

Capitalize on Time in Asset Management

TOKYU REIT

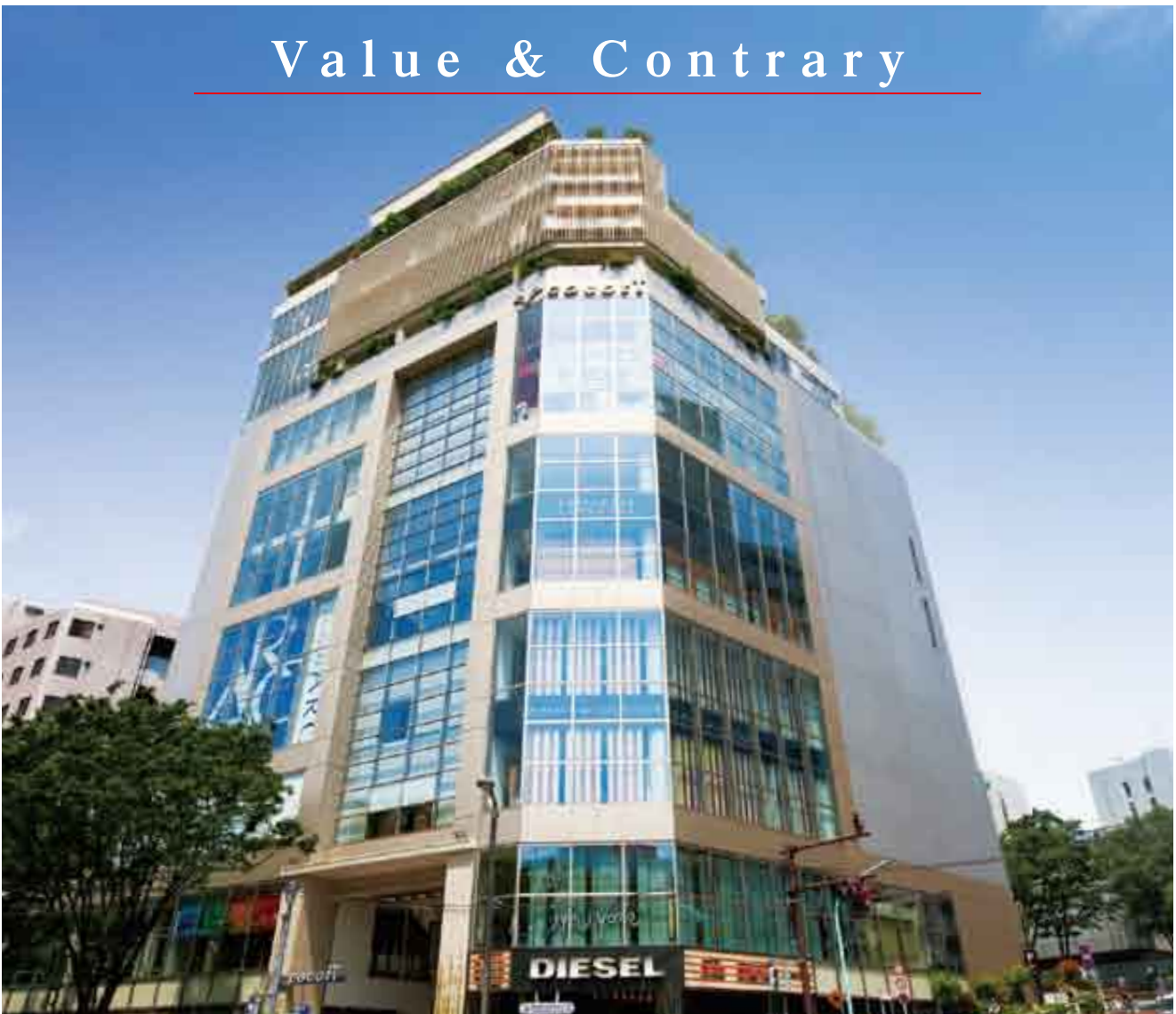
TOKYU REIT, Inc. Semiannual Report

Eighteenth Fiscal Period

From February 1, 2012 to July 31, 2012



Value & Contrary



Investment in
Highly Competitive Properties
in Areas with
Strong Growth Potential

TOKYU REIT, Inc.

Semiannual Report
 Eighteenth Fiscal Period
 From February 1, 2012 to July 31, 2012

18th



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

¥11,705 (Fixed)

(Date of payment: Oct. 12, 2012)

**19th Fiscal Period
 Cash Distribution per Unit**

¥11,100 (Forecast)

(Date of payment: Mid Apr. 2013)

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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

TOKYU REIT proactively conducted leasing to tenants during the 18th period, leading to full occupancy at Kojimachi Square, where tenants had moved out from three floors in December 2011. Full occupancy was also attained in the fiscal period at CONZE Ebisu, which had vacant spaces since the 14th period.

Kojimachi Square



CONZE Ebisu



FINANCIAL SUMMARY

		17th Fiscal Period	18th Fiscal Period
Balance Sheets	Number of Properties	26 properties	26 properties
	Total Assets	¥205,497 million	¥204,879 million
	Interest-Bearing Liabilities	¥89,000 million	¥89,000 million
	Total Assets Loan-to-Value (LTV) Ratio	43.3%	43.4%
Statements of Income	Operating Revenues	¥6,819 million	¥6,360 million
	Net Income	¥2,219 million	¥1,982 million
Distributions	Cash Distribution per Unit	¥13,106	¥11,705
	Average Market Price per Unit	¥406,642	¥401,664
	Distribution Yield	6.39%	5.84%

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

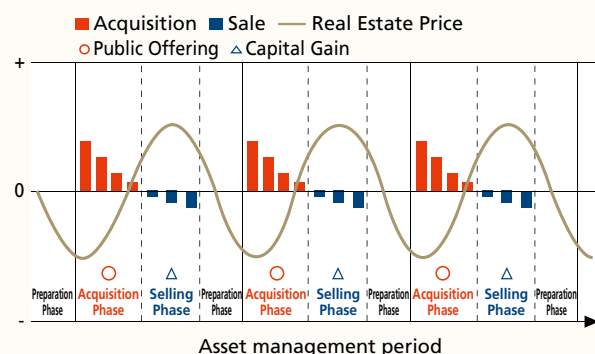
Investment Policy

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
- 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

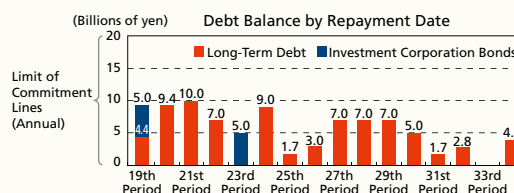
"Being in the same boat as unitholders" investment management fee structure

- Base 1: Linked to asset valuation
- Base 2: Linked to cash flow
- Incentive Fee: Linked to investment unit price
- Time-limited reduction of fees
- No property acquisition fee adopted

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."

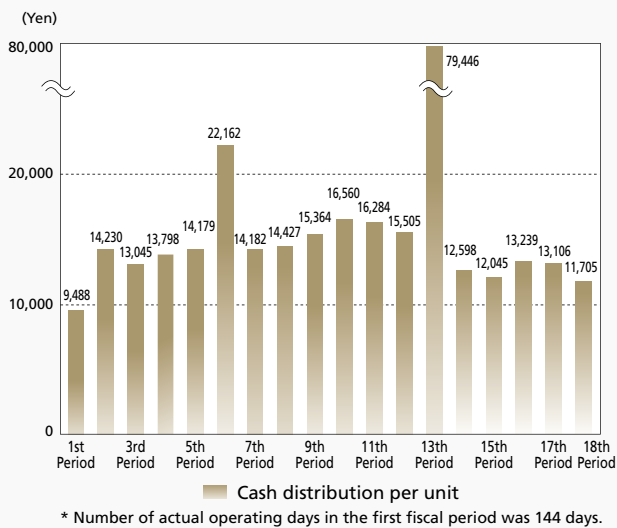
Tokyu Corporation and its subsidiaries referred to in this semiannual report collectively represent "Tokyu Corporation," "A consolidated subsidiary of Tokyu Corporation (*not including equity method affiliates)," "A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based 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%."

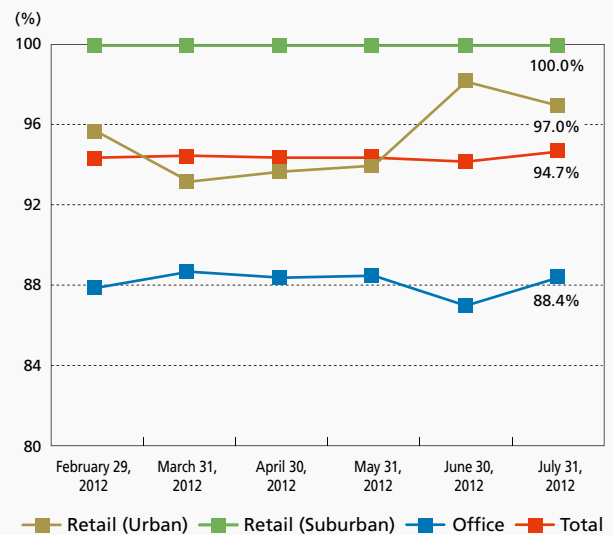
Performance

TOKYU REIT has paid out a cumulative total of ¥321,363 in cash distribution per unit over the approximately nine years since listing (simple average cash distribution per unit of ¥17,853 per fiscal period) as a result of stable occupancy and sale of three properties. Weighted-average capital yield (ROE) stands at 6.4%, 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.

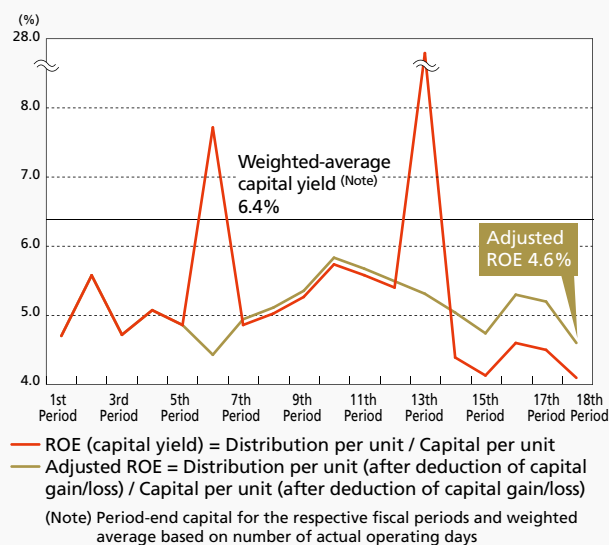
Cash Distribution per Unit



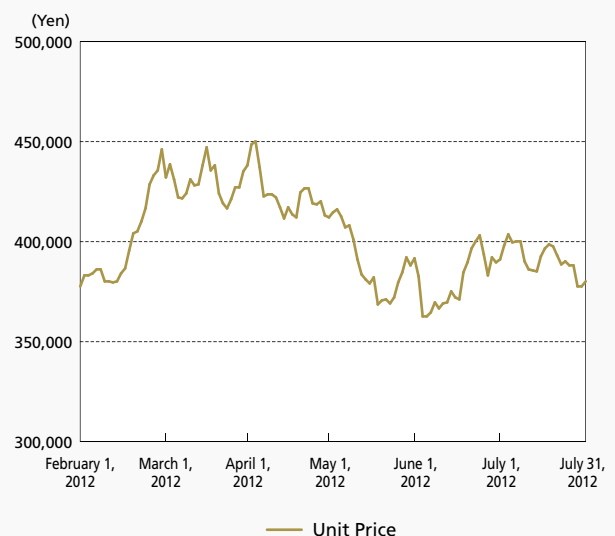
Occupancy Rate



ROE (Capital Yield)



Unit Price



To Our Unitholders

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

The following pages provide an overview of our operating environment and results for the eighteenth fiscal period, February 1, 2012 to July 31, 2012.

Masahiro Horie

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



Cash Distribution of ¥11,705 per Unit

For the fiscal period under review (eighteenth fiscal period), **TOKYU REIT** posted ¥6,360 million in operating revenues and ¥1,982 million in net income. Income from property leasing decreased period-on-period by ¥304 million, primarily because the decreased revenue as a result of tenants moving out in the previous fiscal period from such properties as Kojimachi Square and TOKYU REIT Toranomom Building continued to give a negative impact throughout the eighteenth fiscal period. However, the net income figure was higher by ¥91 million than the forecast announced on March 15, 2012.

As for cash distributions, **TOKYU REIT** decided to allocate 100% of its unappropriated retained earnings for the fiscal period to deliver a

distribution per unit of ¥11,705. The amount decreased by ¥1,401, or down 10.7% from the ¥13,106 distributed in the previous fiscal period, but marked an increase of ¥705, or up 6.4% over the distribution forecast announced on March 15, 2012.

Net assets (after deducting cash distribution) stood at ¥578,697 per unit. With unrealized gains (the difference between book value and period-end appraisal value) taken into account, adjusted net asset value (NAV) per unit was ¥586,771, an increase of ¥6,239 from the seventeenth fiscal period.

■ Leasing Performance for the Fiscal Period

At **TOKYU REIT**, 22 tenants moved in or increased their leased floor space, while 14 tenants

vacated or decreased their leased space during the eighteenth fiscal period. Conditions for leasing continue to remain severe, partly because of the impact of mass supply of office buildings in Tokyo, dubbed as the “2012 problem” in the real estate market. On the other hand, there are some market observations predicting that vacancy rates will peak in 2012. Properties owned by **TOKYU REIT** have started to show improvement in their occupancy.

Specifically, our intense efforts to attract tenants led to full occupancy at Kojimachi Square, where the occupancy rate had temporarily dropped to as low as 42.8% due to large tenants vacating in the seventeenth fiscal period. Similarly, the occupancy rate of TOKYU REIT Toranomom Building rose to 52.4% from the 29.0% marked at the beginning of the fiscal period. Invitation of tenants also made progress for Setagaya Business Square, CONZE Ebisu and cocoti. Furthermore, some tenants moved out from TOKYU REIT Kamata Building during the fiscal period under review, but the property is expected to achieve full occupancy in the nineteenth fiscal period.

As a result of these endeavors, the occupancy rate of the entire portfolio of **TOKYU REIT** stood at 94.7% as of July 31, 2012, with a breakdown of 97.0% for retail properties in urban areas, 100.0% for retail properties in suburban areas and 88.4% for office properties. The figure was up 0.7 percentage points from the seventeenth period end and up 1.4 percentage points from the estimate as of March 15, 2012.

■ Report on Property Sales and Acquisitions

There were no acquisitions or sales of properties during the eighteenth fiscal period. Although we received inquiries on multiple properties for possible purchases and conducted surveys for acquisitions along with other investigations, we decided not to

make any acquisitions in the fiscal period. As of the end of the eighteenth fiscal period, **TOKYU REIT** owns 26 properties, totaling ¥199.6 billion on an asset acquisition value basis.

Performance Forecasts and Forecast Assumptions

We forecast cash distributions per unit to be ¥11,100 for the nineteenth fiscal period (ending January 2013) and ¥11,500 for the twentieth fiscal period (ending July 2013), respectively.

Assumptions for these forecasts take into account the possibility of future rent decreases for some existing tenants. Also, with regard to future tenants that have already concluded lease contracts but are granted free-rent periods, the otherwise receivable rents for the concerned periods are not included in the calculation of rental revenues.

The forecasts do not assume any new acquisitions, either, though we will earnestly conduct activities relating to property acquisitions.

■ Leasing Policy

The occupancy rate of the entire portfolio has been showing an improving trend since bottoming out at the end of the previous fiscal period (January 2012). Signs of recovery are also observed in the leasing market, but some properties are still in the midst of difficult conditions. As we continue to bolster leasing activities in the nineteenth fiscal period, we do so with the foremost aim of inviting new tenants to vacant spaces.

We need to place particular focus on TOKYU REIT Toranomom Building, Setagaya Business Square and Kiba Eitai Building. They have floors to be leased (sections that are currently vacant or will definitely be vacated) of around 1,432 tsubos, around 876

tsubos (corresponding to the 55% equity interest) and around 545 tsubos, respectively. Combined, these floors of the three properties occupy approximately 82% of the total vacant spaces of the entire portfolio. We will make our utmost efforts to invite tenants to these spaces as early as possible, so as to achieve distributions per unit that surpass the abovementioned forecast figures.

■ 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.

In doing so, we will work to keep the appraisal LTV (loan-to-value) within the range no higher than 50%,

placing priority on securing financial soundness. We will also investigate the possibility of property replacement in order to achieve better portfolio quality, while keeping LTV within that range.

■ Outlook of Occupancy Rates

New supply of office buildings in 2012 will have been the second largest in volume for a single year in history. However, the momentum will come to a stop in 2013 and after, and it is the consensus view in the real estate industry that 2012 will be the bottom of the real estate leasing market in Tokyo. We believe this is a likely scenario if the Japanese economy in general continues to “pick up moderately,” as the government announced.

We also anticipate the occupancy rate of TOKYU REIT’s portfolio will improve, as the table below shows.

Occupancy Rate

		End of 17th Fiscal Period January 31, 2012	End of 18th Fiscal Period July 31, 2012	End of 19th Fiscal Period January 31, 2013	End of 20th Fiscal Period July 31, 2013
Announced on March 15, 2012	Retail Properties (Urban)	95.7% (Actual)	92.4% (Estimate)	92.4% (Estimate)	—
	Retail Properties (Suburban)	100.0% (Actual)	100.0% (Estimate)	100.0% (Estimate)	—
	Office Properties	87.1% (Actual)	86.2% (Estimate)	86.2% (Estimate)	—
	Total	94.0% (Actual)	93.3% (Estimate)	93.3% (Estimate)	—
Announced on September 13, 2012	Retail Properties (Urban)	—	97.0% (Actual)	97.0% (Estimate)	95.7% (Estimate)
	Retail Properties (Suburban)	—	100.0% (Actual)	100.0% (Estimate)	100.0% (Estimate)
	Office Properties	—	88.4% (Actual)	91.2% (Estimate)	90.1% (Estimate)
	Total	—	94.7% (Actual)	95.9% (Estimate)	95.3% (Estimate)

Distribution per Unit

	End of 17th Fiscal Period January 31, 2012	End of 18th Fiscal Period July 31, 2012	End of 19th Fiscal Period January 31, 2013	End of 20th Fiscal Period July 31, 2013
Announced on March 15, 2012	¥13,106 (Actual)	¥11,000 (Estimate)	¥11,000 (Estimate)	—
Announced on September 13, 2012	—	¥11,705 (Actual)	¥11,100 (Estimate)	¥11,500 (Estimate)

Please note, in calculating the forecast occupancy rate, new lease contracts already concluded are included and notices of cancellation already received are excluded from the spaces on which the present occupancy rate is based. Contracts under negotiation are not counted.

