

Capitalize on Time in Asset Management

TOKYU REIT

TOKYU REIT, Inc. Semiannual Report

19th Fiscal Period

From August 1, 2012 to January 31, 2013

Investment in

Highly Competitive Properties

in Areas with

Strong Growth Potential



Value & Contrary

TOKYU REIT, Inc.

Semiannual Report
19th Fiscal Period

From August 1, 2012 to January 31, 2013

19th

19th Fiscal Period
Cash Distribution per Unit

¥11,146 (Fixed)

(Date of payment: Apr. 11, 2013)

20th Fiscal Period
Cash Distribution per Unit

¥11,500 (Forecast)

(Date of payment: Mid Oct. 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

The proactive tenant leasing activities conducted in the 18th fiscal period were continued into the 19th fiscal period, leading to TOKYU REIT Kiba Building, where the occupancy rate had dropped to 58.8%, reaching full occupancy. In addition, cocoti, where renewal work was conducted in the 18th fiscal period, also reached full occupancy in the 19th fiscal period.

TOKYU REIT Kiba Building



cocoti



FINANCIAL SUMMARY

		18th Fiscal Period	19th Fiscal Period
Balance Sheets	Number of Properties	26 properties	26 properties
	Total Assets	¥204,879 million	¥202,061 million
	Interest-Bearing Liabilities	¥89,000 million	¥87,000 million
	Total Assets Loan-to-Value (LTV) Ratio	43.4%	43.1%
Statements of Income	Operating Revenues	¥6,360 million	¥6,334 million
	Net Income	¥1,982 million	¥1,887 million
Distributions	Cash Distribution per Unit	¥11,705	¥11,146
	Average Market Price per Unit	¥401,664	¥422,792
	Distribution Yield	5.84%	5.23%

Policy and Strategy

TOKYU REIT, Inc. (**TOKYU REIT**) listed its units on the Tokyo Stock Exchange on September 10, 2003. With the ultimate goal of maximizing unitholder value, **TOKYU REIT** is engaged in asset investment and management based on principles of growth, stability, and transparency. **TOKYU REIT** is committed to securing stable earnings and cash distributions through investment in highly competitive properties in areas with strong growth potential.

TOKYU REIT invests primarily in retail and office properties located in the five central Tokyo wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) and the Tokyu Areas, which refers to the areas serviced by the Tokyu rail network. As of January 31, 2013, the end of TOKYU REIT's 19th fiscal period, **TOKYU REIT** held 15 office buildings and 11 retail facilities, for a total of 26 properties.

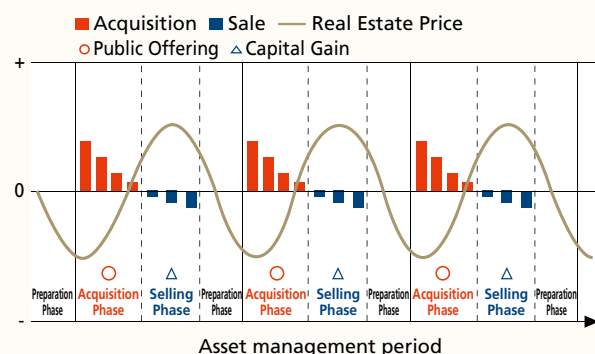
Investment Policy

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

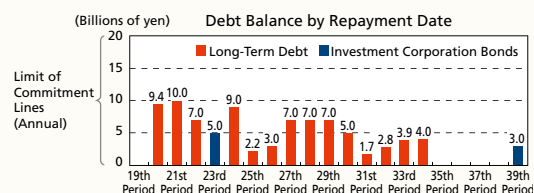
"Being in the same boat as unitholders" investment management fee structure

- 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."

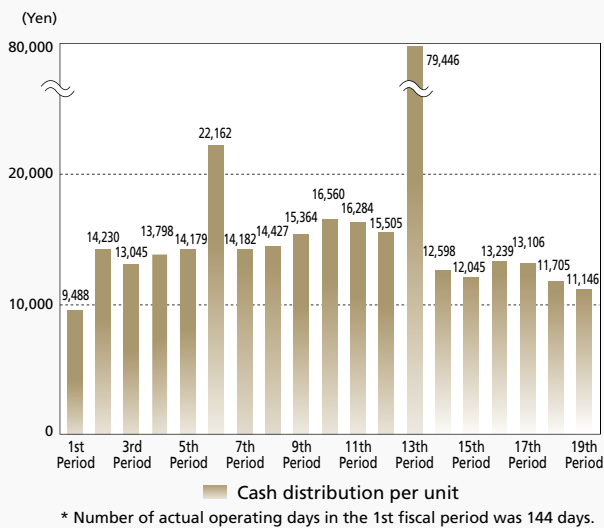
Tokyu Corporation and its subsidiaries referred to in this semiannual report collectively represent "Tokyu Corporation," "A consolidated subsidiary of Tokyu Corporation (*not including equity method affiliates)," "A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based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

