on ensuring stability, flexibility and efficiency and also through reduction of funding costs, external growth and keeping expenditures at a minimum.

Concerning the investment management of surplus funds, while the scope of investment includes securities and monetary claims, TOKYU REIT manages surplus funds in the form of deposits in principle in view of security.

While derivative transactions may possibly be utilized for the purpose of hedging interest rate fluctuation risks, etc., TOKYU REIT adopts the policy of not engaging in speculative transactions. At present, TOKYU REIT does not engage in any derivative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

At TOKYU REIT, the appropriateness and effectiveness of the risk management structure are regularly evaluated and enhanced by the investment management company. The following outlines the description of individual financial instruments and the associated risks, and the risk management structure.

Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but the concerned risks are controlled by striving to diversify the financial institutions holding the deposit.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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Funds from debts and investment corporation bonds are mainly used as funds for asset acquisition or debt repayment, etc. These are exposed to liquidity risk at the time of repayment, but the liquidity risk is controlled at TOKYU REIT through such measures as striving to maintain and strengthen the capacity to procure funds from the capital market via capital increases, along with securing several fund procurement sources and diversifying repayment deadlines, executing commitment line agreements which provide credit facilities totaling ¥20 billion with TOKYU REIT's main banks (no amount has been drawn down as of January 31, 2012 and July 31, 2011), and also preparing monthly fund management plans.

Debts with floating interest rates are exposed to interest rate fluctuation risks, but the impact that interest rate rises has on TOKYU REIT operations is limited by keeping the appraisal LTV (Note) at low levels, maintaining the ratio of debt that are long-term fixed-rate debt at high levels, and setting a procurement limit depending on the economic environment and financial environment, terms of lease agreements with tenants, asset holding period and other factors. Furthermore, derivative transactions (interest rate swap transactions) are available as a hedging instrument to avoid risks of rises in floating interest rates and promote fixed interest payable.

Tenant leasehold and security deposits are deposits from tenants and are exposed to liquidity risks arising from tenants moving out of properties, but the liquidity risk is controlled through such measures as preparing monthly fund management plans.

Note. [Interest-bearing liabilities + Security and guarantee deposits without reserved cash] ÷
[Total appraisal value at the end of the fiscal period or at the time of acquisition of specified assets] × 100

(3) Supplementary explanation on matters concerning fair value of financial instruments

The fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when there is no market price. Certain assumptions are adopted in the calculations of said values and there may be cases where said values will vary when different assumptions are adopted.

(b) Matters concerning fair value of financial instruments

The following are the carrying amount and fair value as of the end of the fiscal period, and the difference between these amounts. Please note that the table below does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to Note 2).

	January 31, 2012			July 31, 2011 (information only)		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 3,917	¥ 3,917	¥ -	¥ 4,599	¥ 4,599	¥ -
(2) Cash and deposits with banks held in trust	10,236	10,236	-	10,961	10,961	-
Assets total	14,154	14,154	-	15,561	15,561	-
(1) Short-term debt	-	-	-	-	-	-
(2) Investment corporation bonds due within one year	5,000	5,040	40	-	-	-
(3) Long-term debt due within one year	12,200	12,246	46	17,200	17,285	85
(4) Tenant leasehold and security deposits held in trust due within one year	624	670	45	624	676	51
(5) Investment corporation bonds	5,000	5,136	136	10,000	10,232	232
(6) Long-term debt	66,800	67,676	876	62,800	63,942	1,142
(7) Tenant leasehold and security deposits held in trust	3,459	3,384	(74)	3,867	3,798	(69)
Liabilities total	¥ 93,084	¥ 94,154	¥ 1,069	¥ 94,492	¥ 95,935	¥ 1,443

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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Note 1. Method of calculation of fair value of financial instruments

Assets

(1) Cash and deposits with banks; (2) Cash and deposits with banks held in trust

As all of these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

Liabilities

(1) Short-term debt

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(2) Investment corporation bonds due within one year; (5) Investment corporation bonds

The fair value of investment corporation bonds is calculated based on the present value found by discounting the sum total amount of principal and interest discounted by the rate that takes into account the investment corporation bonds' remaining term and credit risks.

(3) Long-term debt due within one year; (6) Long-term debt

The fair value of long-term debt is calculated based on the method of calculating by discounting the sum total amount of principal and interest discounted by the rate assumed as being applicable in the event of a new drawdown of a similar debt.