In addition, the financial results and forecast figures we announced in September 2012 are all higher than what was disclosed in March. The increase should reflect the fact that on top of the recovering trend in the real estate leasing market in Tokyo, the large-scale renovation work **TOKYU REIT** has conducted and the marketing efforts made by our property management companies are bearing fruit.

Generally, occupancy rates tend to rise ahead of the rent levels. Additionally, even if the rent levels rise in the market, operating revenues of properties may not soon increase because of two reasons. First is the impact of the rent-free periods, in which

tenants to be newly invited may be discharged from paying rents for several months if the market is yet to see full-on recovery. Second is the impact of the rent gap. Even though the rents for tenants to be newly invited show an upward trend, there is a possibility of the contract rents of existing tenants being reduced at the time of contract renewal if their current rents are significantly higher than the market standards.

Accordingly, we may have to expect a certain period of time before the operating revenues of **TOKYU REIT** start to increase. However, we will work to ensure realization of the scenario in which a rise in occupancy rates is followed by an increase in operating revenues, accompanied by the bottoming out of cash distributions. By doing so, we would like our unitholders to feel secure and continue investing in **TOKYU REIT**.

September 2012



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

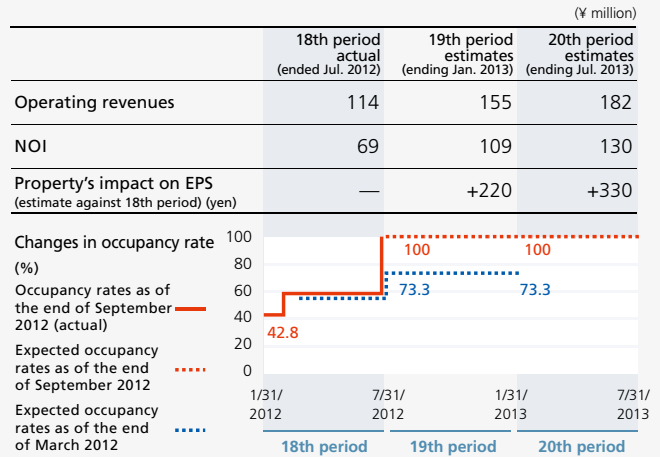
Posted to a member of the board of the Investment Trusts Association, Japan (to June 2011).

Status of Leasing Activities (i): Lease-Up Properties

Secured full occupancy at 2 properties at which large vacancies emerged.

Kojimachi Square

- The occupancy rate had decreased to 42.8% at the end of December 2011 but reached 100% occupancy from the end of July 2012.

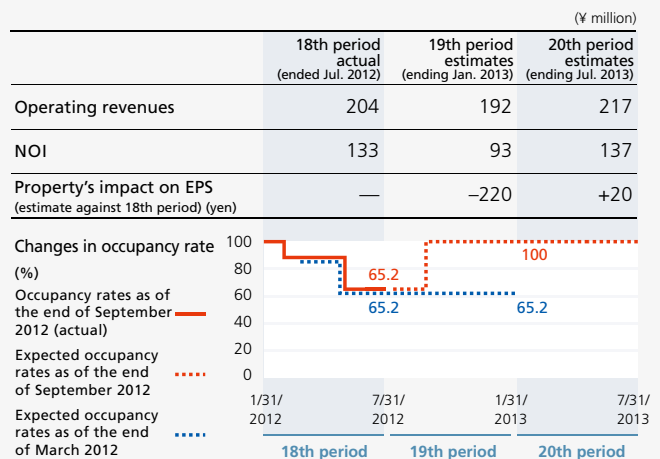
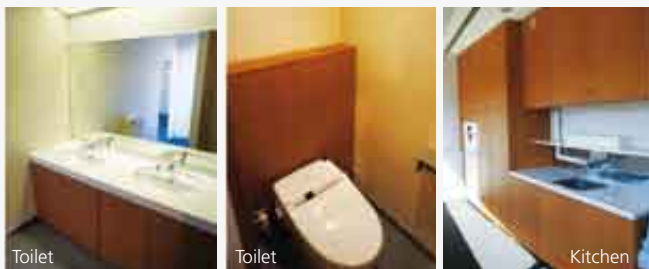


TOKYU REIT Kamata Building

- The occupancy rate had decreased to 65.2% at the end of May 2012 but reached 100% occupancy from the end of September 2012.
- Conducted private views, attracting more than 110 people.
- Conducted renewal work of common area to attract tenants (see photos below).

Renewal costs:

- 18th period actual: 7 million yen (of this, capital expenditure: 6 million yen)
- 19th period estimate: 69 million yen (of this, capital expenditure: 62 million yen)



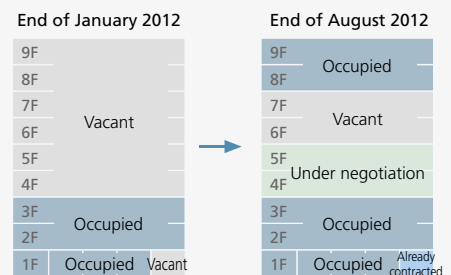
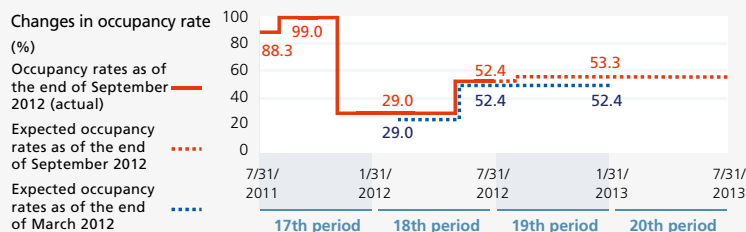
Status of Leasing Activities (ii): Prioritized Leasing Properties

Bolster leasing activities for inviting tenants to the concerned 3 properties as the top priority issue for the 19th period.

TOKYU REIT Toranomon Building

- Contract already concluded for store on 1st floor (scheduled to move in during September 2012)
- Conducted renewal work of entrance hall (Renewal cost: 12 million yen)
- Conducted private views attracting more than 300 people
- 4th and 5th floors: Negotiation underway with a single, selected candidate tenant
- 6th and 7th floors: Several companies made inquiries and private views

Amount of increase in EPS with 6-month full contribution
+580 yen to +710 yen
Simulation for case where current vacant spaces (including currently negotiating spaces) are filled and there are rental revenues for 6-months.



Kiba Eitai Building

- Contract already concluded for 9th floor (scheduled to move in during September 2012)
- Conducted renewal work of common areas, air conditioners, etc. (Renewal cost: 101 million yen)
- Conducted private views attracting more than 120 people
- 6th and 7th floors: Conducted leasing activities primarily targeting demand for back office use, relocation for restructuring, etc.
- 8th floor: Negotiation underway with a single, selected candidate tenant

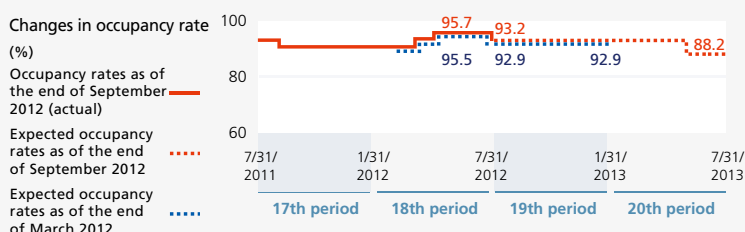


Amount of increase in EPS with 6-month full contribution
+160 yen to +200 yen
 Simulation for case where current vacant spaces (including currently negotiating spaces) are filled and there are rental revenues for 6-months.

End of June 2012		End of August 2012	
10F	Occupied	10F	Occupied
9F		9F	Already contracted
8F		8F	Under negotiation
7F	Vacant	7F	Vacant
6F		6F	Vacant
5F		5F	
4F		4F	
3F	Occupied	3F	Occupied
2F	Occupied	2F	Occupied
1F	Occupied	1F	Occupied

Setagaya Business Square

- 18th period: Notices of cancellation and move-outs newly emerged during the period but new contracts were concluded for 8 spaces to increase the occupancy rate at the end of the period to 93.2% (90.5% at the end of the 17th period).
- Leasing activities are underway for 6 vacant spaces (approx. 876 tsubos)^(Note).
- Renovation work corresponding to tenant needs will be planned and implemented sequentially for some vacant spaces to lease them up at an early stage.
- Approx. 745 tsubos^(Note) is being leased to Oracle Corporation Japan but approx. 372 tsubos^(Note) will be cancelled on April 30, 2013.
- Expected occupancy rate for the end of the 19th period: 93.1%; Expected occupancy rate for the end of the 20th period: 88.2%.



(Note) Areas indicated for Setagaya Business Square are the figures for the 55% co-ownership interest.

Countermeasures for Power Issues

TOKYU REIT has implemented a variety of countermeasures for power issues and realized results.

Adoption of Power-Saving Equipment

Results of measures to reduce power consumption

Introduced 3,050 LED lamps in common areas of 15 properties, mainly office properties, during the 17th period.

Reduced annual costs by about 3 million yen

Calculation for measuring effects at 13 properties (2,793 lamps) where calculations were possible out of the 15 properties where LED lamps were introduced.

- Common area power use per business day in the 16th period (ended July 2011) → 36,301kWh ... (a)
- Common area power use per business day in the 18th period (ended July 2012) → 35,724kWh ... (b)
- Amount of power use per business day reduced through introduction of LED lamps → 577kWh ... (c)=(a)-(b)
- Unit price for model case disclosed by Tokyo Electric Power → 21.87 yen/kWh ... (d)
- Amount of power fees reduced per year through LED lamps, etc. → 3 million yen ... (e)=(c)×(d)×Number of assumed business days

Further introduction of LED lamps will be considered in the future.

Scheduled for 19th period

16 million yen (Renewal cost: 4 million yen; CapEx: 11 million yen) Introduce LED lamps to lighting of upper section of building escalators and parking lot, etc.

Diversification of Power Suppliers

Results of measures against the increase in power rate unit cost

Implemented shift from Tokyo Electric Power to specified-scale electricity companies (new power sources) for 9 properties in the 18th period.

Held back about 14 million yen of increase in annual cost

Calculation for measuring effects at 9 properties that implemented shift from Tokyo Electric Power to new power sources.

- Power use of 9 properties in the 18th period → 4,260,000kWh ... (a)
- Power bills of 9 properties in the 18th period → 86 million yen ... (b)
- Simple calculation power rate unit cost → 20.2 yen/kWh ... (c) = (b)÷(a)
- Unit price for model case disclosed by Tokyo Electric Power → 21.87 yen/kWh ... (d)
- Amount of power fees reduced per year through change of electricity company → 14 million yen ... (e) = (a)×((d)-(c))×2

Immediately after the earthquake on March 11, 2011, TOKYU REIT started investigation of changing electricity companies for diversifying power sources.

* Specified-scale electricity companies (new power sources): Operators that provide power to users with contract electricity demand of 50kWh 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 eighteenth 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, Shinsoh 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 9 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

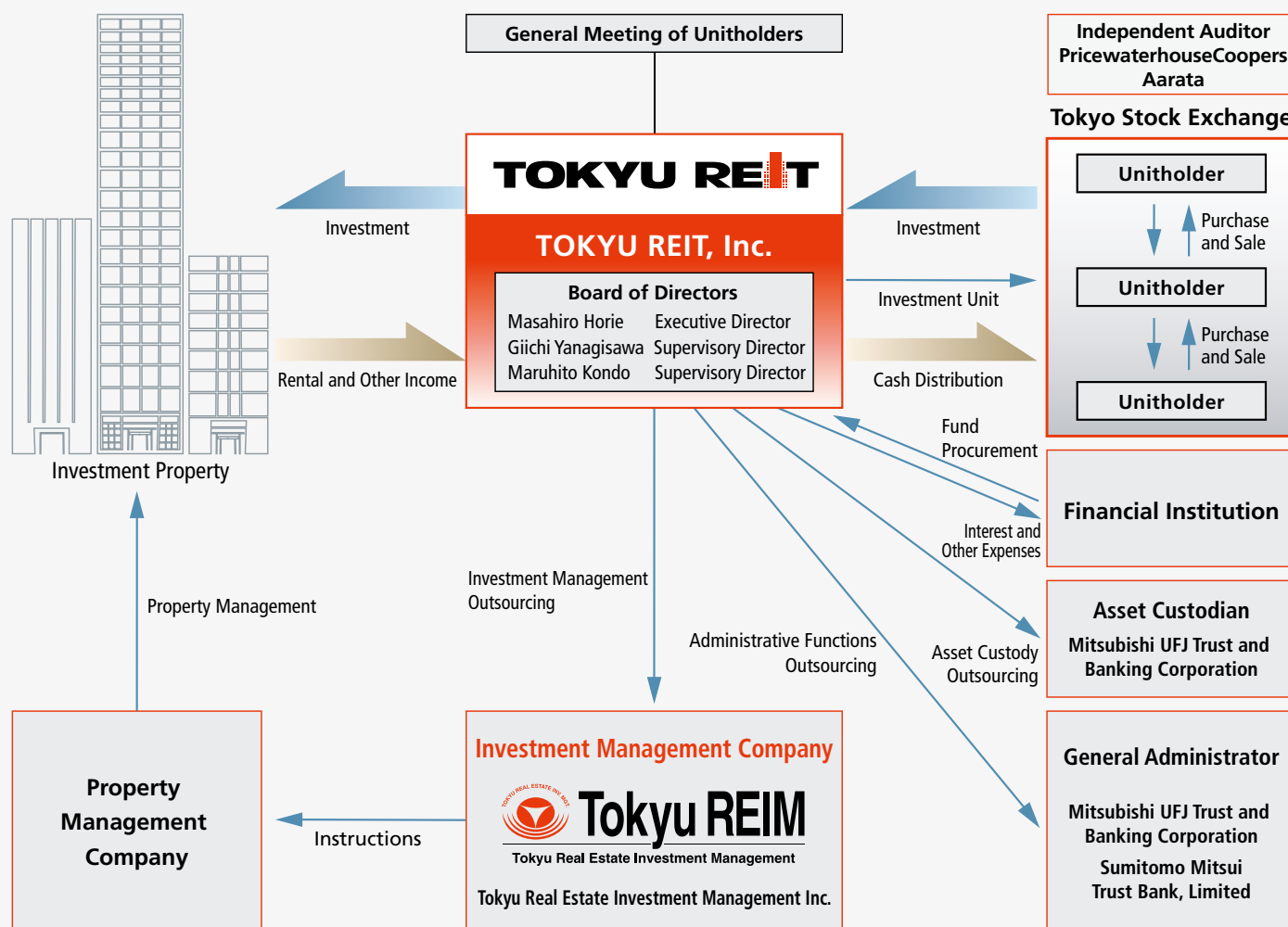
- 1 Involvement of independent outside board members**
- 2 Optimal balance between sponsor collaboration and independence**
- 3 Strict focus on fiduciary duty**
- 4 Management fee set to "being in the same boat as unitholders"**

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 among 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 38 minutes (since establishment) 	<ul style="list-style-type: none"> ■ Average board members' involvement besides board meetings: 0.8 time per member per month (18th period)

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

TOKYU REIT Structure and External Service Providers



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)	Reduce risk premium related to investment unit	(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% ^(Note)	

(Note) As for the investment management fees for the 20th period and after, discussions are being made with Tokyu REIM as to whether temporary fee reduction is continued.

* 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.