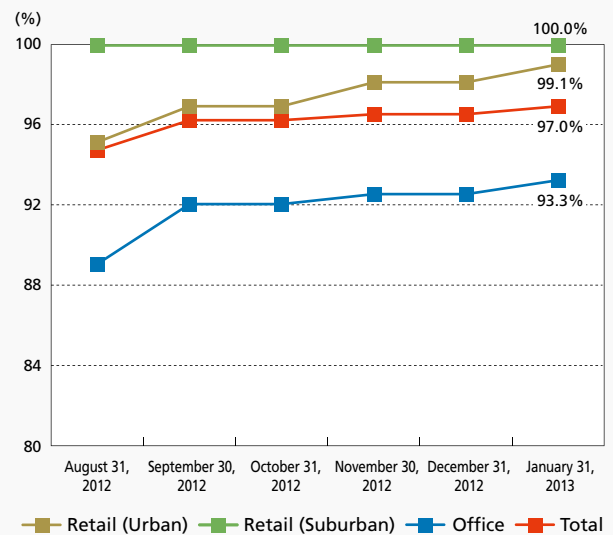
Performance

TOKYU REIT has paid out a cumulative total of ¥332,509 in cash distribution per unit over the approximately nine and a half years since listing (simple average cash distribution per unit of ¥17,500 per fiscal period) as a result of stable occupancy and sale of three properties. Weighted-average capital yield (ROE) stands at 6.3%, 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.

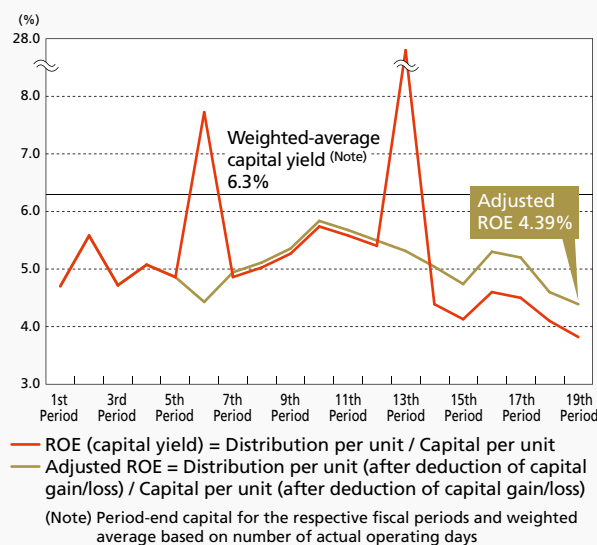
Cash Distribution per Unit



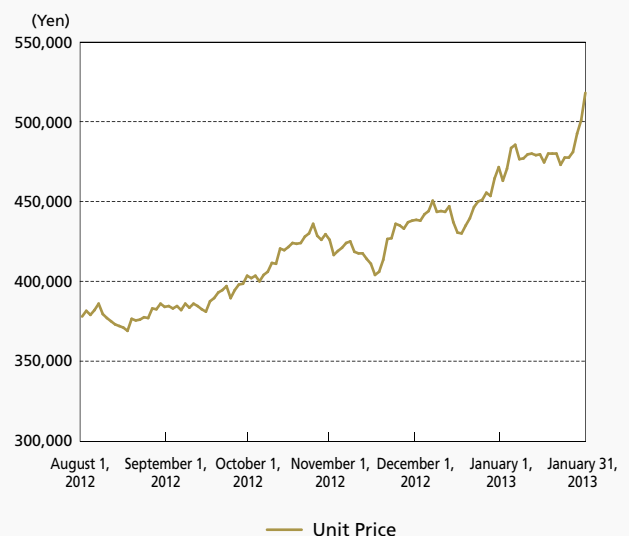
Occupancy Rate



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. I would also like to request the attendance of our unitholders at the Sixth General Meeting of Unitholders, which is to be held on April 12, 2013.

The following pages provide an overview of our operating environment and results for the 19th fiscal period, August 1, 2012 to January 31, 2013.

Masahiro Horie

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



Cash Distribution per Unit of ¥11,146

For the fiscal period under review (19th fiscal period), **TOKYU REIT** posted ¥6,334 million in operating revenues and ¥1,887 million in net income. Operating income from property leasing activities decreased by ¥100 million from the 18th fiscal period. This was attributable to such factors as large impact of the decrease in revenue due to tenant exits and a free-rent period being set for new tenants at TOKYU REIT Kiba Building, TOKYU REIT Kamata Building, etc. in the 18th fiscal period. The net income figure was higher, albeit slightly, than the performance forecast announced on September 13, 2012.