(4) Tenant leasehold and security deposits held in trust due within one year;

(7) Tenant leasehold and security deposits held in trust

The fair value of tenant leasehold and security deposits held in trust is calculated based on the present value found by discounting the future cash flows of such discounted by the rate that takes into account the term remaining until the repayment deadline and credit risks.

Note 2. Financial instruments for which measurement of fair value is recognized to be extremely difficult

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 1,660	¥ 2,268
(ii) Tenant leasehold and security deposits held in trust	8,069	8,305

These are not subject to calculation of fair value because measurement of the fair value is recognized to be extremely difficult since future cash flows cannot be reasonably estimated due to the lack of market price measurement and difficulty of calculation of the actual deposit period from when lessees move in to when they move out.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

Note 3. Amount of redemption of monetary claims scheduled to be due after balance sheet date

	January 31, 2012			July 31, 2011 (information only)		
	Cash and deposits with banks	Cash and deposits with banks held in trust	Total	Cash and deposits with banks	Cash and deposits with banks held in trust	Total
	(Millions of yen)					
Within one year	¥ 3,917	¥ 10,236	¥ 14,154	¥ 4,599	¥ 10,961	¥ 15,561
Within two years, but over one year	-	-	-	-	-	-
Within three years, but over two years	-	-	-	-	-	-
Within four years, but over three years	-	-	-	-	-	-
Within five years, but over four years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-

Note 4. Amount of repayment of short-term debt, investment corporation bonds and long-term debt scheduled to be due after balance sheet date

	January 31, 2012				July 31, 2011 (information only)			
	Short-term debt	Investment corporation bonds	Long-term debt	Total	Short-term debt	Investment corporation bonds	Long-term debt	Total
	(Millions of yen)							
Within one year	¥ -	¥ 5,000	¥ 12,200	¥ 17,200	¥ -	¥ -	¥ 17,200	¥ 17,200
Within two years, but over one year	-	-	19,400	19,400	-	5,000	13,800	18,800
Within three years, but over two years	-	5,000	7,000	12,000	-	-	17,000	17,000
Within four years, but over three years	-	-	10,700	10,700	-	5,000	9,000	14,000
Within five years, but over four years	-	-	10,000	10,000	-	-	3,000	3,000
Over five years	-	-	19,700	19,700	-	-	20,000	20,000

18. 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 REIM, 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 January 31, 2012 and July 31, 2011 and payable due to asset manager as of then were as follows:

	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Asset management fees for the period	¥ 484	¥ 479
Management fees payable due to asset manager	222	222

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

19. Fair value of investment and rental properties

The “Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (Accounting Standards Board of Japan Statement No. 20 issued on November 28, 2008) and “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (Accounting Standards Board of Japan Guidance No. 23 issued on November 28, 2008) were applied for the first time as of July 31, 2010.

TOKYU REIT owns rental office properties and rental retail properties (including land) primarily in Central Tokyo and Tokyu Areas (Note 1). The following are the carrying amount at the end of the fiscal period, change during the fiscal period and fair value at the end of the fiscal period for these investment and rental properties.

	For the six months ended	
	January 31, 2012	July 31, 2011 (information only)
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 190,709	¥ 186,412
Change during the period (Note 3)	(659)	4,296
Balance at end of period	¥ 190,049	¥ 190,709
	As of January 31, 2012	As of July 31, 2011 (information only)
	(Millions of yen)	
Fair value at end of period (Note 4)	¥ 190,360	¥ 191,440

Note 1. Area classification:

“Central Tokyo” is the five central Tokyo wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) and other major commercial and retail districts of Tokyo (the areas surrounding Ikebukuro, Koraku, Ueno and other areas).

“Tokyu Areas” is the Tokyu rail network hub (Shibuya ward) and other Tokyu rail network areas (Tokyo (Shinagawa, Meguro, Setagaya and Ota wards, and Machida city); Yokohama city, Kanagawa prefecture (Kohoku, Kanagawa, Naka, Nishi, Midori, Aoba and Tsuzuki wards); Kawasaki city, Kanagawa prefecture (Nakahara, Takatsu and Miyamae wards); and Yamato city, Kanagawa prefecture). Shibuya ward is included in both Central Tokyo and Tokyu Areas. “Other” is other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama and Chiba prefectures (excluding the separately mentioned areas above).

Note 2. The carrying amount is the acquisition price (including expenditures pertaining to the purchase) less accumulated depreciation.

Note 3. Of the change during the six months ended January 31, 2012, the amount of increase is mainly attributable to renovation of the external walls of Tokyu Sakuragaoka-cho Building and other capital expenditures (¥343 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥1,002 million).