Collaboration with Tokyu Corporation and Its Subsidiaries

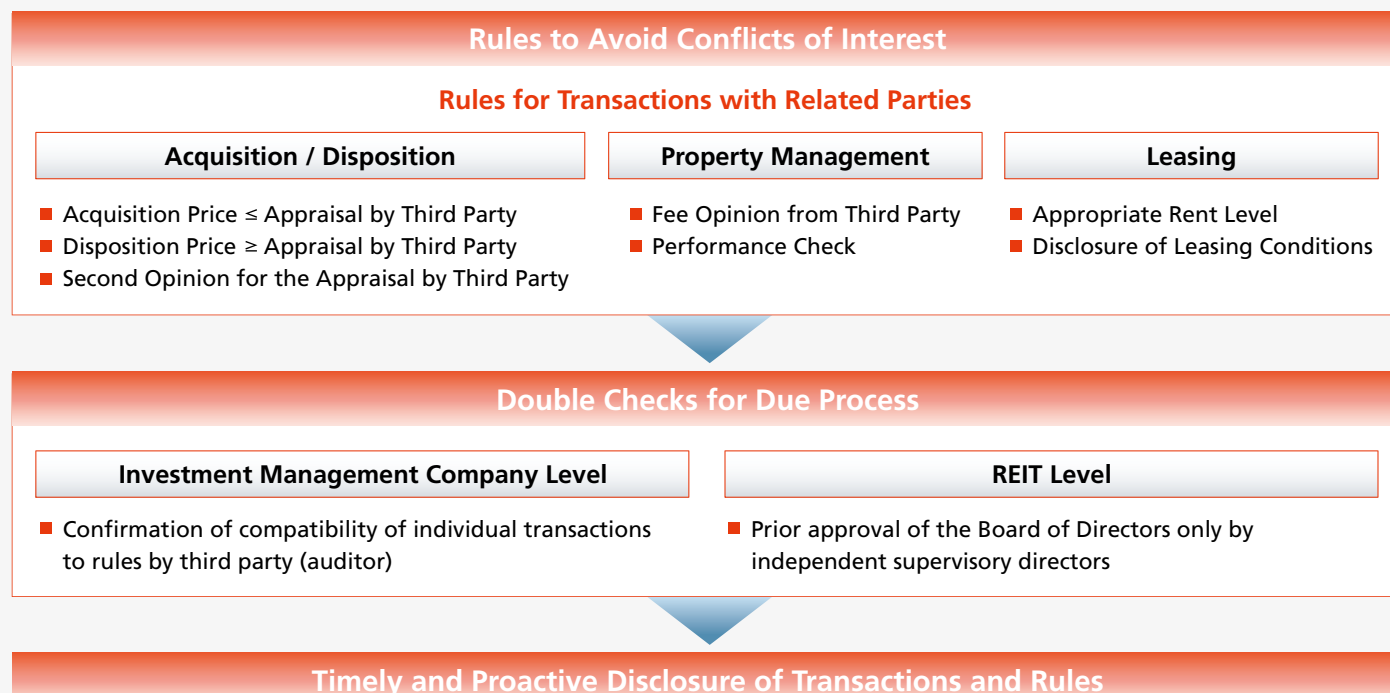
To achieve external growth, TOKYU REIT works to acquire a balanced mix of properties from the real estate investment market as well as Tokyu Corporation and its subsidiaries^(Note). TOKYU REIT also conducts replacement of properties and other measures as needed in order to maintain and improve the portfolio quality, aiming to enhance its asset value and increase net income per unit. TOKYU REIT also endeavors 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.

Pipeline Support for Property Acquisition	<ul style="list-style-type: none"> The memorandum requires that, when Tokyu Corporation and its subsidiaries attempt to sell their owned real estate assets that are qualified for investment by TOKYU REIT, they should preemptively offer the sale to TOKYU REIT. This arrangement will enable TOKYU REIT to make further progress in the implementation of its Capital Re-investment Model explained on the next page.
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.

Related Party Transactions

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

In terms of trading with interested persons, etc., which is the opposite aspect of reinforced collaboration with Tokyu Corporation and its subsidiaries, TOKYU REIT strictly adheres to the scheme that ensures the fairness and transparency of such transactions – the internal rules it has established to prevent conflicts of interest – and thoroughly implement the procedures.

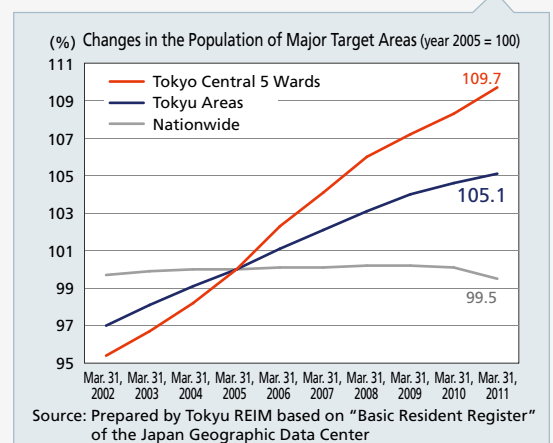
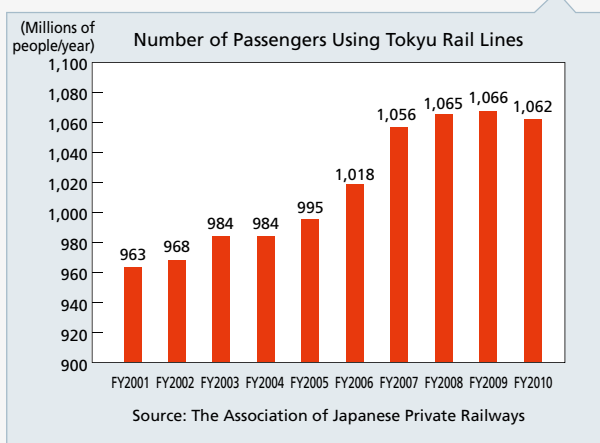
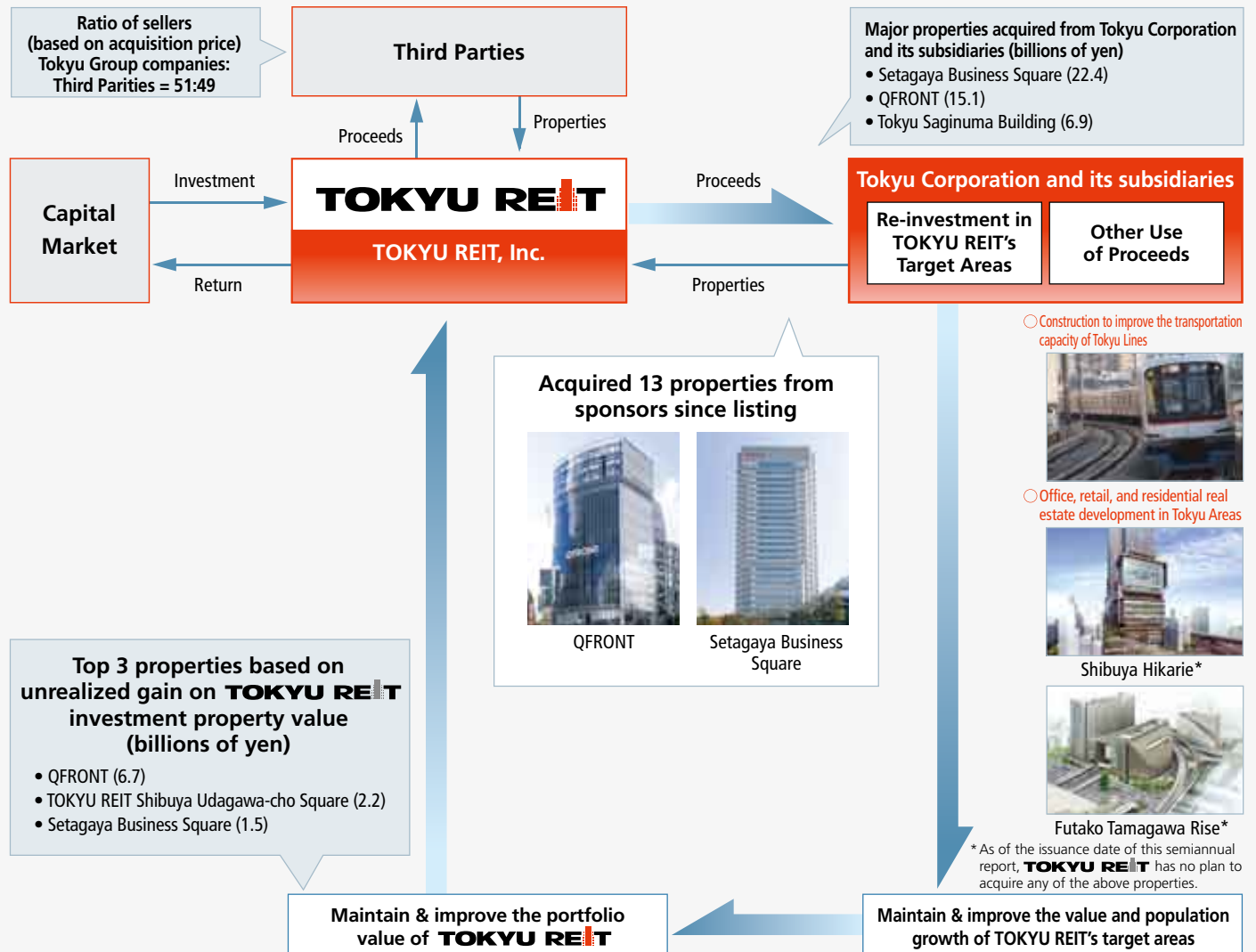


(Note) “Related Parties” is a collective term for “Tokyu Corporation and its subsidiaries,” “Affiliates of Tokyu Corporation except Tokyu Corporation’s subsidiaries,” and “Tokyu Land Corporation and its subsidiaries.”

- “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%.

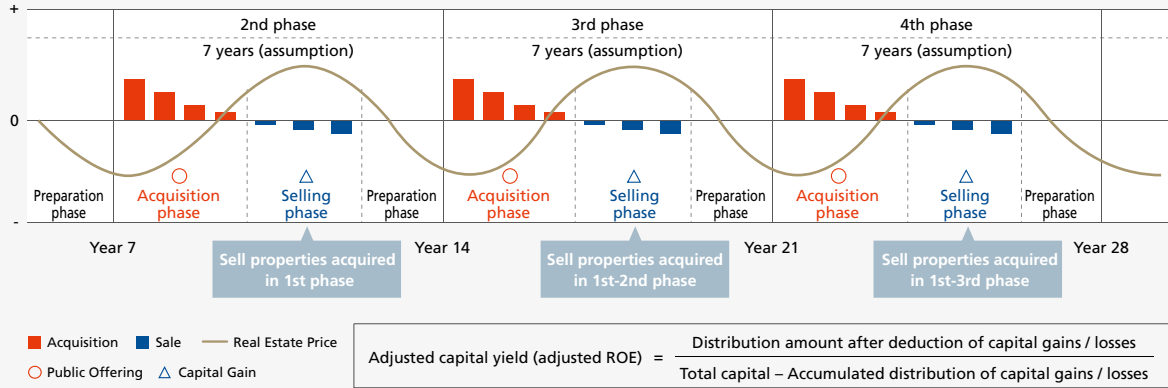
Capital Re-investment Model

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.



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

TOKYU REIT unveiled a long-term investment and management strategy (Surf Plan) in September 2009. Established by Tokyu REIM, the investment management company, this TOKYU REIT strategy focuses on the cyclicity of real estate prices and conducts 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

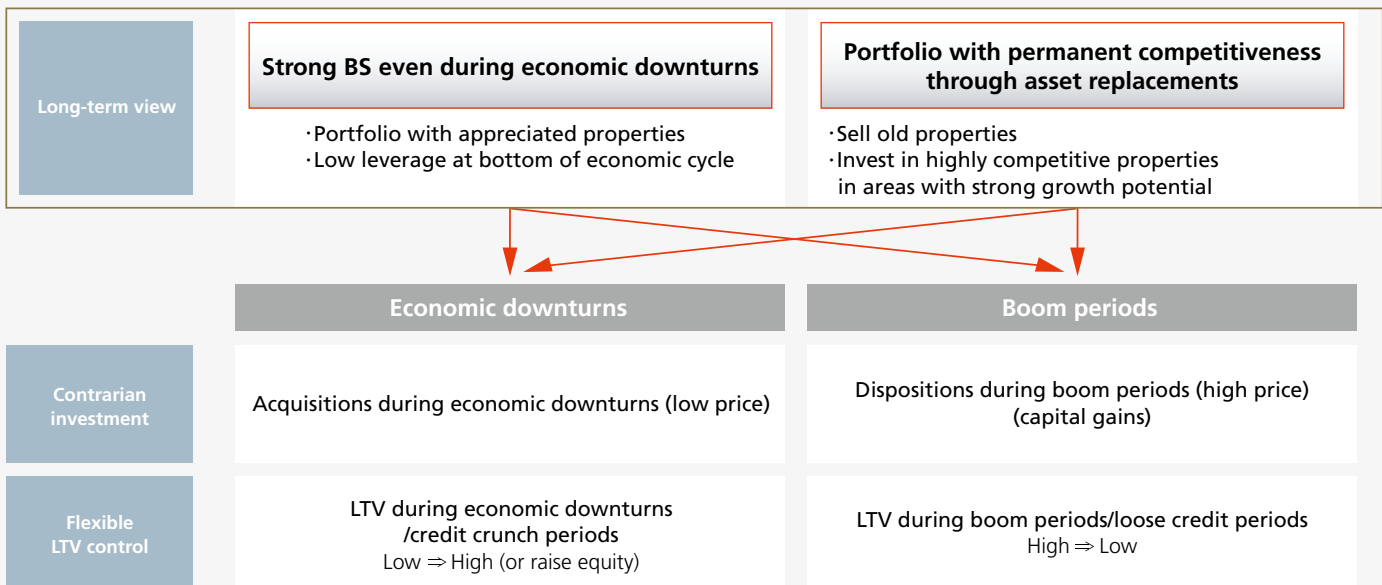
Value

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.

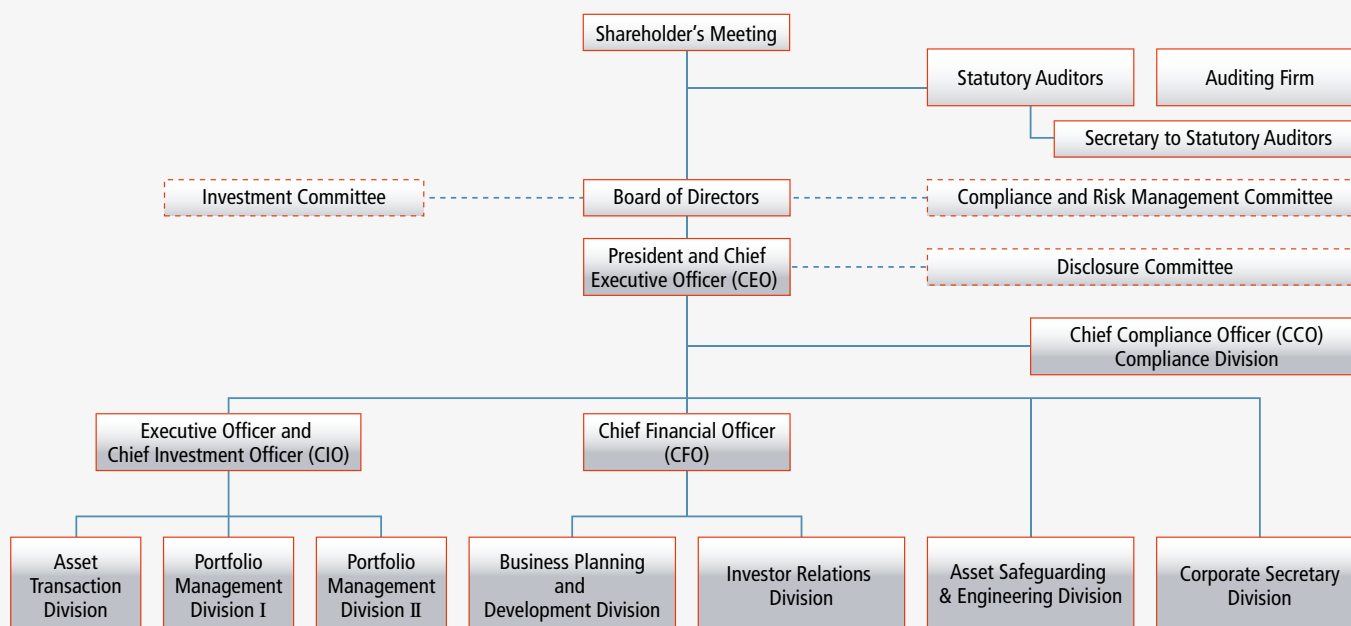
Tokyu REIM is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (*Kin-sho*) No. 360).

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

Major Shareholder (as of July 31, 2012)

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

Organization Chart (as of July 31, 2012)



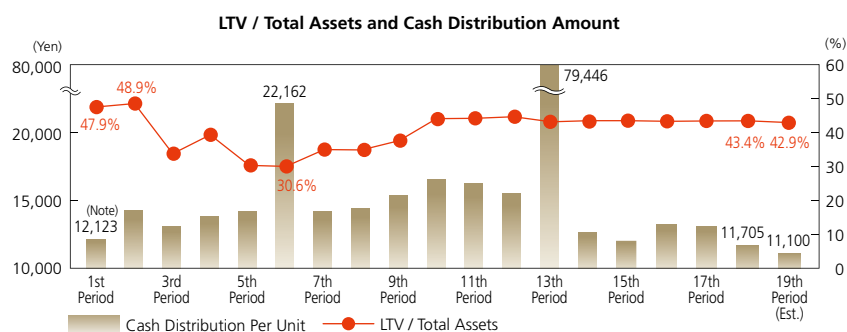
TOKYU REIT's Financial Strategies

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

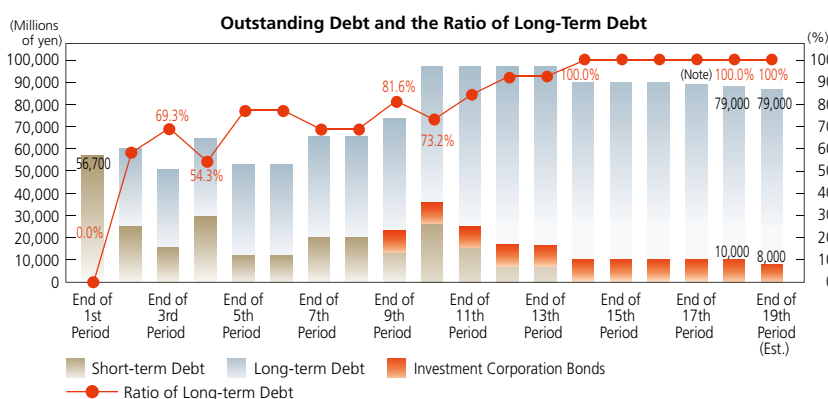


TOKYU REIT implements conservative management that considers the balance between the level of cash distribution amount and financial soundness, as shown left.