Concerning cash distributions, **TOKYU REIT** decided to distribute 100% of unappropriated retained earnings to declare a cash distribution per unit of ¥11,146. This was ¥559, or 4.8%, less than the ¥11,705 distribution in the 18th fiscal period, while being ¥46, or 0.4%, more than the

performance forecast announced on September 13, 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 ¥581,450, a decrease of ¥5,321 from the 18th fiscal period.

■ Report on Tenant Leasing Activities

During the 19th fiscal period, seven tenants vacated or decreased their leased floor space, while 14 tenants moved in or increased their leased floor space. Conditions continued 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, signs of improvement began to show in the latter half of 2012. At **TOKYU REIT**, occupancy started turning towards recovery after bottoming out at the end of January 2012.

Specifically, dedicated tenant leasing activities were launched for TOKYU REIT Kiba Building, where the occupancy rate had dropped to 58.8% at one point following the exit of a large tenant in the 18th fiscal period, and for TOKYU REIT Kamata Building, where the occupancy rate had similarly dropped to 65.2%, and full occupancy managed to be achieved at these properties during the 19th fiscal period as a result. Full occupancy was secured during the 19th fiscal period for cocoti, too. In addition, the occupancy rate for TOKYU REIT Toranomom Building, which was 52.4% at the beginning of the 19th fiscal period, is projected to improve to 76.7% at the end of the 20th fiscal period.

As a result, at the end of the 19th fiscal period (end of January 2013), the occupancy rate for the entire portfolio was 97.0%, the breakdown of which is 99.1% for urban retail properties, 100.0% for suburban retail properties and 93.3% for office properties. This is up 2.3 percentage points from that at the end of the 18th fiscal period and up 1.1 percentage points from September 13, 2012 projections.

■ Report on Property Acquisitions and Sales Activities

There were no property acquisitions or sales during the 19th fiscal period. Although receiving inquiries on multiple properties and conducting surveys and other considerations for possible acquisition, none unfortunately led to an acquisition in the 19th fiscal period. The portfolio at the end of the 19th fiscal period comprised 26 properties, totaling ¥199.6 billion based on acquisition price and totaling ¥189.3 billion based on appraisal value.

Performance Forecasts and Underlying Assumptions

Cash distribution per unit is forecast to be ¥11,500 for the 20th fiscal period (ending July 31, 2013)

and ¥11,600 for the 21st fiscal period (ending January 31, 2014).

The forecasts are calculated based on lease contracts effective as at February 28, 2013. Rent levels are also factored into the forecasts by taking the recent real estate market downturn and other factors into consideration. In addition, concerning tenants that are contracted to move in but have been granted a free-rent period, the rent income for the concerned period is not recorded as revenue.

Although, of course, property acquisition activities are earnestly conducted, the performance forecasts are based on the assumption that no additional property acquisitions will be made.

■ Policy for Tenant Leasing and Rent Negotiation Activities

While leasing performance is improving overall for **TOKYU REIT**, severe conditions still remain for certain properties. We will continue to bolster leasing activities, with the attracting of tenants to vacant spaces positioned as a top priority issue in also the 20th fiscal period. The properties requiring particular focus are Setagaya Business Square and TOKYU REIT Toranomom Building. These properties have floor spaces for leasing (spaces currently vacant or set to become vacant) of about 1,129 tsubos (the 55% co-ownership interest equivalent) and about 717 tsubos, respectively. These vacant spaces of the two properties combined account for approximately 70% of the total vacant spaces of the entire portfolio.

Focus is also placed on rent negotiations with existing tenants. Until last year, existing contracted rent being far higher than new market rent forced downward rent revisions to be made in the case of many tenants scheduled for rent renewal. However, the gap between existing and new rent is expected to narrow because recent Tokyo new advertised rent is showing signs of bottoming out. In

In addition, initiatives are underway to enhance tenant satisfaction so that rent negotiations go smoothly. Specifically, restroom, air-conditioning, external wall and other renewal work in pursuit of comfort, work to switch to LED in view of reducing the burden of utilities expenses on tenants and other initiatives are being implemented at several properties.

The degree of decrease in the rent amount will be contained through such activities in an effort to achieve a cash distribution per unit that exceeds the abovementioned performance forecast figures.

■ Policy for Property Acquisitions and Sales Activities

Based on our judgment that recent Tokyo real estate prices are at a relatively low level from a long-term and cyclical perspective, property acquisitions will continue to be proactively considered in an aim to improve the cash distribution per unit and NAV per unit.

However, the securing of financial soundness will be prioritized by keeping loan-to-value (LTV) based on appraisal value under control within a range no higher than 50%.