Of the change during the six months ended July 31, 2011, the amount of increase is mainly attributable to acquisition of Tokyu Ginza 2-chome Building (¥5,073 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥994 million).

Note 4. The fair value as of the end of the fiscal period shows the appraisal value as appraised by an independent real estate surveyor.

The income (loss) in the six months ended January 31, 2012 and July 31, 2011 for investment and rental properties are as presented in “Rental revenue and expense” of the “Notes to Financial Statements.”

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

20. Segment and related information

The “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Guidance No. 20 issued on March 21, 2008) are applied as of the six months ended January 31, 2011. In accordance with the Accounting Standard and Guidance, the segment and related information for the six months ended January 31, 2012 is accompanied by segment and related information for the six months ended July 31, 2011.

[Segment information]

(a) Overview of reportable segments

Reportable segments of TOKYU REIT are components of TOKYU REIT and Tokyu REIM for which discrete financial information is available and which are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated and assess performance.

TOKYU REIT invests in rental office properties and rental retail properties (including land) primarily in Central Tokyo and Tokyu Areas.

Accordingly, TOKYU REIT and Tokyu REIM businesses are divided by type of properties, therefore two segments have been determined – the Office Property Leasing Business and the Retail Property Leasing Business – as its reportable segments.

(b) Basis of measurement of reportable segment income, assets and liabilities, etc.

The accounting method for reported operating segments is generally the same as that described in “Significant accounting policies.” Reportable segment income is reconciled with the operating income.

(c) Information about reportable segment income, assets and liabilities, etc.

	January 31, 2012				July 31, 2011 (information only)			
	Office Property Leasing Business	Retail Property Leasing Business	Amount of reconciliation (Note 2)	Amount recorded in financial statements	Office Property Leasing Business	Retail Property Leasing Business	Amount of reconciliation (Note 3)	Amount recorded in financial statements
	(Millions of yen)							
Operating revenues (Note 1)	¥ 4,155	¥ 2,664	¥ -	¥ 6,819	¥ 4,208	¥ 2,642	¥ 67	¥ 6,918
Segment income	2,175	1,479	(606)	3,049	2,283	1,386	(548)	3,121
Segment assets	102,945	87,103	15,448	205,497	103,232	87,476	16,952	207,661
Other items								
Depreciation and amortization	598	403	-	1,002	593	401	-	994
Increase in property and equipment and intangible assets	314	34	-	349	5,112	226	-	5,339

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

Note 1. TOKYU REIT's operating revenues are all from external customers.

Note 2. The breakdown of the -¥606 million amount of reconciliation of segment income is ¥606 million in enterprise-wide expenses that are not allocated to the reportable segments. Enterprise-wide expenses are mainly asset management fees, asset custodian fees, general administration fees, directors' fees, etc. that are not attributable to the reportable segments.

The breakdown of the ¥15,448 million amount of reconciliation of segment assets is ¥14,317 million in current assets, ¥1,116 million in investments and other assets and ¥14 million in deferred assets.

Note 3. The breakdown of the ¥67 million amount of reconciliation of operating revenues is ¥67 million in contribution for construction and ¥0 million (¥157 thousand) in revenues from facility acceptance. The breakdown of the -¥548 million amount of reconciliation of segment income is ¥67 million in contribution for construction, ¥0 million (¥157 thousand) in revenues from facility acceptance and ¥616 million in enterprise-wide expenses that are not allocated to the reportable segments. Enterprise-wide expenses are mainly asset management fees, asset custodian fees, general administration fees, directors' fees, etc. that are not attributable to the reportable segments.

The breakdown of the ¥16,952 million amount of reconciliation of segment assets is ¥15,744 million in current assets, ¥1,189 million in investments and other assets and ¥18 million in deferred assets.

[Related information]

(a) Information about each product and service

Disclosure is omitted because each reportable segment of TOKYU REIT is comprised of a single product or service. (Please refer to "Information about reportable segment income, assets and liabilities, etc.")

(b) Information about each geographical area

(1) Operating revenues

Disclosure is omitted because operating revenues from external customers in Japan account for over 90% of the operating revenues recorded in the statements of income.

(2) Property and equipment

Disclosure is omitted because the amount of property and equipment located in Japan account for over 90% of the amount of property and equipment recorded in the balance sheets.