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) 78.9% (excluding the long-term debt maturing within a year)

TOKYU REIT has been implementing a conversion to long-term fixed-interest debt financing, as shown left. The ratio of long-term debt as of the end of the eighteenth 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 July 31, 2012)

Lenders	Commitment Line Agreement
Development Bank of Japan Inc.	: ¥10 billion
Sumitomo Mitsui Trust Bank, Limited	: ¥3.2 billion
	: ¥2.0 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
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Total	¥20 billion

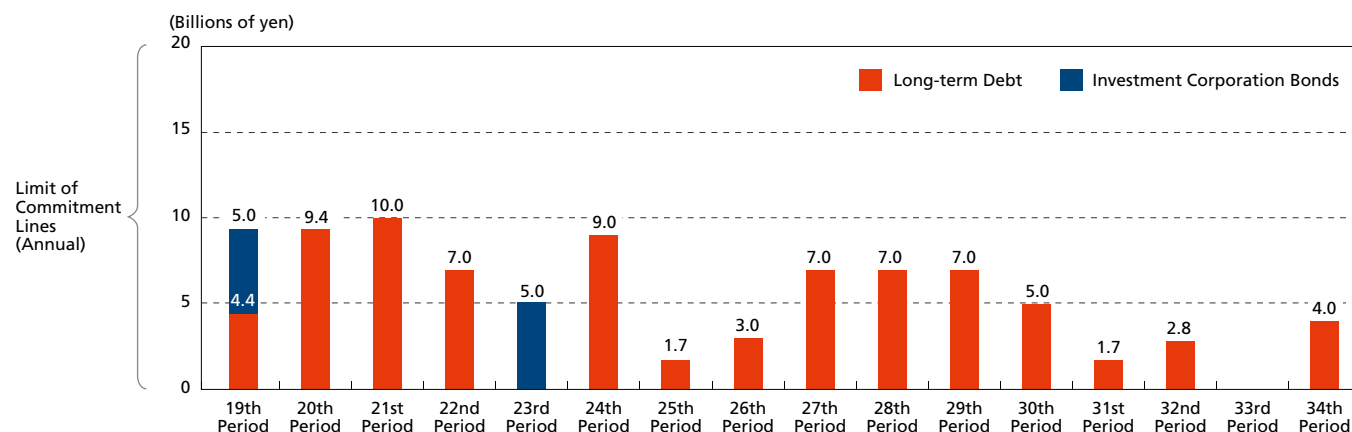
The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured.

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

Ratings (as of July 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: Negative)
: Short-term Issuer Rating A-1
- Moody's Japan K.K. (Moody's) : Moody's Issuer Rating A3 (Rating Outlook: Negative)

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



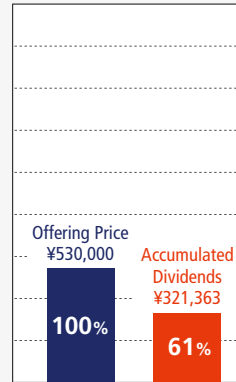
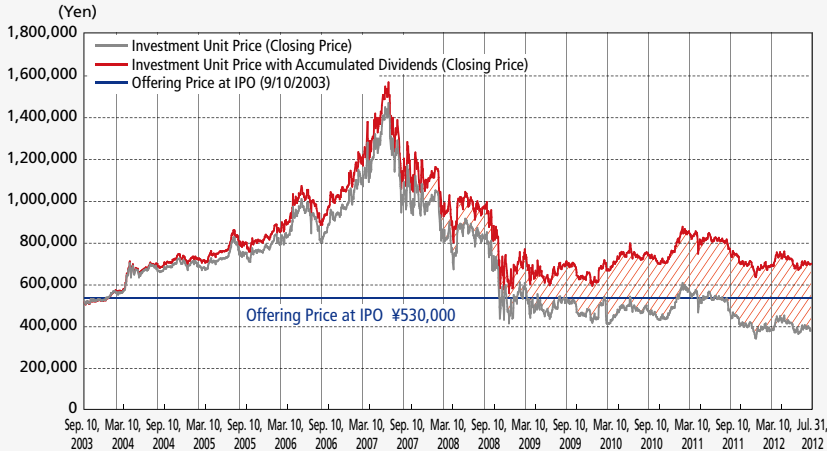
In addition, **TOKYU REIT** works to diversify repayment dates for its debt financing in order to avoid the risk of large-scale refinancing within a short period of time.

* 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 July 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 about 60% of their investment amount with cash distributions alone. We will make our best effort to provide an even greater return to our unitholders.

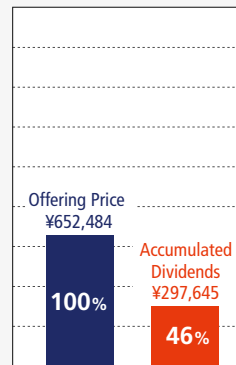
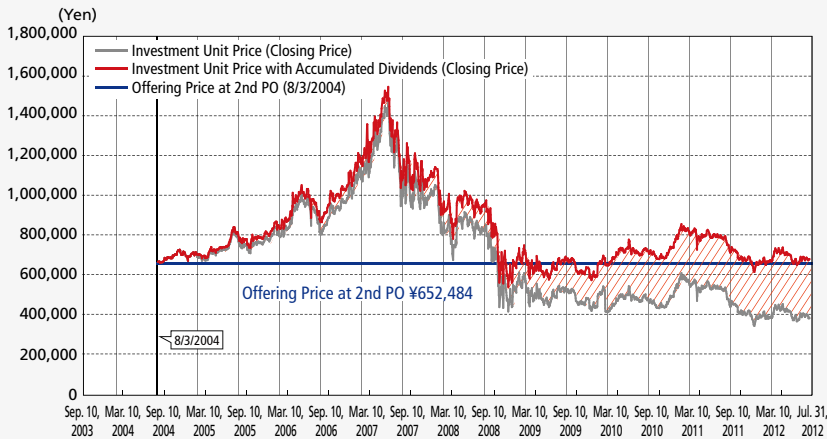
IPO (Initial Public Offering) (Issued Sep. 10, 2003)



61% of the IPO offering price was distributed in around 9 years

If the offering price is 100, then accumulated dividends would equal 61

Second Public Offering (Issued Aug. 3, 2004)



46% of the 2nd PO offering price was distributed in around 8 years

If the offering price is 100, then accumulated dividends would equal 46

Third Public Offering (Issued Aug. 1, 2005)



36% of the 3rd PO offering price was distributed in around 7 years

If the offering price is 100, then accumulated dividends would equal 36

PORTFOLIO



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

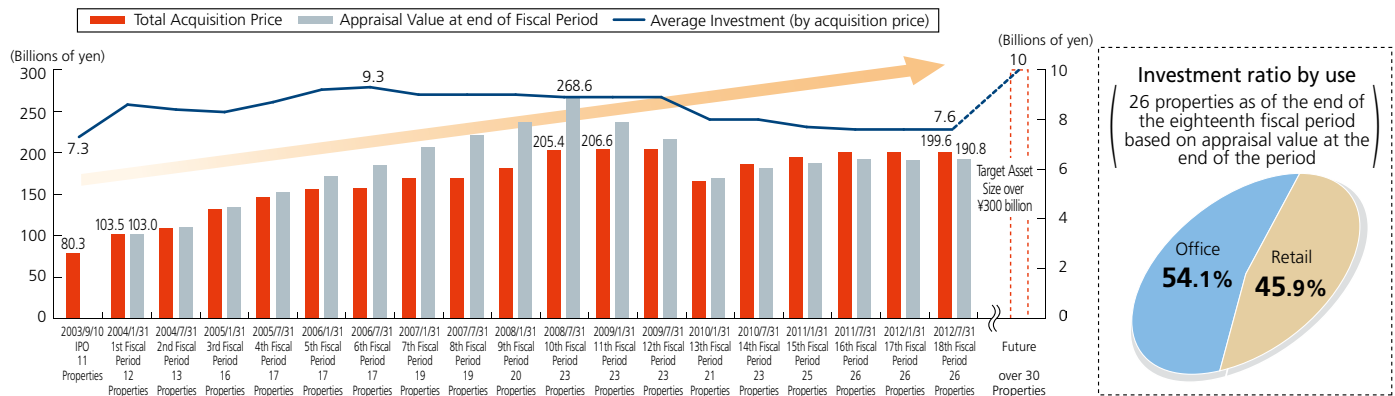
- Investment Targeted Areas**
 - Focusing on Five central Tokyo wards and Tokyu Areas expecting economic and population growth
 - Limited to Tokyo Metropolitan Area
- Investment Criteria**
 - Limited to office and retail portfolios with lower risk and more stable returns
 - Limited to the properties 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)

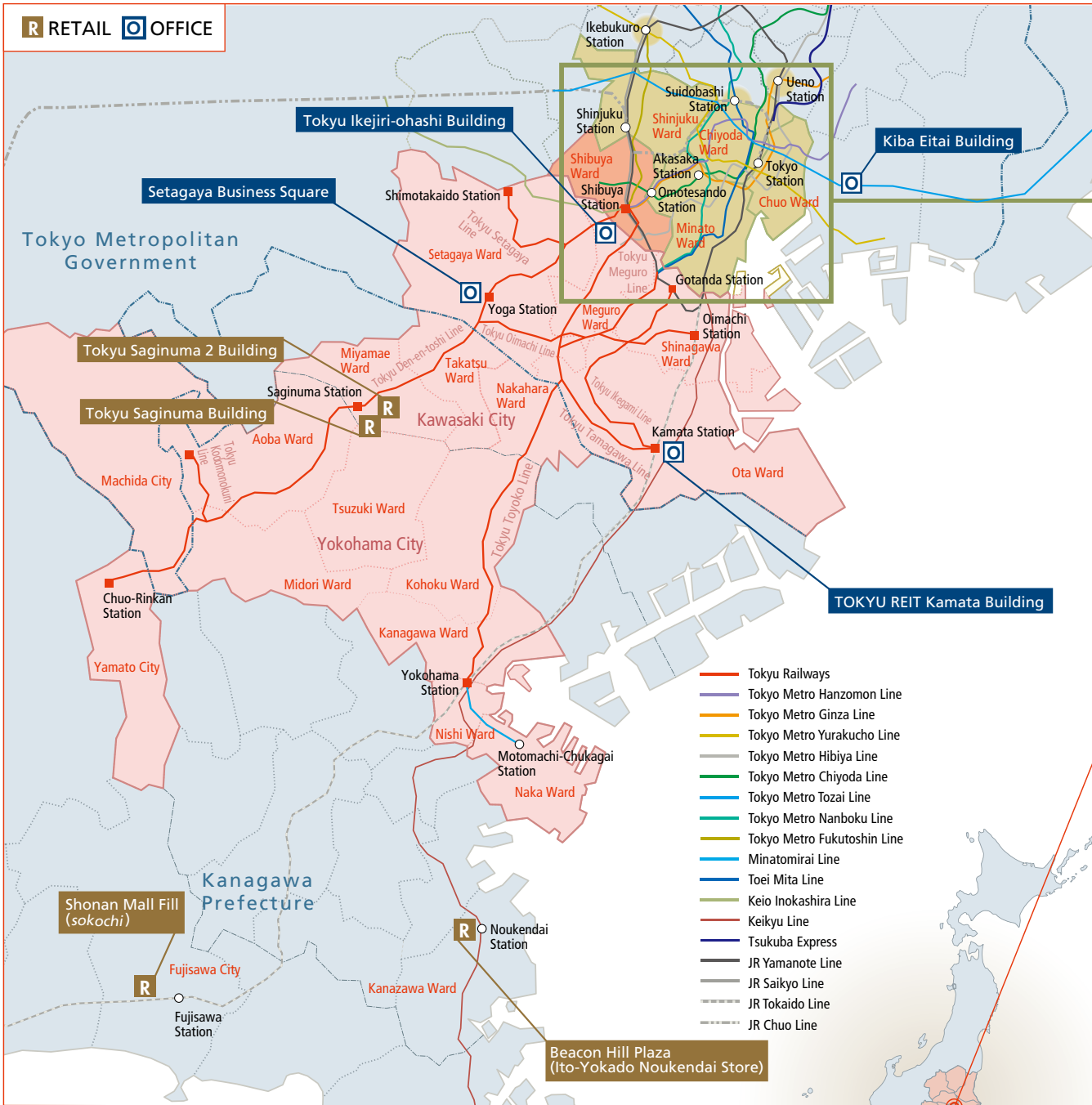
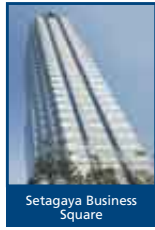
Total acquisition price as of the end of the eighteenth fiscal period ended July 31, 2012, stood at ¥199.6 billion, and appraisal value at the end of the fiscal period stood at ¥190.8 billion. Given TOKYU REIT's portfolio diversification, mobility of property acquisition, and liquidity of investment 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.

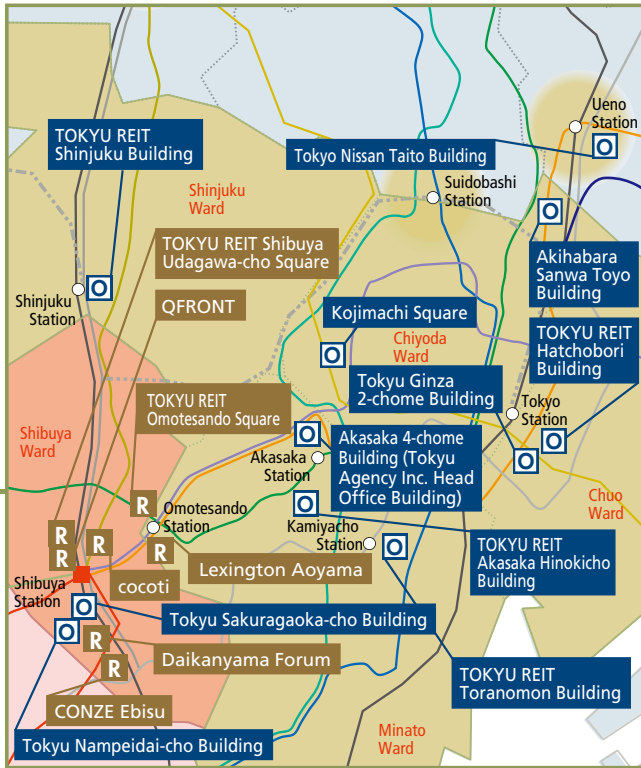
TOKYU REIT focuses on highly competitive office and retail properties and strives to maintain a ratio of 60% in office buildings and 40% in retail properties (based on appraisal value at the end of the fiscal period) over the long term.

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

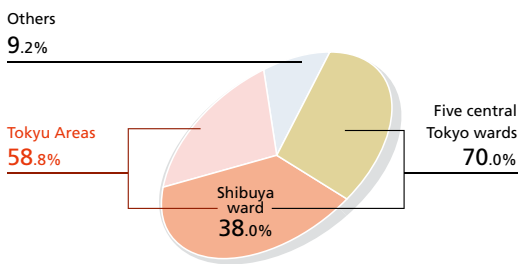


Investment Targeted Areas





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



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

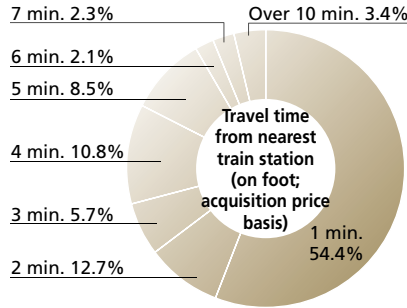
Area	Targeted Areas of Investment ^(Note 1)		Percentage Share in Total Portfolio ^(Note 2)
Central Tokyo	Five central Tokyo wards	Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards	More than 85%
	Other major commercial and retail districts of Tokyo	The areas surrounding Ikebukuro, Koraku, Ueno and other areas	
Tokyu Areas	Tokyu rail network hub	Shibuya ward	
	Other Tokyu rail network areas	Tokyo: Shinagawa, Meguro, Setagaya and Ota wards, Machida City Yokohama, Kanagawa Prefecture: Kouhoku, Kanagawa, Naka, Nishi, Midori, Aoba and Tsuzuki wards Kawasaki, Kanagawa Prefecture: Nakahara, Takatsu and Miyamae wards Yamato, Kanagawa Prefecture	
Others	Other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama and Chiba prefectures (excluding the separately mentioned areas above)		Less than 15%

(Notes) 1. 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.

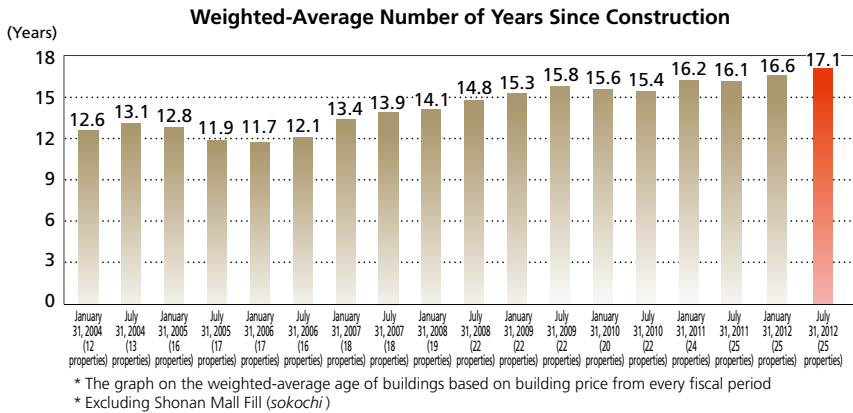
In the acquisition of investment properties, **TOKYU REIT** considers a variety of factors, including a comprehensive analysis of forecasted revenue stream, growth potential of the area, property size, construction and facility specifications, earthquake resistance, leasing rights, occupancy and appeal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

Location



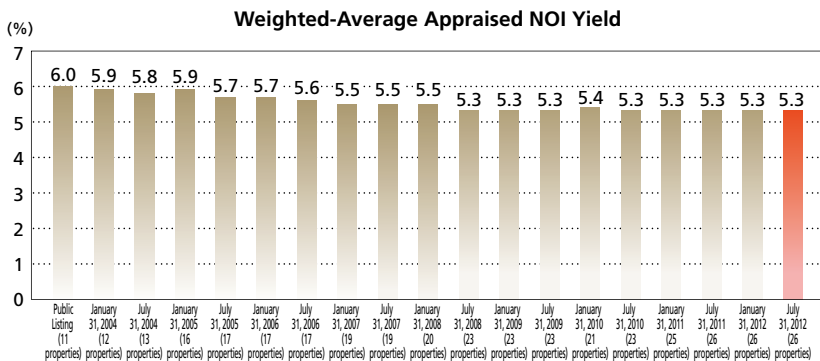
Properties conveniently located near train stations increase the stability of TOKYU REIT's portfolio.