Action Plan for Growth

Observations of real estate market conditions bottoming out as evident, for example, by the turnaround in the vacancy rate from the early fall of last year, expectations of inflation with the change in government and other factors are leading to rapid recovery in the REIT market. It is vital that such developments be made certain and **TOKYU REIT** put firmly on the growth path. The action plan that I have devised for this is initiatives for recovery of the investment unit price and growth driven by increase in capital through public offering.

■ Initiatives for Recovery of Investment Unit Price

The investment unit price of **TOKYU REIT** as of March 1, 2013 is ¥527,000, increasing from the ¥380,000 closing price at the end of the 18th fiscal period (July 31, 2012) and the ¥518,000 closing price at the end of the 19th fiscal period (January 31, 2013). However, falling short of the abovementioned net assets per unit and NAV per unit, this is regrettably a situation that fails to meet the expectations of unitholders.

The measures for recovery of the investment unit price are to increase the cash distribution per unit and to lower the expected distribution yield.

$$\text{Investment unit price} = \text{Cash distribution per unit} \div \text{Expected dividend yield}$$

To increase the cash distribution per unit, internal growth and external growth will be sought by pursuing the abovementioned policy for tenant leasing and rent negotiation activities and policy for property acquisitions and sales activities. The 19th fiscal period cash distribution level was the lowest to date, but the aim is to increase cash distributions so as to ensure that it will bottom out from this level. **TOKYU REIT** is proposing a time-limited reduction of investment management fees at the Sixth General Meeting of Unitholders, which is to be held on April 12, 2013. This, too, will indirectly serve to increase the cash distribution per unit. Please note that the proposal for reduction is being submitted in response to a proposal for such by the investment management company.

Incidentally, the lowering of the expected distribution yield stated herein refers to the “positive” lowering of yield by increasing the investment unit price and not the “negative” lowering of yield by decreasing cash distributions. Further trust from the market is essential to achieve this. The currently announced yield of forecast cash

distributions to the investment unit price is a 4.4% level, which is an intermediate value for J-REITs. The hopes are to be a J-REIT worth investing in even if the yield falls a further 1% from this level. To that end, the plan is to realize such actions as (1) Enhance portfolio quality, (2) Collaborate with sponsors (Tokyu Corporation, etc.) and (3) Tighten investment unit supply-demand.

(1) Enhance Portfolio Quality

The replacement of properties will be considered in order to enhance portfolio quality. Properties with old building age and properties that are relatively far from the nearest station are the properties targeted for sale. Those properties in the **TOKYU REIT** portfolio that a relative evaluation finds have a possible risk of performance deteriorating in the future are replaced with competitive properties to enhance portfolio quality. This is thought to result in a higher market evaluation and enable “risk premium” to be reduced. Concerning the properties that are kept in the portfolio, too, asset value enhancement is aimed through proactive asset management in day-to-day operations.

(2) Collaborate with Sponsors

In addition to acquisition of properties from third parties, continuous acquisition of properties from sponsors will be aimed. A collaborative structure has been formed in also such terms as property management, dispatch of excellent human resources and trademark licensing. Increasing the number of properties contributed by sponsors, which currently stands at 13 properties out of the 26 properties in the portfolio, is thought to enable further appeal of the collaborative structure to the market. Close communication with sponsors will continue to be pursued in order to effect property acquisitions.

(3) Tighten Investment Unit Supply-Demand

Efforts are being made to stimulate demand for

investment units through proactive IR activities. After the announcement of financial results for the 18th fiscal period, 141 meetings were held with domestic and foreign institutional investors. Seven explanatory meetings for individual investors were also held, briefing more than 500 investors on the characteristic and attractive features of **TOKYU REIT**, along with the social significance and role of REITs. In addition, amendments to the Articles of Incorporation are being proposed at the Sixth General Meeting of Unitholders so as to enable acquisition and cancellation of own investment units in preparation for related system revisions.

■ Growth Driven by Increase in Capital through Public Offering

Growth driven by increase in capital through public offering will be aimed as the next step after an environment is developed through recovery of the investment unit price. Further external growth and improvement of financial soundness can be expected as a result.

Recovery of the investment unit price is thought to lead to reduction or elimination of the discount to net assets per unit and NAV per unit and thereby develop an environment for increase in capital through public offering. This is because, if net assets per unit and NAV per unit are viewed as the intrinsic value, then increasing the number of investment units by conducting an increase in capital through public offering at an investment unit price level that falls far below that would cause dilution of the value for existing unitholders.

Increasing the weight of capital by increasing capital through public offering would enable the capacity to acquire properties to be raised and make seizing of opportunities for further external growth possible. In addition, further improvement of financial soundness by increasing capital through

public offering would mean that maintaining or recovery of bond ratings can be expected.