(c) Information about each major customer

For the six months ended January 31, 2012

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,317	Office Property Leasing Business Retail Property Leasing Business

For the six months ended July 31, 2011 (information only)

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,409	Office Property Leasing Business Retail Property Leasing Business

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2012 and July 31, 2011

- Note. "Related parties" refers to any entity that falls under the following (i) to (vii):
- (i) Tokyu Corporation
 - (ii) A consolidated subsidiary of Tokyu Corporation
 - (iii) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.
 - (iv) Affiliates within the scope of consolidation of Tokyu Corporation
 - (v) Tokyu Land
 - (vi) A consolidated subsidiary of Tokyu Land
 - (vii) A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Land or a consolidated subsidiary of Tokyu Land and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

21. Subsequent events

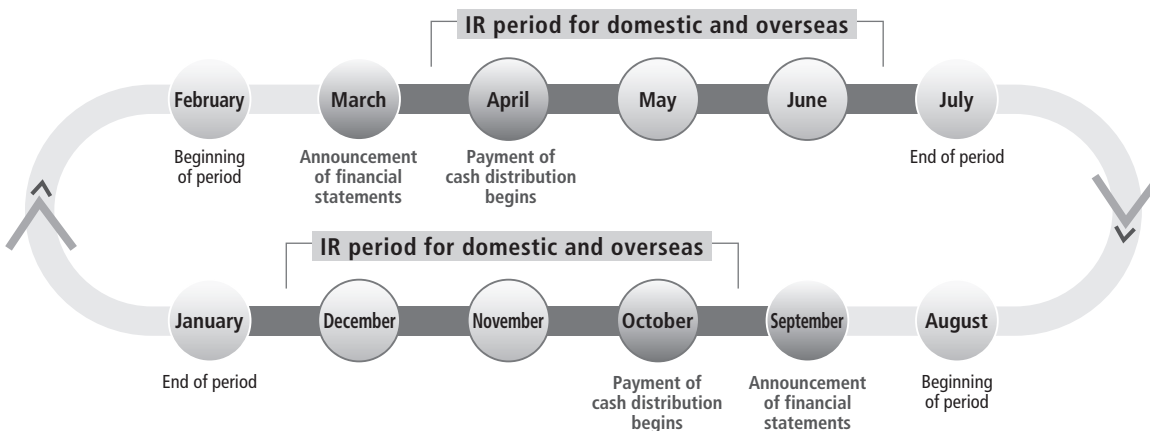
TOKYU REIT is not aware of any circumstances that may have a material impact on TOKYU REIT's financial position after the seventeenth fiscal period ended January 31, 2012.

Unitholder Information

IR Activities

TOKYU REIT conducts proactive IR activities for its investors. In 2011 it participated in two seminars for individual investors and engaged in activities to further deepen understanding for **TOKYU REIT**. Also, it has conducted 144 meetings with domestic institutional investors as well as 193 meetings with overseas institutional investors. **TOKYU REIT** plans to continue its proactive IR activities in 2012.

Annual Schedule



IR Activities in 2011

IR activities targeting individual investors

June 2011

Seminar for individual investors hosted by a securities company



November 2011

"J-REIT Seminar for Individual Investors" hosted by ARES



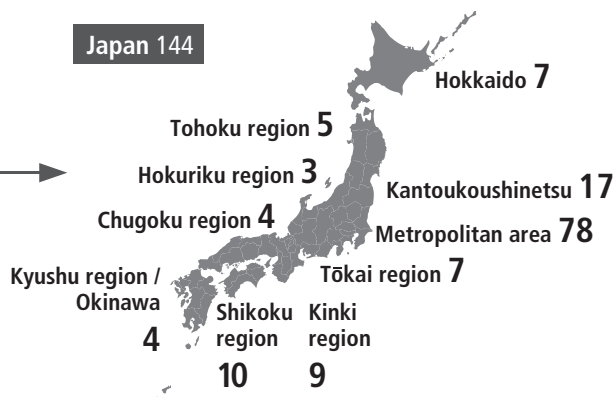
Individual investor explanatory meetings are conducted as appropriate by the President & CEO of Tokyu REIM at various conferences, fairs, seminars and other occasions.