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 eighteenth fiscal period, 17.1 years have passed since construction and the number of years increases only 4.5 years from the point of January 31, 2004 in elapsed 8.5 years from then.

Portfolio Cap Rate



TOKYU REIT has acquired some properties after listing, and as of the end of the eighteenth 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

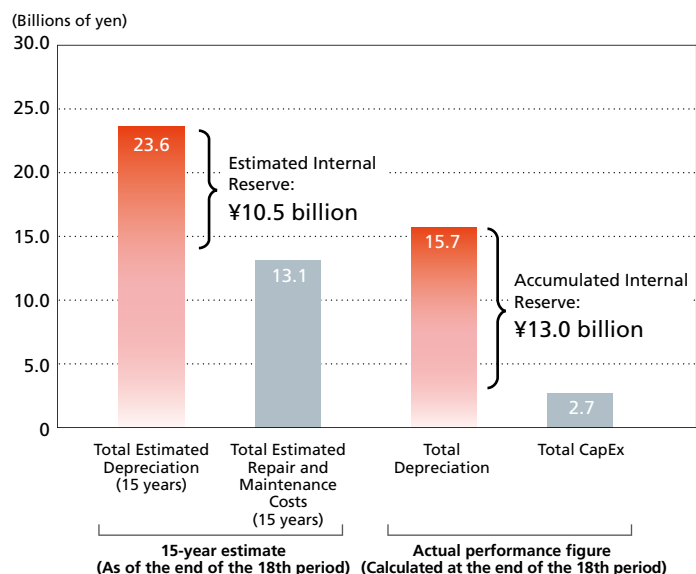
Top 10 Tenants by Leased Area

As of July 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	21.6%
2	Daiwa House Industry Co., Ltd.	Construction	R Shonan Mall Fill (sokochi)	3/19/2023	44,078.12	19.0%
3	Tokyu Store Corporation	Retail	R Tokyu Saginuma Building	6/30/2018	19,610.06	8.4%
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	1.7%
			⊠ 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	The Dai-ichi Building Co., Ltd.	Real estate	⊠ Tokyu Ginza 2-chome Building	9/30/2016	3,278.04	1.4%
8	Covidien Japan Inc.	Wholesale	⊠ Setagaya Business Square ^(Note 3)	5/31/2014 ^(Note 2)	3,232.67	1.4%
9	THINK FITNESS Corporation	Service	⊠ TOKYU REIT Omotesando Square	4/30/2013	1,317.44	0.6%
			⊠ cocoti	11/30/2014	1,584.79	0.7%
10	Tokyu Community Corporation	Service	⊠ Setagaya Business Square ^(Note 3)	7/31/2013 ^(Note 2)	2,744.76	1.2%
Principal 10 Tenants Total					144,956.10	62.4%
Total leased area of 26 properties at the end of the eighteenth fiscal period					232,387.38	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 eighteenth 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%.

Coverage Ratio by Depreciation of Repair and Maintenance Cost Estimation



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 eighteenth 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	96.4%	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	100.0%	4.1%
R	Daikanyama Forum	Apr. 22, 2008	4.1	Tokyu Corporation	83.1%	8.0%
○	Setagaya Business Square	Sep. 11, 2003	22.4	Tokyu Community Corp.	93.2%	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%
○	Tokyo 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	65.2%	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	52.4%	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.	100.0%	4.8%
○	TOKYU REIT Shinjuku Building	Mar. 26, 2010	9.0	Tokyu Corporation	88.9%	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.	58.8%	7.3%
○	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5.0	Tokyu Corporation	100.0%	4.4%
Total			199.6		94.7%	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.

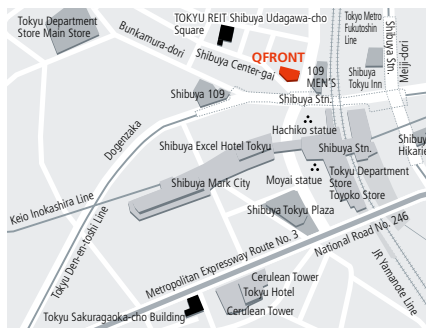
2. The new earthquake resistance standards are the earthquake resistant design standards based on the Building Standards Act, which was revised in 1981 with the aim to prevent buildings from collapsing even from earthquakes with seismic intensity of 6 and secure safety for human lives. Buildings that 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./Tokyu Toyoko Line/Tokyu 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.



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 Barbacoa Grill, offering Churrasco Brazilian barbecue food operated by Wondertable, Ltd. on the first underground floor, and Royal Host, a restaurant managed by Royal Holdings Co., Ltd. on the first floor. On floors one through three, there is the GOLD'S GYM sports gymnasium, operated by Think Fitness Corporation and on the fourth floor, there is an esthetics salon Ci:z. Labo, operated by DR. CI:LABO CO., LTD.

Address: 4-3-2, Jingumae, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Omotesando Station—Tokyo Metro Ginza 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 Lexington Aoyama



Lexington Aoyama is a retail property along Kotto-dori in the Aoyama district, leased to multiple tenants, including cafés, a convenience store, 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.;
 Family Mart Co., 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.

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.

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 Corporation



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 Tokyu Saginuma Building. 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 1,855 stores (as of April 30, 2012). 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./Tokyu Toyoko Line/Tokyu 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.



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.

TOKYU REIT implemented renewal of common areas of the property in April 2012, in time with the opening of a major retail property in the neighborhood, in order to attract customers with high sensibility in the Shibuya area.

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./Tokyu Toyoko Line/Tokyu 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.



Conducted Renewal Work of Common Areas in order to Enhance Competitiveness.

Overview of Renewal

April 2012	Opening of Shibuya Hikarie
March 2013	Start of mutual line operation between the Tokyu Toyoko Line and the Tokyo Metro Fukutoshin Line.
2015	Completion of adjacent land redevelopment (expected)

Conducted repair and maintenance work of facilities in consideration of further attention on Meiji-dori in the future (opened after renewal on April 28, 2012).

Total construction cost:

185 million yen

Capital expenditure: 176 million yen;
 Repair and maintenance costs: 9 million yen

- Repair and maintenance work of entrance façade on 1st floor.
- Changed ticket booth into store.
- Repair and maintenance work of common areas on 2nd floor (toilet and door on side of parking lot).
- Repair and maintenance work of common areas on 3rd floor (terrace entrance).
- Introduced LED lamps, etc.



Cap rate decreased by 0.1% due in part to the improvement of the market of the area overall.

▶ The appraisal value increased 400 million yen from the end of the 17th period. (Appraisal value at the end of the 18th period: 16.9 billion yen)

■ Adjacent land redevelopment

The Tokyo Metropolitan Government is planning the "Shibuya Miyashita-cho Former Apartment Site Project (tentative name)" whereby it will establish a complex facility including retail facilities and rental residences on land adjacent to cocoti and owned by Tokyo.

- Location: 1-23, etc. Shibuya, Shibuya-ku, Tokyo
- Planned developer: Shibuya Creator's Platform^(Note)
- Total land space: 5,020m²; Total floor space: 36,170m²
- Expected construction start: 2013;
 Expected completion: 2015

(Note) A group whose representative is Tokyu Corporation.



Aim to collaborate with Tokyu Corporation in both hard and soft aspects.

* Prepared by Tokyu REIM based on materials of the Tokyo Metropolitan Government's Bureau of Urban Development and Tokyu Corporation.

R Shonan Mall Fill (*sokochi*)



Shonan Mall Fill (*sokochi*) is the retail property which situates 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 and a service-related store.

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.

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.;
 Granada Inc.;
 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.;
 IL PLEUT SUR LA SEINE Kikaku Co., Ltd.



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: Tokyu Community Corp.;
Covidien Japan Inc.;
Oracle Corporation Japan;
etc.



Tokyu Nampeidai-cho Building



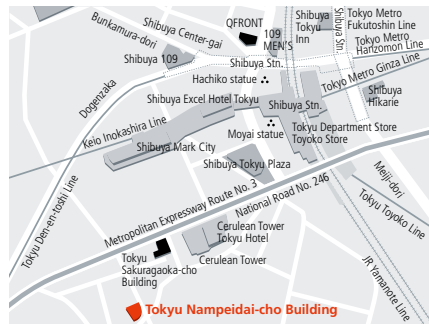
Tokyu Nampeidai-cho Building is a five-story office building located in Shibuya Ward, which Tokyu Corporation uses as its head office.

Address: 5-6, Nampeidai-cho, Shibuya-ku, Tokyo
Nearest Station: Approximately a seven-minute walk from Metro 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



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.



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-Okachi-machi Station—Toei Oedo Line

Approximately a four-minute walk from Shin-Okachi-machi 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: Ataka Construction & Engineering Co., Ltd.;

Nissan Network Holdings Co., Ltd.;

Miyachi Corporation;

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 multifaceted 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 Keikyu 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, restroom and entrance, renewal of air-conditioning and lighting equipment, and installation of OA-compatible floors. Also, large-scale redevelopments 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: JAPAN POST INSURANCE Co., Ltd.,;
 REMOTE SENSING TECHNOLOGY CENTER OF JAPAN;
 DAITOHKIGYO CO., LTD.; 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.
 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.
 Furthermore, on April 20, 2012, The Japan Building Disaster Prevention Association issued a plaque to the property, certifying it is a "building that has undertaken earthquake resistance diagnosis and anti-seismic renovation work."

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.

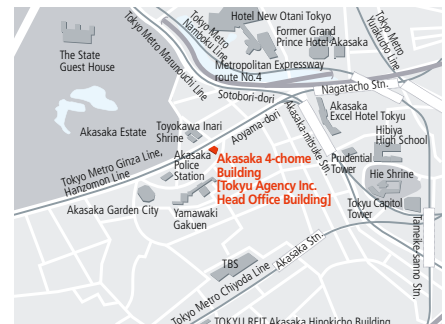


TOKYU REIT
Akasaka 4-chome Building
(Tokyu Agency Inc. Head Office Building)



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, making it a rare find that is considered to possess a competitive edge.

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/RC B1/7F
 Completed: January 2003
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Business Breakthrough, Inc.;
 Japan Safe Driving Center;
 Construction Industry Engineers Center; etc.

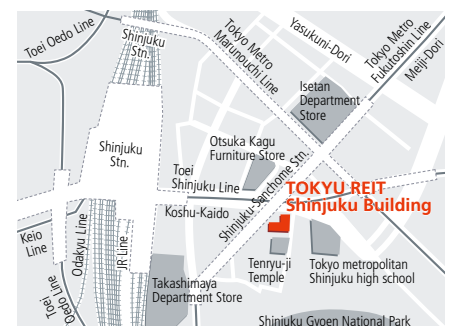


TOKYU REIT Shinjuku Building



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: DAIDO LIFE INSURANCE COMPANY;
 WATABE WEDDING CORPORATION;
 Relocation International, Inc.;
 etc.



Akihabara Sanwa Toyo Building



The area where Akihabara Sanwa Toyo Building is located has long been internationally 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 name of Kiba Eitai Building was changed to TOKYU REIT Kiba Building on August 1, 2012.



The Kiba and Toyochō area where Kiba Eitai Building is located is close to central Tokyo, approximately 4 km east of Tokyo Station, and has many affiliates and counterparties of large companies. Furthermore, despite the fact that it is highly accessible to central Tokyo, rent levels are relatively low and so demand for corporate restructurings can also be expected regardless of industry type. The property is approximately a two-minute walk from Kiba Station on the Tokyo Metro Tozai Line and faces Eitai-dori street. Renewal work for the elevator halls and toilets on some floors and replacement of air conditioners was implemented in 2012, with an aim to reinforce the property's competitiveness in the relevant area.

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
 Tenant: STS Co., Ltd.;
 Mitsubishi Materials Techno Corporation;
 AOYAMA TRADING Co., Ltd.;
 etc.



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 has 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: SRC, 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

		18th fiscal period From February 1, 2012 to July 31, 2012 (182 days)	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)		
		Millions of yen, except per unit data or where otherwise indicated						
Result of operation	Statement of income	Operating revenues	¥ 6,360	¥ 6,819	¥ 6,918	¥ 6,524	¥ 6,550	
		Operating income	¥ 2,771	¥ 3,049	¥ 3,121	¥ 2,878	¥ 3,001	
		Net income	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133	
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 6,360	¥ 6,819	¥ 6,850	¥ 6,522	¥ 6,550	
		Rental service expenses (b)	¥ 3,009	¥ 3,164	¥ 3,180	¥ 3,070	¥ 2,980	
		[Depreciation and amortization] (c) (Note 3) (included in (b))	¥ [1,026]	¥ [1,009]	¥ [1,042]	¥ [1,040]	¥ [1,016]	
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 4,377	¥ 4,664	¥ 4,712	¥ 4,492	¥ 4,587	
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,008	¥ 3,228	¥ 3,284	¥ 3,078	¥ 3,150	
		Capital expenditures (e)	¥ 441	¥ 343	¥ 259	¥ 235	¥ 121	
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 2,567	¥ 2,885	¥ 3,025	¥ 2,843	¥ 3,029	
Financial position	Balance sheet	Total assets (f)	¥ 204,879	¥ 205,497	¥ 207,661	¥ 207,106	¥ 206,884	
		[Change from the preceding period]	[–0.3%]	[–1.0%]	[0.3%]	[0.1%]	[–8.2%]	
		Interest-bearing liabilities (g) (Note 5)	¥ 89,000	¥ 89,000	¥ 90,000	¥ 90,000	¥ 90,000	
		Total unitholders' equity (Net assets) (h)	¥ 100,002	¥ 100,239	¥ 100,262	¥ 100,059	¥ 100,153	
		[Change from the preceding period]	[–0.2%]	[–0.0%]	[0.2%]	[–0.1%]	[–10.2%]	
	Portfolio	Unitholders' capital	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019	
		Acquisition costs of properties (Note 6)	¥ 199,672	¥ 199,672	¥ 199,672	¥ 194,662	¥ 186,062	
		Book value of properties (Note 6)	¥ 189,452	¥ 190,049	¥ 190,709	¥ 186,412	¥ 178,433	
		Appraisal value of properties at end of period (i) (Note 6)	¥ 190,820	¥ 190,360	¥ 191,440	¥ 187,900	¥ 181,440	
		Number of properties at end of period	26 properties	26 properties	26 properties	25 properties	23 properties	
		Total leasable area (Note 7)	245,417.58 m ²	245,378.77 m ²	245,373.01 m ²	241,903.86 m ²	231,468.57 m ²	
	Other	Distri- bution	Cash distribution	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133
			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)			¥ 590,402	¥ 591,803	¥ 591,936	¥ 590,742	¥ 591,295	
Cash distribution per unit			¥ 11,705	¥ 13,106	¥ 13,239	¥ 12,045	¥ 12,598	
Management index		Return on total unitholders' equity (annualized) (Note 8)	4.0%	4.4%	4.5%	4.0%	4.1%	
		Equity ratio (h)÷(f)	48.8%	48.8%	48.3%	48.3%	48.4%	
		[Change from the preceding period]	[0.0%]	[0.5%]	[–0.0%]	[–0.1%]	[–1.1%]	
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	43.4%	43.3%	43.3%	43.5%	43.5%	
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	46.6%	46.8%	47.0%	47.9%	49.6%	
Average market price per unit during period (Note 9)	¥ 401,664	¥ 406,642	¥ 534,655	¥ 490,426	¥ 470,862			

- 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 (14th fiscal period: ¥33 million; 15th fiscal period: ¥1 million; 16th fiscal period: ¥47 million; 17th fiscal period: ¥6 million; 18th fiscal period: ¥29 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 (eighteenth fiscal period: six-month period ended July 31, 2012), although severe circumstances remain, factors such as demand stemming from reconstruction from the Great East Japan Earthquake led to the Japanese economy gradually recovering. Similar to national trends, increase in automobile sales due to subsidies for green vehicles and ripple effects of demand stemming from reconstruction from the Great East Japan Earthquake boosted and led to a pickup in the Tokyo metropolitan area's economy. On the other hand, as a risk specific to the Tokyo metropolitan area, where dependence on exports is high and there is a concentration of also foreign firms, there are downward pressures from Europe's credit concerns. 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 area's expected population increase and 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 regions of the country between January and June 2012. This has further exacerbated the disparity between the area and other regions of the country.

Under these circumstances, the average advertised rent for June 2012 in the Tokyo 23 ward's office leasing market decreased by 2.4% over the six-month period and by 5.7% over the one-year period. In addition, vacancy rates increased by 0.6 percentage points over the six-month period and by 0.4 percentage points over the one-year period to 7.9%. The vacancy rate increase was caused in large part by large supply, and supply and demand itself is starting to show underlying strength. Looking at existing buildings alone, with the area of vacancies that were filled exceeding the increase in the area of vacancies, the increase in vacancy rates is steering towards being curbed. In the retail property leasing market, while sales turnover of general merchandise stores (GMS), which are key tenants of shopping centers, continue to fall below the year-on-year level, sales turnover of shopping centers overall is exceeding the year-on-year level and is on a recovery trend. GMS with slumping sales are raising their rent-paying capacity by increasing earnings through ongoing cost reduction and this is easing the pressure to lower rent for retail properties overall.