Sixth General Meeting of Unitholders

The Notice of Convocation of the Sixth General Meeting of Unitholders has been sent out to unitholders. Partial amendments to the Articles of Incorporation in preparation for the time-limited reduction of investment management fees for the four fiscal periods (two years) from the 20th to 24th fiscal periods and system revisions, as well as election (reappointment) of an executive director and election (reappointment) of supervisory directors, have been set as the matters to be resolved at the Sixth General Meeting of Unitholders.

Unfortunately, in view of paying out more distributions and fairness with the unitholders who are unable to attend, no commemorative gift, etc. can be handed to unitholders for making the effort to attend the General Meeting of Unitholders. There is, however, a management status meeting by the investment management company also

scheduled after the conclusion of the General Meeting of Unitholders. The attendance of unitholders is appreciated.

The investment management company will also hold a management status meeting in Osaka on May 23 (Thursday) for unitholders residing in the Kansai region (An invitation is enclosed for unitholders residing in Kyoto, Nara, Shiga, Wakayama, Osaka and Hyogo prefectures. Unitholders residing in other prefectures who wish to attend are asked to contact the investment management company.). The initiatives for individual investors to date have been to hold explanatory meetings at securities companies' head office, etc. in Tokyo, Osaka, Nagoya or Fukuoka as appropriate. This is the first time that a management status meeting will be held for unitholders other than in Tokyo. This is being held in response to requests voiced in the questionnaire implemented in the 16th fiscal period. The participation of unitholders is kindly requested.

March 2013



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 Tok up'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

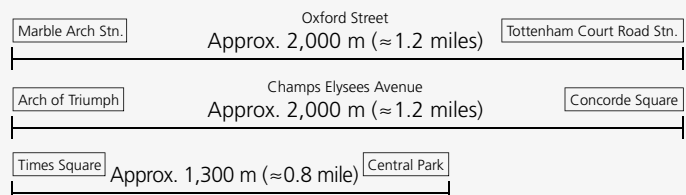
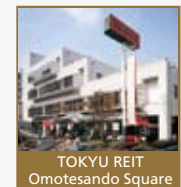
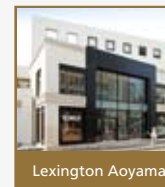
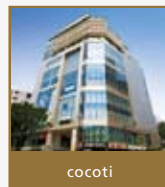
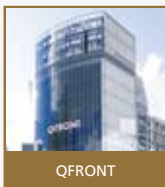
Obtained approval from the Financial Services Agency in order to act as an Executive Director of TOKYU REIT, Inc. and as a Representative Director, President and Chief Executive Officer of Tokyu REIM (current position).

June 2009

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

Greater Shibuya Area Property Map

With Shibuya Hikarie opening in April 2012 and a mutual direct train service between the Tokyu Toyoko Line and Tokyo Metro Fukutoshin Line starting in March 2013, the picture of the Shibuya area is changing. The Shibuya Station vicinity is scheduled to see enormous capital continue to be injected, including the “Shibuya Station South Area Development Project,” which utilizes the former site of the platform and railway tracks of the Tokyu Toyoko Line Shibuya Station that have moved underground as a result of the mutual direct train service. The promotion of such redevelopments will increasingly enhance the attractiveness of the Shibuya area on the whole. Holding ten properties out of the 26 properties in the portfolio in the area within about a 1,000 m radius of Shibuya Station, **TOKYU REIT** believes that it can enjoy the benefits of such growth of Shibuya.



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 19th 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 10 about Masahiro Horie's career.

TOKYU REIT's Initiatives (Governance)