IR activities targeting institutional investors

Overseas 193



Japan 144



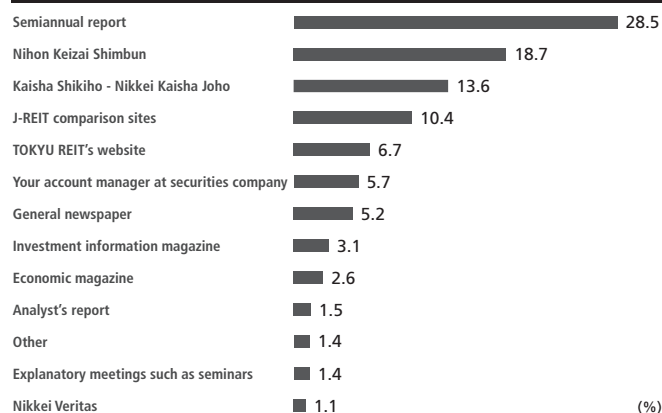
All costs incurred from seminars, visits to domestic and overseas investors, etc. are borne by the investment management company and there is no impact on unitholders' cash distribution per unit.

Report on the Results of Sixteenth Fiscal Period Unitholder Questionnaire

We extend our gratitude for your participation in the unitholder questionnaire included in the sixteenth fiscal period semiannual report. We received 794 responses from the total of 8,454 persons to which the questionnaire was sent. Here we report on the collected results from the responses we received.

We will accept your opinions with seriousness and work to improve our IR activities. We ask for your continued support and cooperation.

When checking TOKYU REIT's information, which of the following media are used? (up to three)



What are your particular focuses when it comes to investing in a REIT? (up to three)



Opinions to TOKYU REIT

- Hoping for increased occupancy rates of owned properties
- Please maintain stable asset values.
- Please secure earthquake-resistant properties.
- Investment unit prices and distributions are falling.
- Please consider financial soundness and stability of distributions.
- Please hold explanatory meetings for individuals.
- If possible, hold explanatory meetings in Osaka as well as Tokyo.
- The font of the questionnaire is too small.

Reply to question

Q: Will you not include residences in your portfolio?

A: TOKYU REIT holds to the principle of investing in retail facilities and office buildings in the Tokyo Metropolitan Area priced ¥4 billion or more, and thus residences (except residences required to attach under law and regulations, etc.) are not incorporated into the portfolio. The main reason that residences are not investment targets of TOKYU REIT is that the risk and return features of residences differs from that of retail facilities and office buildings, such as the expectation for growth during economic recovery phases being limited. Also, the method of operation and management differs significantly from retail facilities and office buildings, such as that the contracts are with individuals rather than companies. We have no plans of changing our investment policy and including residences as investment targets in the future. This is not to say, however, that we believe residences are unfit as investment targets of J-REITs. If incorporation of residences is going to be considered by an investment management company, it would be undertaken with the establishment of a new REIT that is separate from TOKYU REIT. Additionally, as with residences, TOKYU REIT will not invest in hotels and logistics facilities, etc.

*We received several questions but due to space limitations we will respond to the other questions at another opportunity.

Concerning the distribution of analyst-oriented presentation materials, etc.

Every fiscal period, TOKYU REIT conducts an analyst-oriented explanatory meeting which is held by the investment management company on the next business day after the announcement of results. The presentation materials, etc. used at the explanatory meetings are posted on TOKYU REIT's website (www.tokyu-reit.co.jp), but for unitholders that are not able to view the website we will consider sending the presentation materials, etc. used at the seventeenth fiscal period explanatory meeting. Unitholders that wish to receive these materials should contact the investment management company listed below by mail or fax. When contacting the company please include your unitholder number which can be found in the enclosed "distributions statement."