In the real estate investment market, despite a favorable debt financing environment and also buyers and sellers increasingly seeing eye-to-eye on price, transactions of competitive, high-quality blue-chip properties continue to be few. In addition, the cap rate of office properties is decreasing, centering on these blue-chip 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 eighteenth fiscal period as there were no properties that would serve to maintain or enhance portfolio quality. As of July 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 245,417.58 m². The period-end appraisal value for TOKYU REIT's entire portfolio amounted to ¥190,820 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 ¥1,367 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 July 31, 2012 was 94.7% and the average per-tsubo rental rate for the existing property portfolio at the end of the eighteenth fiscal period increased by 0.2% compared with the end of the seventeenth fiscal period.

b. Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. This stance continued into the eighteenth fiscal period with the refinancing of ¥7,800 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 five banks to secure financial credibility through the enhancement of liquidity on hand. The balance of interest-bearing liabilities as of July 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 ¥13,800 million is the current portion of long-term debt). The weighted-average interest rate for the eighteenth fiscal period was 1.71% (calculated based on the annualized amount of interest payable for the eighteenth fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of July 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: Negative
Moody's Japan K.K.	Rating: A3	Outlook: Negative

c. Countering Conflicts of Interest

To ensure the fairness and transparency of its transactions, TOKYU REIT strictly adheres to self-imposed measures to prevent conflicts of interest, and, accordingly, 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:

	18th fiscal period From February 1, 2012 to July 31, 2012	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
	Yen				
Highest	¥ 450,000	¥ 475,500	¥ 574,000	¥ 607,000	¥ 540,000
Lowest	¥ 362,500	¥ 339,500	¥ 465,500	¥ 429,000	¥ 409,500

(4) Distribution Information

With respect to the distribution for the eighteenth 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 eighteenth fiscal period was ¥11,705.

	18th fiscal period From February 1, 2012 to July 31, 2012	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
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133
[Cash distribution per unit]	[¥ 11,705]	[¥ 13,106]	[¥ 13,239]	[¥ 12,045]	[¥ 12,598]
Distribution of accumulated earnings	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040	¥ 2,133
[Distribution of accumulated earnings per unit]	[¥ 11,705]	[¥ 13,106]	[¥ 13,239]	[¥ 12,045]	[¥ 12,598]
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 economic recovery trends are anticipated to become certain, backed by such factors as demand stemming from reconstruction from the Great East Japan Earthquake. However, with uncertainty over the European sovereign debt crisis still high, slowdown is spreading in the global economy. The described overseas economic situation serves as risks of downward pressures on the Japanese economy, including also impacts via the financial and capital markets. In addition, the impact of power supply constraints and deflation are among matters that are also thought to require attention.

In light of such outlook, in the real estate investment market, while there are concerns of such impact as decline in the investment sentiment caused by resurgence of the European debt crisis, transactions by private funds, J-REITs and other professional investors are expected to lead to a gradual upward trend in the volume of transactions in the immediate future. In addition, the cap rate, which remains flat at present, is thought to keep decreasing gradually along with the increase in the volume of transactions. In the office leasing market, as the outlook is that new supply will keep decreasing in the future, vacancy rates are thought to take a downward turn in the second half of 2012 and the upward trend in the average contracted rent is thought to become certain from 2014. In the retail property leasing market, with shopping center sales turnover exceeding the year-on-year level, increase in the rent-paying capacity of tenants is thought to lead to the pressure to lower rent for retail properties overall being on an easing trend.

② Future Policies of Investment Management and Issues to be Counterred

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 (see Note 1 below). 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 (see Note 2 below).

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%.

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 (September 12, 2012).

2. Company Profiles

(1) Summary of Unitholders' Contributions

	18th fiscal period As of July 31, 2012	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
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)	9,491	8,993	8,454	8,683	8,838

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of July 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	33,036	19.50
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	12,612	7.45
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	9,800	5.79
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	9,746	5.75
Nomura Bank (Luxembourg) S.A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	1-2-3, Otemachi, Chiyoda-ku, Tokyo	4,434	2.62
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	4,127	2.44
The Asahi Fire & Marine Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	4,000	2.36
MetLife Alico Life Insurance K.K. GA Company JPY (Standing Proxy: Citibank Japan Ltd.)	2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo	3,902	2.30
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	2,942	1.74
Total		88,018	51.96

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 July 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 July 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)	Sumitomo Mitsui Trust Bank, 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 merged and changed the trade name to Sumitomo Mitsui Trust Bank, Limited on April 1, 2012 (the same hereafter).

3. Portfolio Profile

(1) Asset Composition

Asset type	Use	Area	18th fiscal period As of July 31, 2012		17th fiscal period As of January 31, 2012		
			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	¥ 15,680	7.7	¥ 15,712	7.6	
		Other	—	—	—	—	
		Sub total	15,680	7.7	15,712	7.6	
	Office	Central Tokyo and Tokyu Areas	24,175	11.8	24,253	11.8	
		Other	—	—	—	—	
		Sub total	24,175	11.8	24,253	11.8	
	Total		39,856	19.5	39,966	19.4	
	Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	55,653	27.2	55,796	27.2
			Other	15,515	7.6	15,593	7.6
Sub total			71,169	34.7	71,390	34.7	
Office		Central Tokyo and Tokyu Areas	74,390	36.3	74,713	36.4	
		Other	4,035	2.0	3,978	1.9	
		Sub total	78,426	38.3	78,691	38.3	
Total		149,595	73.0	150,082	73.0		
Other assets		15,426	7.5	15,448	7.5		
Total assets		¥ 204,879 [¥ 189,452]	100.0 [92.5]	¥ 205,497 [¥ 190,049]	100.0 [92.5]		

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 July 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	¥ 14,111	4,502.93	4,502.93	100.0	10.1	Retail
R	Lexington Aoyama	4,749	2,107.08	2,107.08	100.0	1.6	Retail
R	TOKYU REIT Omotesando Square	5,706	2,708.18	2,708.18	100.0	2.7	Retail
R	Tokyu Saginuma Building	6,720	19,610.06	19,610.06	100.0	4.8	Retail
R	Tokyu Saginuma 2 Building	1,186	1,284.60	1,284.60	100.0	1.0	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,621	1,543.05	1,543.05	100.0	3.9	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	8,489	50,285.89	50,285.89	100.0	4.7	Retail
R	cocoti	23,180	8,319.97	8,022.56	96.4	8.7	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.7	Retail
R	CONZE Ebisu	4,937	2,319.24	2,319.24	100.0	1.9	Retail
R	Daikanyama Forum	4,122	2,477.64	2,057.83	83.1	1.4	Retail
O	Setagaya Business Square	18,435	24,956.99	23,249.68	93.2	16.8	Office
O	Tokyu Nampeidai-cho Building	4,237	7,148.18	7,148.18	100.0	2.9	Office
O	Tokyu Sakuragaoka-cho Building	6,402	4,737.19	4,737.19	100.0	3.4	Office
O	Tokyo Nissan Taito Building	3,781	7,947.24	7,947.24	100.0	3.3	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,447	3,199.50	3,040.90	95.0	2.1	Office
O	TOKYU REIT Kamata Building	4,070	7,337.82	4,785.69	65.2	3.2	Office
O	TOKYU REIT Toranomom Building	10,023	10,140.10	5,310.19	52.4	1.6	Office
O	TOKYU REIT Hatchobori Building	6,870	5,987.85	5,987.85	100.0	3.1	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,210	3,533.03	3,533.03	100.0	3.2	Office
O	Tokyu Ikejiri-ohashi Building	5,485	5,733.23	5,733.23	100.0	2.9	Office
O	Kojimachi Square	8,784	5,409.11	5,409.11	100.0	1.8	Office
O	TOKYU REIT Shinjuku Building	9,188	6,161.94	5,477.98	88.9	4.1	Office
O	Akihabara Sanwa Toyo Building	4,665	4,643.04	4,643.04	100.0	2.7	Office
O	Kiba Eitai Building (Note 6)	4,035	5,776.46	3,395.39	58.8	2.8	Office
O	Tokyu Ginza 2-chome Building	4,963	3,469.14	3,469.14	100.0	2.7	Office
Total		¥ 189,452	245,417.58	232,387.38	94.7	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 was 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 July 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	¥ 20,900	¥ 14,111
R Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,107.08	4,010	4,749
R TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,708.18	6,420	5,706
R Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	19,610.06	8,230	6,720
R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	1,284.60	1,430	1,186
R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	8,830	6,621
R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,319.97	16,900	23,180
R CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,319.24	4,040	4,937
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	3,050	4,122
Sub total			44,872.75	73,810	71,334

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	8,190	8,489
		R	Shonan Mall Fill (<i>sokochi</i>)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	5,600	7,026
	Sub total				94,364.01	13,790	15,515	
Total				139,236.76	87,600	86,850		
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	20,000	18,435
		O	Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	5,480	4,237
		O	Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	6,970	6,402
		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	3,781
		O	TOKYU REIT Akasaka Hinokicho Building	6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,199.50	4,060	3,447
		O	TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	5,510	4,070
		O	TOKYU REIT Toranomom Building	3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,140.10	8,750	10,023
		O	TOKYU REIT Hatchobori Building	2-104-1, etc., Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	5,987.85	5,240	6,870
		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	6,800	8,210
		O	Tokyu Ikejiri-ohashi Building	3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,733.23	4,480	5,485
		O	Kojimachi Square	2-3-9 and 2-3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	7,710	8,784
		O	TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,161.94	9,380	9,188
		O	Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,643.04	4,930	4,665
		O	Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	5,020	4,963
	Sub total				100,404.36	99,490	98,566	
Other	O	Kiba Eitai Building	3-21-5, etc., Toyo, Koto-ku, Tokyo	Trust beneficiary interest in real estate	5,776.46	3,730	4,035	
	Sub total				5,776.46	3,730	4,035	
Total				106,180.82	103,220	102,602		
Grand total				245,417.58	¥ 190,820	¥ 189,452		

- 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		18th fiscal period From February 1, 2012 to July 31, 2012				17th fiscal period From August 1, 2011 to January 31, 2012						
		Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing			
			%	Millions of yen	%		%	Millions of yen	%			
Retail	Central Tokyo and Tokyo Areas	R	QFRONT	3	100.0	¥ 640	10.1	3	100.0	¥ 627	9.2	
		R	Lexington Aoyama	7	100.0	100	1.6	7	100.0	111	1.6	
		R	TOKYU REIT Omotesando Square	4	100.0	170	2.7	4	100.0	174	2.6	
		R	Tokyu Saginuma Building	1	100.0	308	4.8	1	100.0	307	4.5	
		R	Tokyu Saginuma 2 Building	1	100.0	62	1.0	1	100.0	62	0.9	
		R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	250	3.9	2	100.0	168	2.5	
		R	cocoti	14	96.4	551	8.7	14	93.5	523	7.7	
		R	CONZE Ebisu	8	100.0	120	1.9	7	87.6	118	1.7	
		R	Daikanyama Forum	3	83.1	90	1.4	4	91.5	96	1.4	
		Sub total			43	98.4	2,294	36.1	43	97.7	2,190	32.1
	Other	R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	1	100.0	300	4.7	1	100.0	300	4.4	
		R	Shonan Mall Fill (sokochi)	1	100.0	174	2.7	1	100.0	174	2.6	
			Sub total			2	100.0	474	7.5	2	100.0	474
		Total			45	99.5	2,768	43.5	45	99.3	2,664	39.1
	Office	Central Tokyo and Tokyo Areas	O	Setagaya Business Square	58	93.2	1,071	16.8	54	90.5	1,050	15.4
			O	Tokyu Nampeidai-cho Building	1	100.0	182	2.9	1	100.0	182	2.7
			O	Tokyu Sakuragaoka-cho Building	2	100.0	215	3.4	2	100.0	244	3.6
			O	Tokyo Nissan Taito Building	11	100.0	207	3.3	12	100.0	220	3.2
			O	TOKYU REIT Akasaka Hinokicho Building	3	95.0	134	2.1	3	95.0	132	1.9
O			TOKYU REIT Kamata Building	5	65.2	204	3.2	5	88.4	269	4.0	
O			TOKYU REIT Toranomom Building	5	52.4	98	1.6	4	29.0	428	6.3	
O			TOKYU REIT Hatchobori Building	10	100.0	198	3.1	10	100.0	190	2.8	
O			Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	202	3.2	1	100.0	203	3.0	
O			Tokyu Ikejiri-ohashi Building	5	100.0	184	2.9	5	100.0	184	2.7	
O			Kojimachi Square	8	100.0	114	1.8	3	42.8	222	3.3	
O			TOKYU REIT Shinjuku Building	10	88.9	262	4.1	10	100.0	280	4.1	
O			Akihabara Sanwa Toyo Building	6	100.0	169	2.7	6	100.0	174	2.6	
O			Tokyu Ginza 2-chome Building	2	100.0	169	2.7	2	100.0	186	2.7	
		Sub total			127	90.1	3,415	53.7	118	86.4	3,971	58.2
Other		O	Kiba Eitai Building	3	58.8	175	2.8	4	100.0	183	2.7	
		Sub total			3	58.8	175	2.8	4	100.0	183	2.7
	Total			130	88.4	3,591	56.5	122	87.1	4,155	60.9	
	Grand total			175	94.7	¥ 6,360	100.0	167	94.0	¥ 6,819	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.

(4) Other Assets

As of July 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 July 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	Tokyu Saginuma Building	Kawasaki-shi, Kanagawa	Renewal of escalators	From January 2013 to January 2013	¥ 72	—	—
O	Tokyu Sakuragaoka-cho Building	Shibuya-ku, Tokyo	Renewal of air-conditioning equipment on 1F to 8F (phase I construction)	From August 2012 to November 2012	¥ 140	—	—
O	Tokyo Nissan Taito Building	Taito-ku, Tokyo	Installation of individually controlled air-conditioning equipment on 3F and 5F	From September 2012 to November 2012	¥ 78	—	—
O	TOKYU REIT Akasaka Hinokicho Building	Minato-ku, Tokyo	Renewal of air-conditioning equipment on 2F to 5F and 7F	From September 2012 to December 2012	¥ 48	—	—
O	TOKYU REIT Kamata Building	Ota-ku, Tokyo	Renovation of restroom	From September 2012 to December 2012	¥ 69	—	—

(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 eighteenth fiscal period amounted to ¥441 million, and ¥87 million in repairs and maintenance expenses and ¥1 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 ¥529 million spent for such work.

Name of property		Location	Objective	Period	Construction cost Millions of yen
R	cocoti	Shibuya-ku, Tokyo	Renewal of common areas	From March 2011 to July 2012	¥ 176
O	Tokyu Sakuragaoka-cho Building	Shibuya-ku, Tokyo	Purchase of raised flooring on 3F to 8F (Note)	From July 2012 to July 2012	18
O	Tokyo Nissan Taito Building	Taito-ku, Tokyo	Installation of individually controlled air-conditioning equipment on 7F, etc.	From April 2012 to May 2012	24
O	TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Installation of individually controlled air-conditioning equipment on 8F, etc.	From February 2012 to March 2012	16
O	Kiba Eitai Building	Koto-ku, Tokyo	Renewal of air-conditioning equipment on 6F to 10F	From June 2012 to July 2012	68
Other					136
Total					¥ 441

Note. Construction work, the order for which was placed by the lessee Tokyu Corporation, that takes the form of purchase of the installed equipment after the construction work. The construction cost shown is the concerned equipment's purchase amount.

(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:

	18th fiscal period From February 1, 2012 to July 31, 2012	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
	Millions of yen				
Reserve at beginning of period	¥ 340	¥ 531	¥ 428	¥ 370	¥ 245
Amount transferred to reserve during period	520	226	450	394	346
Reversal from reserve during period	406	417	348	336	222
Reserve at end of period	¥ 454	¥ 340	¥ 531	¥ 428	¥ 370

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

	18th fiscal period From February 1, 2012 to July 31, 2012		17th fiscal period From August 1, 2011 to January 31, 2012	
	Millions of yen			
Asset management fees				
Asset-based fees	¥ 271		¥ 272	
Cash-based fees	196		211	
Unit price-based fees	-	¥ 468	-	¥ 484
Asset custodian fees		16		16
General administration fees		40		40
Directors' fees		6		6
Other operating expenses		47		58
Total		¥ 579		¥ 606

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

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

Category	Lender	Draw-down date	Balance as of July 31, 2012	Balance as of January 31, 2012	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	2.04400	June 25, 2012	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 2)
	Development Bank of Japan Inc.	January 25, 2006	5,000	5,000	1.95000	January 25, 2018			Unsecured and Unguaranteed (Notes 2 and 3)
	The Dai-ichi Mutual Life Insurance Company	July 31, 2006	4,000	4,000	2.21125	July 31, 2013			Unsecured and Unguaranteed (Notes 2 and 3)
	The Dai-ichi Mutual Life Insurance Company	January 25, 2007	1,000	1,000	1.92000	January 25, 2014			
	The National Mutual Insurance Federation of Agricultural Cooperatives		3,000	3,000					
	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	1.81406	July 25, 2012			Unsecured and Unguaranteed (Notes 2 and 3)
	Mitsubishi UFJ Trust and Banking Corporation	November 18, 2008	2,000	2,000	1.72500	November 18, 2012			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	November 25, 2008	-	2,000	1.64492	May 25, 2012	Unsecured and Unguaranteed (Note 2)			
Development Bank of Japan Inc.	February 25, 2009	5,000	5,000	1.79000	February 25, 2014				

Category	Lender	Draw-down date	Balance as of July 31, 2012	Balance as of January 31, 2012	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark		
			Millions of yen	Millions of yen	%						
Long-term debt	Sumitomo Mitsui Trust Bank, Limited	June 25, 2009	2,500	2,500	1.67500	June 25, 2013	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 2 and 3)		
	Mitsubishi UFJ Trust and Banking Corporation		2,500	2,500							
	Sumitomo Mitsui Trust Bank, Limited		2,500	2,500	1.78812	December 25, 2013			Unsecured and Unguaranteed (Note 2)		
	Mitsubishi UFJ Trust and Banking Corporation		2,500	2,500							
	Sumitomo Mitsui Trust Bank, Limited	June 29, 2009	-	400	1.46875	June 29, 2012			Unsecured and Unguaranteed (Note 2)		
	Mitsubishi UFJ Trust and Banking Corporation		-	400							
	Sumitomo Mitsui Trust Bank, Limited		400	400	1.66375	June 29, 2013			Unsecured and Unguaranteed (Notes 2 and 3)		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,400	1,400	1.12694	August 29, 2012					
	Daido Life Insurance Company	June 25, 2010	1,000	1,000	1.17125	December 25, 2012			Unsecured and Unguaranteed (Notes 2 and 3)		
	Mitsui Sumitomo Insurance Co., Ltd.		1,000	1,000	1.31250	June 25, 2014					
	Mizuho Corporate Bank, Ltd.		1,000	1,000							
	Sumitomo Mitsui Trust Bank, Limited	July 26, 2010	1,000	1,000	1.46250	July 26, 2015			Unsecured and Unguaranteed (Note 2)		
	Sumitomo Mitsui Trust Bank, Limited		1,000	1,000							
	Shinkin Central Bank		2,000	2,000							
	Sumitomo Mitsui Trust Bank, Limited	December 27, 2010	5,000	5,000	1.63250	December 27, 2016			Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 2)
	Sumitomo Mitsui Trust Bank, Limited	May 18, 2011	2,000	2,000	1.47625	May 18, 2017					
	Sumitomo Mitsui Trust Bank, 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	5,000	1.41375	March 26, 2018					
	Mizuho Corporate Bank, Ltd.	November 11, 2011	1,700	1,700	1.03500	November 11, 2015					
	Mizuho Corporate Bank, Ltd.		1,700	1,700	1.48875	November 11, 2018					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 25, 2012	2,000	-	1.35232	May 25, 2019					
	Development Bank of Japan Inc.	June 25, 2012	4,000	-	1.48000	June 25, 2020					
	Sumitomo Mitsui Trust Bank, Limited	June 29, 2012	400	-	1.32375	June 29, 2019					
Mitsubishi UFJ Trust and Banking Corporation	400		-								
The Norinchukin Bank	July 25, 2012	1,000	-	0.93500	July 25, 2017						
Total		¥ 79,000	¥ 79,000								

- 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 July 31, 2012 is as follows:

Name	Issue date	Balance as of July 31, 2012	Balance as of January 31, 2012	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 Eighteenth 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.