TOKYU REIT's Aim, Goals

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

Characteristics of TOKYU REIT's Governance Structure

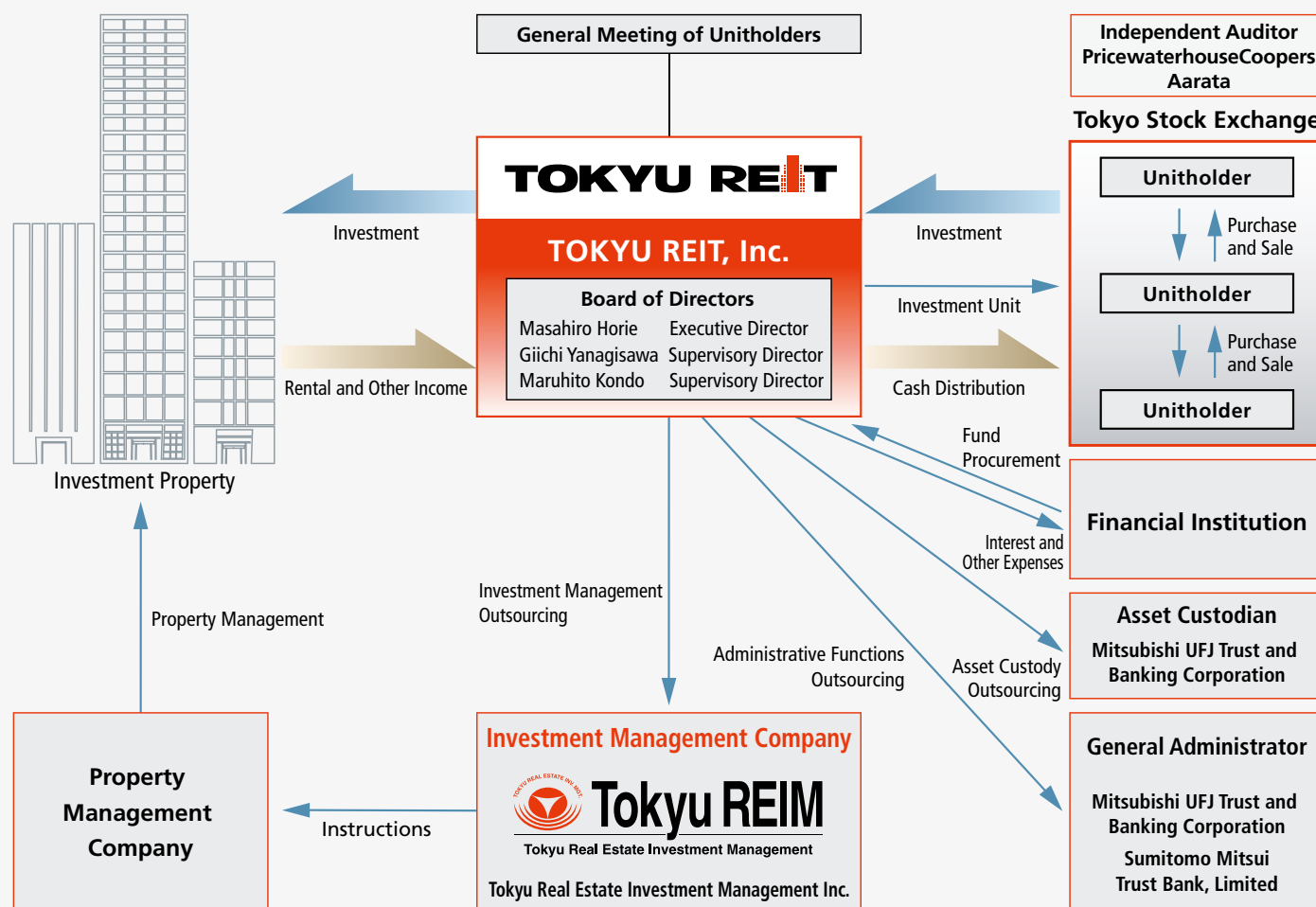
- 1 Involvement of independent outside board members**
- 2 Optimal balance between sponsor collaboration and independence**
- 3 Strict focus on fiduciary duty for investment management company and the others**
- 4 Management fee set to "being in the same boat as unitholders"**

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 39 minutes (since establishment) 	<ul style="list-style-type: none"> ■ Average board members' involvement besides board meetings: 0.2 time per member per month (19th 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% (5.0% 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%
Time-limited reduction	Response to uncertainties	Reduce 5% from the above calculated Investment Management Fees	16th fiscal period to the 19th fiscal period
	Efforts to get back on the path to growth	Reduce 15% from Base 1 ^(Note)	20th fiscal period to the 23rd fiscal period

(Note) Planned to be approved at Sixth General Meeting of Unitholders on April 12, 2013

* Apart from the above fees, TOKYU REIT pays predetermined 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