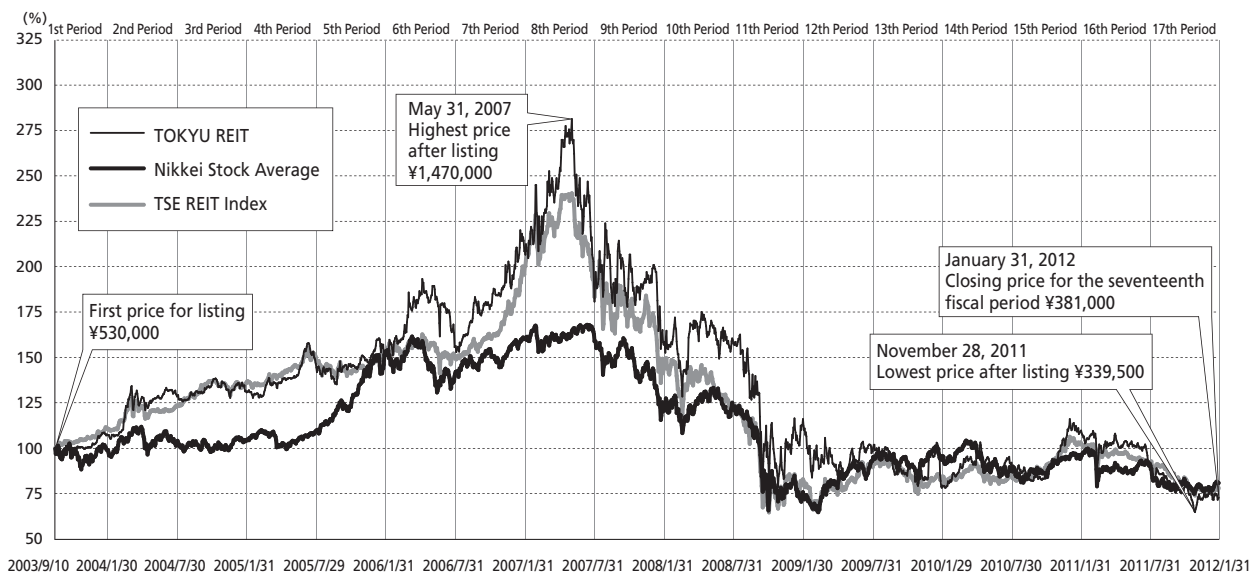
Tokyu Real Estate Investment Management Inc.

Shibuya Mark City West Bldg. 11F 12-1, Dogenzaka 1-chome, Shibuya-ku, Tokyo 150-0043 Fax: +81-3-5489-1633

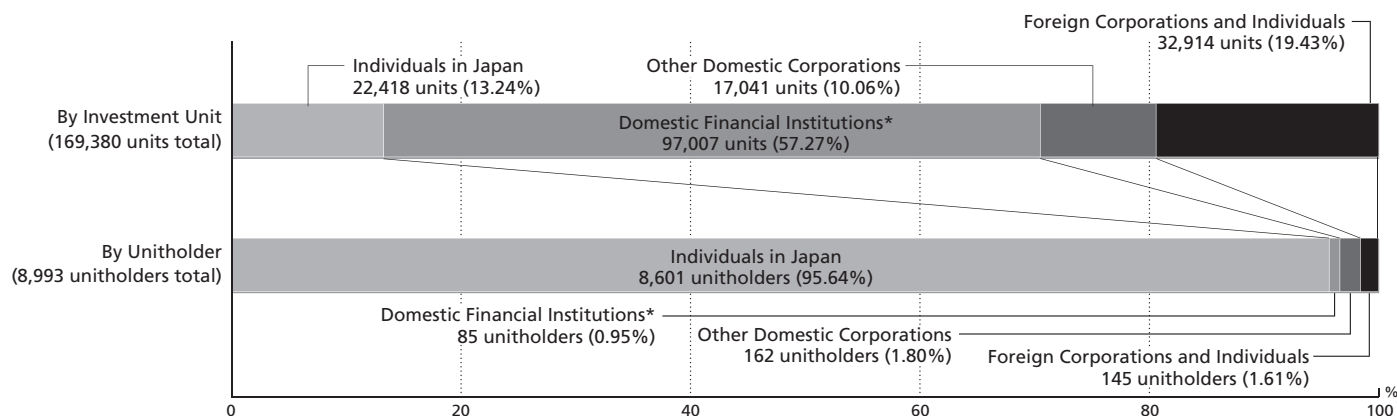
*Presentation materials, etc. will be sent to up to 100 unitholders on a first come basis (the investment management company will cover postal fees).

*If there are any questions please contact us at 81-3-5428-5828.

Unit Price Chart



Unitholder Composition



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

Results Reporting Schedule

	17th Period	18th Period
Date of settlement	Jan. 31, 2012	Jul. 31, 2012
Announcement of financial results	Mar. 15, 2012	Mid Sep. 2012
Delivery of investment management report (Japanese only)	Apr. 11, 2012	Mid Oct. 2012
Payment of cash distributions	Apr. 12, 2012	Mid Oct. 2012

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

8-21-1, Ginza, Chuo-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 12 of the by-laws

Date for Determining Cash Distribution Payments

Annually on January 31 and July 31

(Cash distributions 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

The Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

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

Tel: 0120-232-711 (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 eleventh fiscal period (ended January 31, 2009) is on April 10, 2009 and for the twelfth fiscal period (ended July 31, 2009) is on October 9, 2009.

■ 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

This Semiannual Report is, in principle, an English translation of the Japanese report on 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 January 31, 2012.

TOKYU REIT

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