In the eighteenth fiscal period, TOKYU REIT purchased part of equipment from the lessee of Tokyu Sakuragaoka-cho Building, Tokyu Corporation. The purchase of the equipment falls under the category of capital expenditures and is thus presented with other capital expenditures in '4. Capital Expenditures for Properties Held (2) Capital Expenditures Made during Period.'

(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	¥ 515,333	Yoga District Heating and Cooling Co., Ltd.	¥ 107,339	20.8
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 414,123	Tokyu Community Corporation	¥ 257,372	62.1
		Tokyu Facility Service Co., Ltd.	¥ 31,806	7.7
		Kyodo Gijutsu Center Co., Ltd.	¥ 10,908	2.6
		Tokyu Store Corporation	¥ 3,877	0.9
		Tokyu Bldg Maintenance Co., Ltd.	¥ 375	0.1
		its communications Inc.	¥ 138	0.0
		Tokyu Hands Inc.	¥ 103	0.0
		Toko Service Co., Ltd.	¥ 48	0.0
Property management fees	¥ 140,445	Tokyu Community Corporation	¥ 71,400	50.8
		Tokyu Corporation	¥ 69,045	49.2
Insurance premium	¥ 11,998	Tokyu Insurance Consulting Co., Ltd.	¥ 11,687	97.4
Other rental service expenses	¥ 213,627	Tokyu Corporation	¥ 18,102	8.5
		Tokyu Community Corporation	¥ 3,929	1.8
		TMD Corporation	¥ 1,324	0.6
		Shibuya Underground Shopping Center, Inc.	¥ 913	0.4
		its communications Inc.	¥ 62	0.0
		Tokyu Hands Inc.	¥ 16	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 ¥56,627 thousand and ¥26,865 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 eighteenth fiscal period are as follows:

Tokyu Corporation	¥ 31,149 thousand	(Note)
Tokyu Community Corporation	¥ 9,968 thousand	
Tokyu Construction Co., Ltd.	¥ 8,000 thousand	
Tokyu Renewal Co., Ltd.	¥ 1,700 thousand	
Tokyu Facility Service Co., Ltd.	¥ 1,512 thousand	
Tokyu Green System Co., Ltd.	¥ 605 thousand	
Tokyu Homes Corporation	¥ 383 thousand	
Seikitokyu Kogyo Co., Ltd.	¥ 195 thousand	
Ishikatsu Exterior, Inc.	¥ 119 thousand	
Kyodo Gijutsu Center Co., Ltd.	¥ 96 thousand	
Tokyu Hands Inc.	¥ 44 thousand	

Note. The ¥31,149 thousand in amount paid to the company includes the amount of purchase of part of equipment of Tokyu Sakuragaoka-cho Building that falls under the category of capital expenditures (¥18,484 thousand). Regarding the purchase, please refer to ‘4. Capital Expenditures for Properties Held (2) Capital Expenditures Made during Period.’

(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

There is no item that falls under this category.

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

There is no item that falls under this category.

(3) Other

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

Date of meeting	Agenda item	Summary
June 29, 2012	Signing of memorandum with Tokyu REIM (Note)	The meeting approved the signing of a memorandum with the investment management company Tokyu REIM, confirming Tokyu REIM's intentions to take full responsibility for expenses (¥138 thousand) resulting from operational delinquency.
July 27, 2012	Signing of memorandum with Tokyu Community Corporation	The meeting approved the signing of a memorandum with the property management company Tokyu Community Corporation, confirming Tokyu Community Corporation's intentions, based on the property management agreement, to take full responsibility for expenses (¥0 thousand) resulting from operational delinquency.

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

- ② Unless otherwise specifically mentioned, the 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 July 31, 2012, and the statements of income, statements of changes in unitholders' equity and statements of cash flows for the six months then ended, 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, while the purpose of the financial statements audit is not to express 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 July 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

October 25, 2012

PricewaterhouseCoopers Aarata

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

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 3,939	¥ 3,917
Cash and deposits with banks held in trust	10,183	10,236
Tenant receivables	116	103
Lease deposits held in trust due within one year	18	18
Other current assets	39	41
Total current assets	14,298	14,317
Fixed assets:		
Property and equipment		
Buildings and structures	7,820	7,786
Land	33,228	33,228
Other tangible assets	85	83
Construction in progress	-	0
Buildings and structures held in trust	47,194	46,851
Land held in trust	115,335	115,335
Other tangible assets held in trust	1,247	1,240
Construction in progress held in trust	2	12
Less accumulated depreciation	(15,479)	(14,504)
Total property and equipment	189,434	190,036
Intangible assets		
Intangible assets	1	1
Intangible assets held in trust	16	10
Total intangible assets	17	12
Investments and other assets		
Lease deposits	125	125
Lease deposits held in trust	818	818
Other assets	175	173
Total investments and other assets	1,118	1,116
Total fixed assets	190,571	191,165
Deferred assets:		
Investment corporation bond issuance expenses	9	14
Total deferred assets	9	14
Total assets	¥ 204,879	¥ 205,497

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

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

	July 31, 2012	January 31, 2012 (information only)
(Millions of yen)		
<u>LIABILITIES</u>		
Current liabilities:		
Investment corporation bonds due within one year	¥ 5,000	¥ 5,000
Long-term debt due within one year	13,800	12,200
Accounts payable	941	1,098
Consumption tax payable	54	121
Rent received in advance	970	985
Tenant leasehold and security deposits held in trust due within one year	624	624
Provision for loss on disaster	-	15
Accrued expenses and other current liabilities	202	217
Total current liabilities	21,594	20,264
Long-term liabilities:		
Investment corporation bonds	5,000	5,000
Long-term debt	65,200	66,800
Tenant leasehold and security deposits	1,854	1,660
Tenant leasehold and security deposits held in trust	11,224	11,528
Other long-term liabilities	3	3
Total long-term liabilities	83,282	84,993
Total liabilities	¥ 104,877	¥ 105,257
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 2,000,000 units		
Units issued and outstanding - 169,380 units as of July 31, 2012 and January 31, 2012	¥ 98,019	¥ 98,019
Retained earnings	1,982	2,219
Total net assets	100,002	100,239
Total liabilities and net assets	¥ 204,879	¥ 205,497

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

TOKYU REIT, Inc.
Statements of Income

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

	For the six months ended	
	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 5,887	¥ 6,158
Other rental revenue	472	661
Operating expenses:		
Rental service expenses	(3,009)	(3,164)
Asset management fees	(468)	(484)
Other	(111)	(122)
Operating income	2,771	3,049
Non-operating income:		
Interest income	1	1
Other	6	1
Non-operating expenses:		
Interest expense	(668)	(686)
Interest expense on investment corporation bonds	(88)	(89)
Amortization of investment corporation bond issuance expenses	(4)	(4)
Other	(48)	(50)
Extraordinary income:		
Reversal of provision for loss on disaster	14	-
Income before income taxes	1,983	2,220
Income taxes:		
Current	(0)	(1)
Deferred	(0)	0
Net income	1,982	2,219
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 1,982	¥ 2,219

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

TOKYU REIT, Inc.
Statements of Changes in Unitholders' Equity
For the six months ended July 31, 2012 and January 31, 2012

For the six months ended July 31, 2012

	Unitholders' capital	Retained earnings	Total
	(Millions of yen)		
Balance at beginning of period	¥ 98,019	¥ 2,219	¥ 100,239
Changes during the period			
Cash distributions declared	-	(2,219)	(2,219)
Net income	-	1,982	1,982
Total changes during the period	-	(237)	(237)
Balance at end of period	¥ 98,019	¥ 1,982	¥ 100,002

For the six months ended January 31, 2012 (information only)

	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

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

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

	For the six months ended	
	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 1,983	¥ 2,220
Depreciation and amortization	996	1,002
Amortization of investment corporation bond issuance expenses	4	4
Loss on disposal of property and equipment	29	6
Increase (Decrease) in provision for loss on disaster	(15)	(10)
Interest income	(1)	(1)
Interest expense	783	804
(Increase) Decrease in tenant receivables	(12)	20
Increase (Decrease) in consumption tax payable	(67)	58
Increase (Decrease) in accounts payable	(157)	17
Increase (Decrease) in rent received in advance	(15)	(58)
Other, net	(2)	51
Total	3,524	4,115
Interest received	1	1
Interest paid	(788)	(794)
Income taxes paid	(1)	(0)
Net cash provided by operating activities	2,736	3,321
Cash flows from investing activities:		
Payments for purchases of property and equipment	(164)	(44)
Payments for purchases of property and equipment held in trust	(266)	(207)
Payments for purchases of intangible assets held in trust	(6)	-
Proceeds from lease deposits held in trust	-	18
Proceeds from tenant leasehold and security deposits	288	7
Payments for tenant leasehold and security deposits	(95)	(615)
Proceeds from tenant leasehold and security deposits held in trust	274	101
Payments for tenant leasehold and security deposits held in trust	(578)	(745)
Payments for restricted deposits with banks held in trust	(274)	(119)
Proceeds from restricted deposits with banks held in trust	361	528
Net cash used in investing activities	(460)	(1,076)
Cash flows from financing activities:		
Proceeds from long-term debt	7,800	8,400
Repayment of long-term debt	(7,800)	(9,400)
Payment of dividends	(2,219)	(2,243)
Net cash used in financing activities	(2,219)	(3,243)
Net change in cash and cash equivalents	56	(998)
Cash and cash equivalents at beginning of period	6,066	7,064
Cash and cash equivalents at end of period	¥ 6,123	¥ 6,066

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

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

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 July 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 94.7%. Total acquisition cost of the 26 properties is ¥199,672 million and total rentable area is 245,417.58 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
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2. Significant accounting policies

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

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

	July 31, 2012	January 31, 2012 (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).

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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- (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.
- (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 ¥16 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. Cash and cash equivalents

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

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Cash and deposits with banks	¥ 3,939	¥ 3,917
Cash and deposits with banks held in trust	10,183	10,236
Restricted deposits with banks held in trust	(8,000)	(8,087)
Cash and cash equivalents	<u>¥ 6,123</u>	<u>¥ 6,066</u>

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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4. Schedule of property and equipment and intangible assets

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

	July 31, 2012			January 31, 2012 (information only)		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 7,766	¥ (1,234)	¥ 6,531	¥ 7,732	¥ (1,097)	¥ 6,635
Structures	54	(13)	40	54	(11)	42
Land	33,228	-	33,228	33,228	-	33,228
Other tangible assets						
Machinery and equipment	52	(15)	37	52	(11)	41
Tools, furniture and fixtures	32	(15)	16	31	(13)	17
Construction in progress	-	-	-	0	-	0
Property and equipment held in trust						
Buildings and structures						
Buildings	46,375	(13,026)	33,348	46,066	(12,266)	33,799
Structures	819	(347)	471	785	(330)	455
Land	115,335	-	115,335	115,335	-	115,335
Other tangible assets						
Machinery and equipment	943	(607)	335	943	(558)	384
Tools, furniture and fixtures	303	(218)	85	297	(213)	83
Construction in progress	2	-	2	12	-	12
Sub total	204,913	(15,479)	189,434	204,541	(14,504)	190,036
Intangible assets						
Intangible assets	2	(1)	1	2	(1)	1
Intangible assets held in trust	30	(13)	16	23	(12)	10
Sub total	33	(15)	17	26	(14)	12
Total	¥ 204,946	¥ (15,494)	¥ 189,452	¥ 204,567	¥ (14,518)	¥ 190,049

5. Collateral pledged and secured liabilities

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

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Assets pledged as collateral		
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 2,760	¥ 2,840
Structures	134	132
Land	5,585	5,585
Other tangible assets		
Machinery and equipment	7	7
Tools, furniture and fixtures	1	0
Total	¥ 8,489	¥ 8,567
Secured liabilities		
Tenant leasehold and security deposits held in trust due within one year	¥ 433	¥ 433
Tenant leasehold and security deposits held in trust	2,578	2,795
Total	¥ 3,012	¥ 3,229

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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6. Short-term debt and long-term debt

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

	Balance as of July 31, 2012	Balance as of January 31, 2012 (information only)	Average interest rate (Note 1)
	(Millions of yen)		(%)
Short-term debt			
Sub total	¥ -	¥ -	
Long-term debt			
Unsecured loans due on May 25, 2012 with fixed rate	-	2,000	1.64492
Unsecured loans due on June 25, 2012 with fixed rate	-	4,000	2.04400
Unsecured loans due on June 29, 2012 with fixed rate	-	800	1.46875
Unsecured loans due on July 25, 2012 with fixed rate	-	1,000	1.81406
Unsecured loans due on August 29, 2012 with floating rate (Note 2)	1,400	1,400	1.12694
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 (Note 2)	5,000	5,000	1.67500
Unsecured loans due on June 29, 2013 with fixed rate (Note 2)	400	400	1.66375
Unsecured loans due on July 31, 2013 with fixed rate (Note 2)	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	1,700	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 July 25, 2017 with fixed rate	1,000	-	0.93500
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	5,000	1.41375
Unsecured loans due on November 11, 2018 with fixed rate	1,700	1,700	1.48875
Unsecured loans due on May 25, 2019 with fixed rate	2,000	-	1.35232
Unsecured loans due on June 29, 2019 with fixed rate	800	-	1.32375
Unsecured loans due on June 25, 2020 with fixed rate	4,000	-	1.48000
Sub total	79,000	79,000	
Total	¥ 79,000	¥ 79,000	

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 has commitment line agreements which provide credit facilities totaling ¥2 billion with one bank, ¥10 billion with one bank and ¥8 billion with four banks. Combined, commitment lines total ¥20 billion with five banks. No amount has been drawn down as of July 31, 2012 and January 31, 2012.

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7. Investment corporation bonds

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

Name	Issue date	Balance as of	Balance as of	Annual	Maturity date
		July 31, 2012	January 31, 2012	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>		

8. 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.

9. Rental revenue and expense

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

	For the six months ended	
	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Revenue from property leasing:		
Rental revenue:		
Rent income	¥ 4,750	¥ 4,973
Common area charges	664	705
Parking lot revenue under monthly contract	144	140
Other rent income	328	338
Sub total	<u>5,887</u>	<u>6,158</u>
Other rental revenue:		
Incidental income	373	393
Other miscellaneous income	98	268
Sub total	<u>472</u>	<u>661</u>
Total revenue from property leasing	(a) <u>6,360</u>	<u>6,819</u>
Rental service expenses:		
Utilities expenses	515	525
Subcontract expenses	414	420
Property management fees	140	150
Repairs and maintenance expenses	87	246
Property-related taxes	600	603
Insurance premium	11	12
Depreciation and amortization	996	1,002
Loss on disposal of property and equipment	29	6
Other	213	197
Total rental service expenses	(b) <u>3,009</u>	<u>3,164</u>
Operating income from property leasing activities	(a)-(b) <u>¥ 3,351</u>	<u>¥ 3,655</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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10. The financial results of each property (Unaudited)

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

For the six months ended July 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	¥ 640	¥ 253	¥ 386	¥ 53	¥ 333
R Lexington Aoyama	100	32	67	8	59
R TOKYU REIT Omotesando Square	170	36	133	10	123
R Tokyu Saginuma Building	308	50	257	30	227
R Tokyu Saginuma 2 Building	62	12	49	8	40
R TOKYU REIT Shibuya Udagawa-cho Square	250	39	210	4	205
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	50	249	82	166
R cocoti	551	186	365	200	165
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	120	37	82	18	63
R Daikanyama Forum	90	36	53	8	44
O Setagaya Business Square	1,071	493	577	164	413
O Tokyu Nampeidai-cho Building	182	30	151	20	131
O Tokyu Sakuragaoka-cho Building	215	45	169	20	148
O Tokyo Nissan Taito Building	207	63	143	31	112
O TOKYU REIT Akasaka Hinokicho Building	134	37	96	10	86
O TOKYU REIT Kamata Building	204	71	133	32	101
O TOKYU REIT Toranomom Building	98	115	(16)	44	(60)
O TOKYU REIT Hatchobori Building	198	49	149	34	114
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	202	38	164	32	131
O Tokyu Ikejiri-ohashi Building	184	46	138	20	118
O Kojimachi Square	114	45	69	55	14
O TOKYU REIT Shinjuku Building	262	67	195	37	158
O Akihabara Sanwa Toyo Building	169	37	131	14	117
O Kiba Eitai Building	175	46	129	44	85
O Tokyu Ginza 2-chome Building	169	31	137	36	100
Total	<u>¥ 6,360</u>	<u>¥ 1,983</u>	<u>¥ 4,377</u>	<u>¥ 1,026</u>	<u>¥ 3,351</u>

TOKYU REIT, Inc.
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For the six months ended January 31, 2012 (information only)

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	<u>¥ 6,819</u>	<u>¥ 2,155</u>	<u>¥ 4,664</u>	<u>¥ 1,009</u>	<u>¥ 3,655</u>

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

Note 2. NOI represents net operating income, calculated as revenue from property leasing minus property leasing expenses.