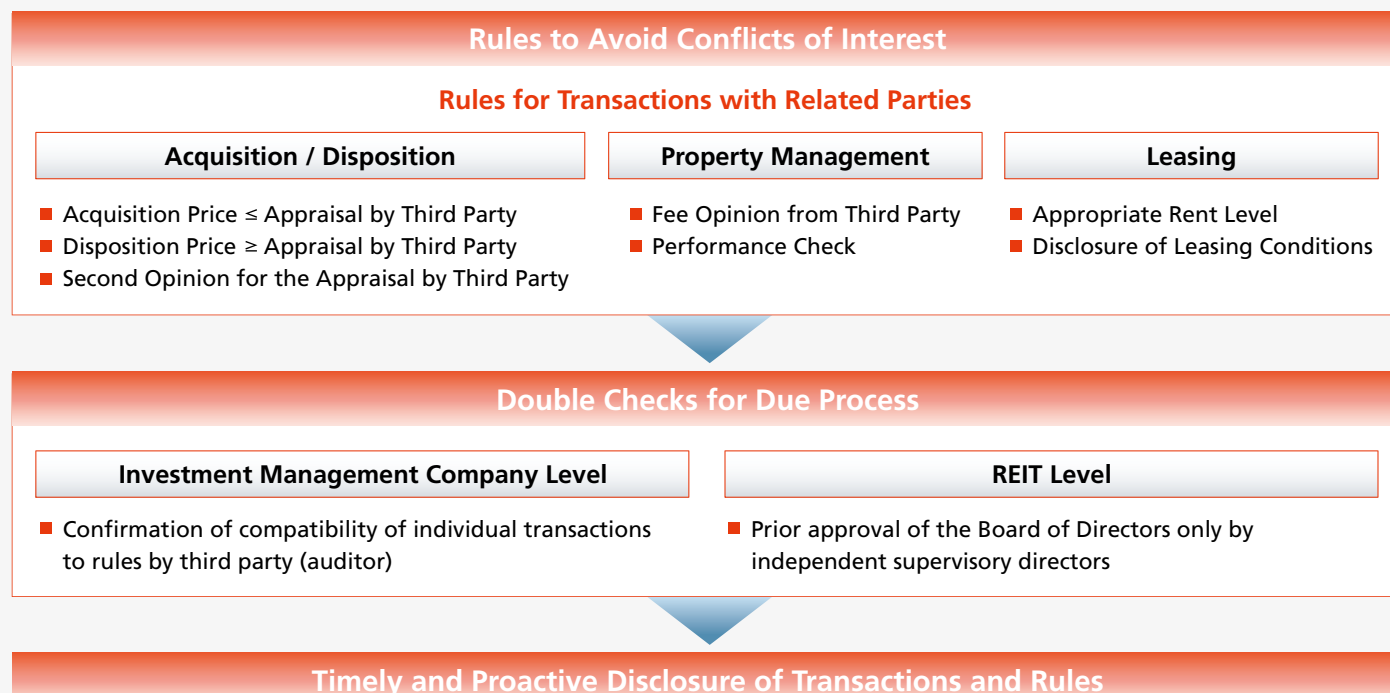
To achieve external growth, **TOKYU REIT** works to acquire a balanced mix of properties from the real estate investment market as well as Tokyu Corporation and its subsidiaries ^(Note). **TOKYU REIT** also conducts replacement of properties and other measures as needed in order to maintain and improve 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.