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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11. Income taxes

Income taxes in Japan applicable to TOKYU REIT consist of corporate income tax, enterprise tax and inhabitant tax. The following is reconciliation between the statutory income tax rate in Japan and the effective tax rate reflected in the accompanying financial statements for the six months ended July 31, 2012 and January 31, 2012.

	July 31, 2012	January 31, 2012 (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.

12. Adjustment of amount of deferred tax assets and deferred tax liabilities in line with change in income tax rate

In accordance with the Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures (Law No. 114 of 2011) and the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake (Law No. 117 of 2011) promulgated on December 2, 2011, the statutory income tax rate used in the calculation of deferred tax assets and deferred tax liabilities has been changed from the previous rate of 39.33% to 36.59% as of the six months ended July 31, 2012. The impact of this tax rate change is minimal.

13. Per unit information

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

	For the six months ended	
	July 31, 2012	January 31, 2012 (information only)
Net income per unit	¥ 11,704	¥ 13,106
Weighted-average number of units ※1	169,380 units	169,380 units
※1 Average number of units weighed by days in each fiscal period.		
	As of July 31, 2012	As of January 31, 2012 (information only)
Unitholders’ equity per unit	¥ 590,402	¥ 591,803

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
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14. Distribution information

The Board of Directors of TOKYU REIT resolved on September 13, 2012 and March 15, 2012 to effect payment of cash distributions of ¥11,705 and ¥13,106 per unit to unitholders of record on July 31, 2012 and January 31, 2012, respectively. Retained earnings carried forward after the distributions are as follows:

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Retained earnings at end of period	¥ 1,982	¥ 2,219
Cash distributions declared	1,982	2,219
Retained earnings carried forward	¥ 0	¥ 0

15. Leases

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

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Due within one year	¥ 5,304	¥ 5,631
Due after one year	19,288	20,541
Total	¥ 24,592	¥ 26,172

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

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Due within one year	¥ 209	¥ 210
Due after one year	2,808	2,913
Total	¥ 3,017	¥ 3,123

16. 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) are applied 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.

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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.

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 July 31, 2012 and January 31, 2012), 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. $[\text{Interest-bearing liabilities} + \text{Security and guarantee deposits without reserved cash}] \div$
 $[\text{Total appraisal value at the end of the fiscal period or at the time of acquisition of specified assets}] \times 100$

(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.

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(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).

	July 31, 2012			January 31, 2012 (information only)		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 3,939	¥ 3,939	¥ -	¥ 3,917	¥ 3,917	¥ -
(2) Cash and deposits with banks held in trust	10,183	10,183	-	10,236	10,236	-
Assets total	14,123	14,123	-	14,154	14,154	-
(1) Short-term debt	-	-	-	-	-	-
(2) Investment corporation bonds due within one year	5,000	5,025	25	5,000	5,040	40
(3) Long-term debt due within one year	13,800	13,921	121	12,200	12,246	46
(4) Tenant leasehold and security deposits held in trust due within one year	624	668	43	624	670	45
(5) Investment corporation bonds	5,000	5,148	148	5,000	5,136	136
(6) Long-term debt	65,200	66,650	1,450	66,800	67,676	876
(7) Tenant leasehold and security deposits held in trust	3,242	3,232	(10)	3,459	3,384	(74)
Liabilities total	¥ 92,867	¥ 94,647	¥ 1,779	¥ 93,084	¥ 94,154	¥ 1,069

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 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 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 by the rate that takes into account the term remaining until the repayment deadline and credit risks.

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

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

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 1,854	¥ 1,660
(ii) Tenant leasehold and security deposits held in trust	7,981	8,069

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.

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

	July 31, 2012			January 31, 2012 (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	¥ 3,939	¥ 10,183	¥ 14,123	¥ 3,917	¥ 10,236	¥ 14,154
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

	July 31, 2012				January 31, 2012 (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	¥ 13,800	¥ 18,800	¥ -	¥ 5,000	¥ 12,200	¥ 17,200
Within two years, but over one year	-	-	17,000	17,000	-	-	19,400	19,400
Within three years, but over two years	-	5,000	9,000	14,000	-	5,000	7,000	12,000
Within four years, but over three years	-	-	4,700	4,700	-	-	10,700	10,700
Within five years, but over four years	-	-	14,000	14,000	-	-	10,000	10,000
Over five years	-	-	20,500	20,500	-	-	19,700	19,700

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

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

	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Asset management fees for the period	¥ 468	¥ 484
Management fees payable due to asset manager	206	222

18. 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) are applied 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	
	July 31, 2012	January 31, 2012 (information only)
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 190,049	¥ 190,709
Change during the period (Note 3)	(596)	(659)
Balance at end of period	¥ 189,452	¥ 190,049
	As of July 31, 2012	As of January 31, 2012 (information only)
	(Millions of yen)	
Fair value at end of period (Note 4)	¥ 190,820	¥ 190,360

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.

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

Note 3. Of the change during the six months ended July 31, 2012, the amount of increase is mainly attributable to renewal of the common areas of cocoti and other capital expenditures (¥441 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥996 million).

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).

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 July 31, 2012 and January 31, 2012 for investment and rental properties are as presented in "Rental revenue and expense" of the "Notes to Financial Statements."

19. 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 July 31, 2012 is accompanied by segment and related information for the six months ended January 31, 2012.

[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.

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

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

	July 31, 2012				January 31, 2012 (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)	¥ 3,591	¥ 2,768	¥ -	¥ 6,360	¥ 4,155	¥ 2,664	¥ -	¥ 6,819
Segment income	1,772	1,578	(579)	2,771	2,175	1,479	(606)	3,049
Segment assets	102,602	86,850	15,426	204,879	102,945	87,103	15,448	205,497
Other items								
Depreciation and amortization	592	404	-	996	598	403	-	1,002
Increase in property and equipment and intangible assets	256	185	-	441	314	34	-	349

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

Note 2. The breakdown of the -¥579 million amount of reconciliation of segment income is ¥579 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 ¥15,426 million amount of reconciliation of segment assets is ¥14,298 million in current assets, ¥1,118 million in investments and other assets and ¥9 million in deferred assets.

Note 3. 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.

[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.

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

(c) Information about each major customer

For the six months ended July 31, 2012

Party	Operating revenues	Name of related segment
	(Millions of yen)	
Related parties (Note)	¥ 1,278	Office Property Leasing Business Retail Property Leasing Business

For the six months ended January 31, 2012 (information only)

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

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%.

20. Subsequent events

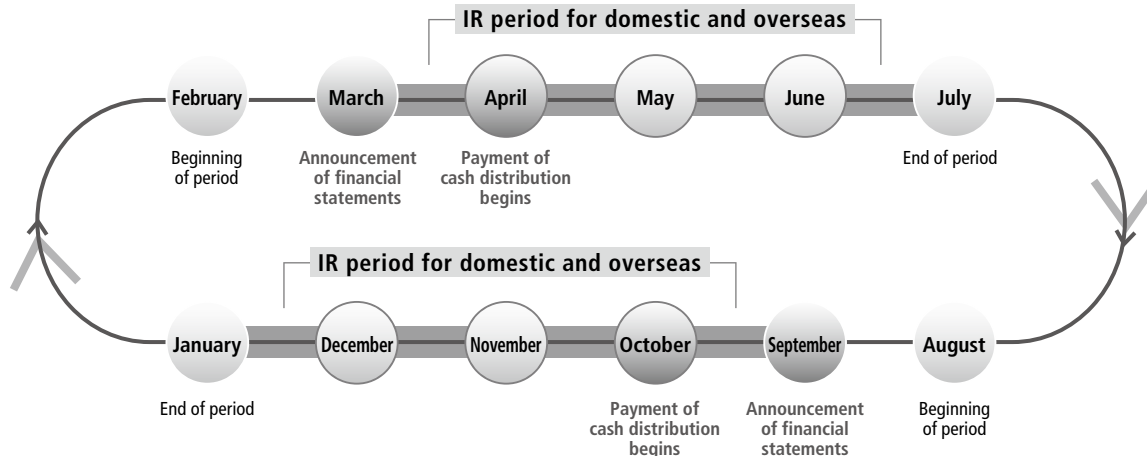
TOKYU REIT issued investment corporation bonds on October 22, 2012 for the purpose of repaying the Investment Corporation's 1st Series Unsecured Investment Corporation Bonds (¥5,000 million in total), which are scheduled to mature on October 24, 2012, based on a resolution by the Board of Directors meeting held on November 25, 2011. The investment corporation bonds are unsecured, unguaranteed and not backed by specific assets. Details are as follows.

Investment Corporation Bond	Third Series
Issue date	October 22, 2012
Issue amount	¥3,000 million
Interest rate	1.47%
Interest payment dates	April 22 and October 22
Maturity date	October 21, 2022
Redemption method (Note)	Repayment in full on maturity date
Underwriters	Mizuho Securities Co., Ltd.

Note. These investment corporation bonds may be redeemed at any time from the day following the payment date, unless determined otherwise by the book-entry transfer agent.

Unitholder Information

■ Annual Schedule



Reply to question

Question: Why do you go so far as to borrow money from banks to purchase properties?

Answer: We utilize borrowings to purchase properties because we aim to benefit from economies of scale and diversification of risks. The reason we procure funds through borrowings aside from investment money from the unitholders is that we should be able to improve the distribution yield if the interest rate on borrowings is lower than the investment return.

For example, if we acquire a property with a cap rate of 4% for ¥10 billion without conducting any borrowings, unitholders investing ¥10 billion in **TOKYU REIT** will receive cash distributions of ¥0.4 billion (related expenses are ignored for the purpose of convenience). The distribution yield is 4%. On the other hand, if we acquire the same ¥10 billion property by borrowing ¥5 billion at an interest rate of 2% as well as using ¥5 billion invested in **TOKYU REIT**, unitholders investing ¥5 billion will receive distributions of ¥0.3 billion, which is arrived at by subtracting ¥0.1 billion as interest payment from ¥0.4 billion. The distribution yield is then 6%, as unitholders receive ¥0.3 billion for their investment of ¥5 billion. The distribution yield increases because the borrowing interest rate is lower than the cap rate of the property. (This is generally called the "leverage effect.") Unitholders also can enjoy the leverage effect by conducting borrowings on their own to purchase REIT units, but investment corporations are believed to be better positioned to borrow money at more favorable terms and conditions.

However, borrowings cause the financial soundness of investment corporations to decrease. Investment corporations will go into bankruptcy if they cannot procure funds from other sources when lenders demand them to repay the borrowings upon the arrival of a financial crisis and other occasions. Accordingly, appropriate debt management is required when conducting borrowings, or debt financing, in order to secure financial soundness. **TOKYU REIT** follows the debt management policy that primarily comprises the following three measures: (1) controlling dependency on borrowings (interest-bearing debt), (2) diversifying repayment dates and extending debt duration, and (3) converting to fixed-interest debt financing.

(1) Controlling dependence on borrowings (interest-bearing debt)

TOKYU REIT controls the ratio of interest-bearing debt to asset value (LTV, or loan-to-value) to stay at no higher than 50%. This is a measure to ensure that even if the asset value decreases significantly, it will not fall below the interest-bearing debt.

(2) Diversifying repayment dates and extending debt duration

TOKYU REIT has diversified the repayment dates of its interest-bearing debt totaling ¥89 billion over 15 fiscal periods, and set the repayment amount in any fiscal period at ¥10 billion at the maximum (up to ¥20 billion over a year). To maintain this diversification, we work to conduct debt financing under long-term contracts. This is a measure to ensure **TOKYU REIT** does not have to repay borrowings in excess of its capacity at any time upon the arrival of a financial crisis or any incident.

In addition, **TOKYU REIT** has established commitment lines, under which a bank promises to provide loans in response to the borrower's request up to a predetermined amount. Presently, the limit for the commitment line is set at ¥20 billion, the maximum amount **TOKYU REIT** must repay in a year, with a commitment period of one year. This arrangement is designed to minimize refinancing risks.

(3) Converting to fixed-interest debt financing

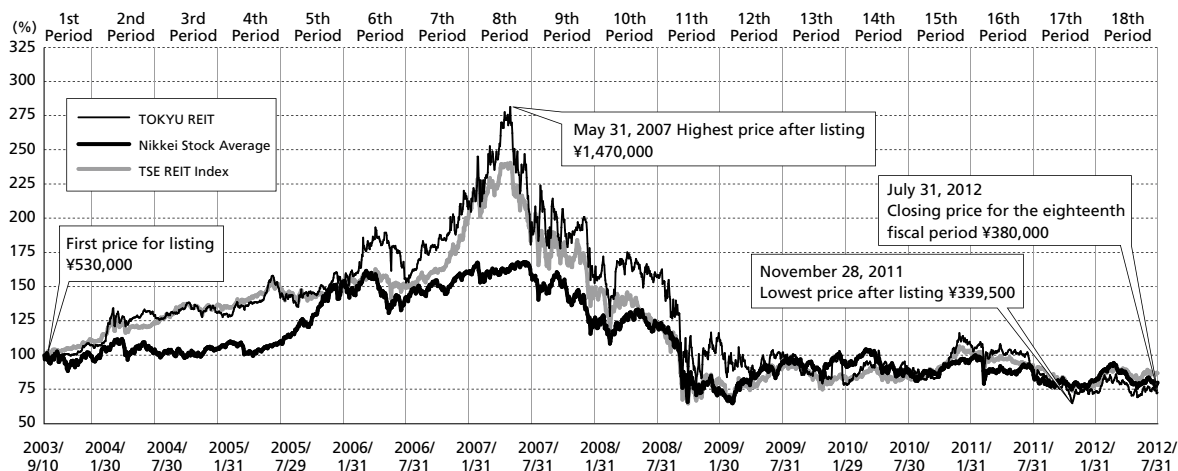
TOKYU REIT has been implementing a conversion to fixed-interest debt. This is a measure to keep its borrowing interest rate at a level not exceeding the cap rate of its properties even in case of a unfavorable rise in the interest rates in the future – a rise in the market interest rates without being accompanied by economic recovery.

These strategic debt management measures have allowed **TOKYU REIT** to secure high ratings granted by rating agencies (AA– by R&I, A by S&P and A3 by Moody's). Moreover, securing these high ratings serves as a measure of debt management.

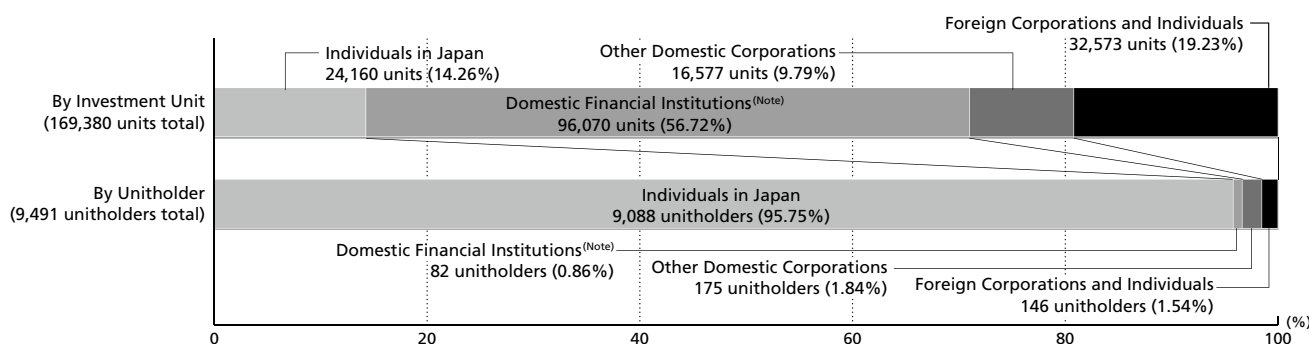
As stated above, **TOKYU REIT** will continue to conduct debt financing within certain limits in order to realize improved distribution yields for our unitholders, while taking into full account securing its financial soundness.

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

Unit Price Chart



Unitholder Composition



(Note) Financial instruments dealers are classified into "Other Domestic Corporations."

Results Reporting Schedule

	18th Period	19th Period
Date of settlement	Jul. 31, 2012	Jan. 31, 2013
Announcement of financial results	Sep. 13, 2012	Mid Mar. 2013
Delivery of investment management report (Japanese only)	Oct. 11, 2012	Mid Apr. 2013
Payment of cash distributions	Oct. 12, 2012	Mid Apr. 2013

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 eighteenth 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

*The investment management company will cover postal fees.
*If there are any questions please contact us at 81-3-5428-5828.

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 twelfth fiscal period (ended July 31, 2009) is on October 9, 2009 and for the thirteenth fiscal period (ended January 31, 2010) is on April 12, 2010.

■ 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 July 31, 2012.

* Although the name of Kiba Eitai Building was changed to TOKYU REIT Kiba Building on August 1, 2012, this document uses the former name for the sake of unification.

TOKYU REIT

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