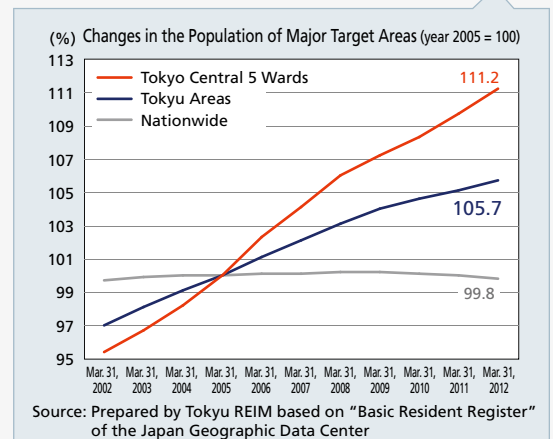
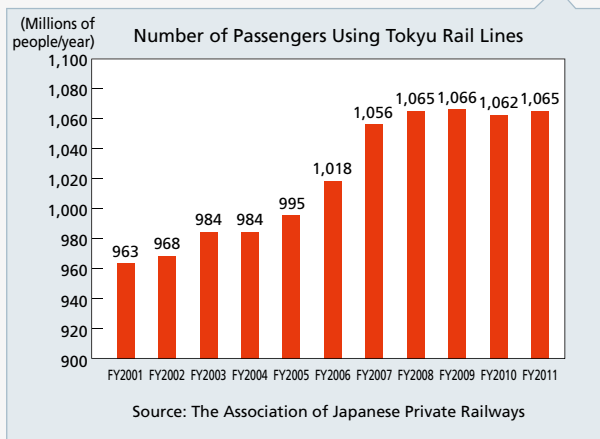
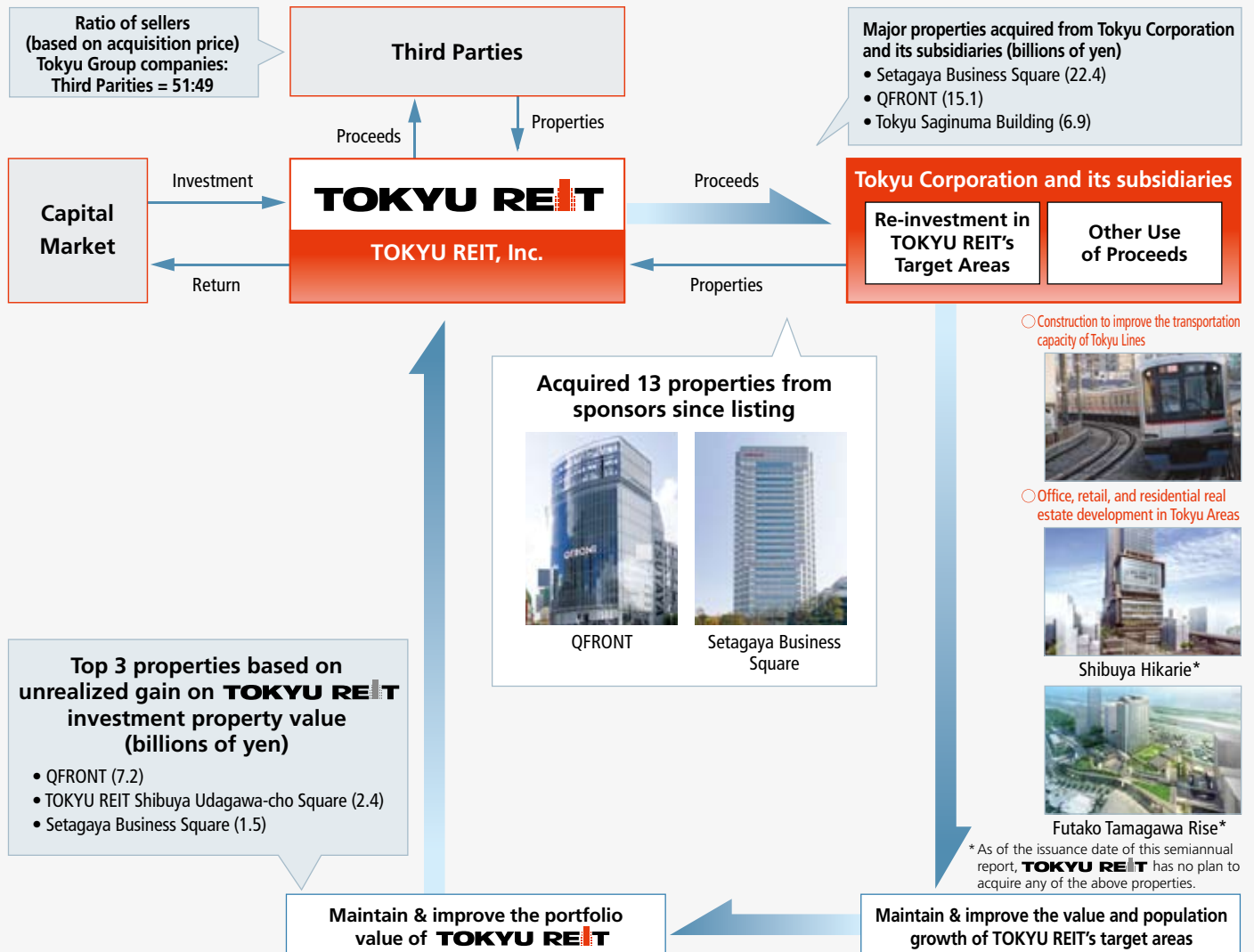


(Note) “Related Parties” is a collective term for “Tokyu Corporation and its subsidiaries,” “Affiliates of Tokyu Corporation except Tokyu Corporation’s subsidiaries,” and “Tokyu Land Corporation and its subsidiaries.”

- “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%.

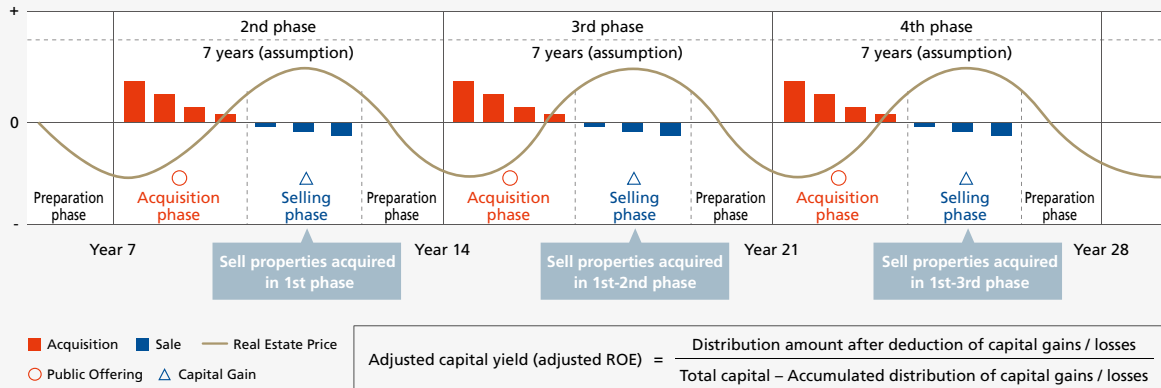
Capital Re-investment Model

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

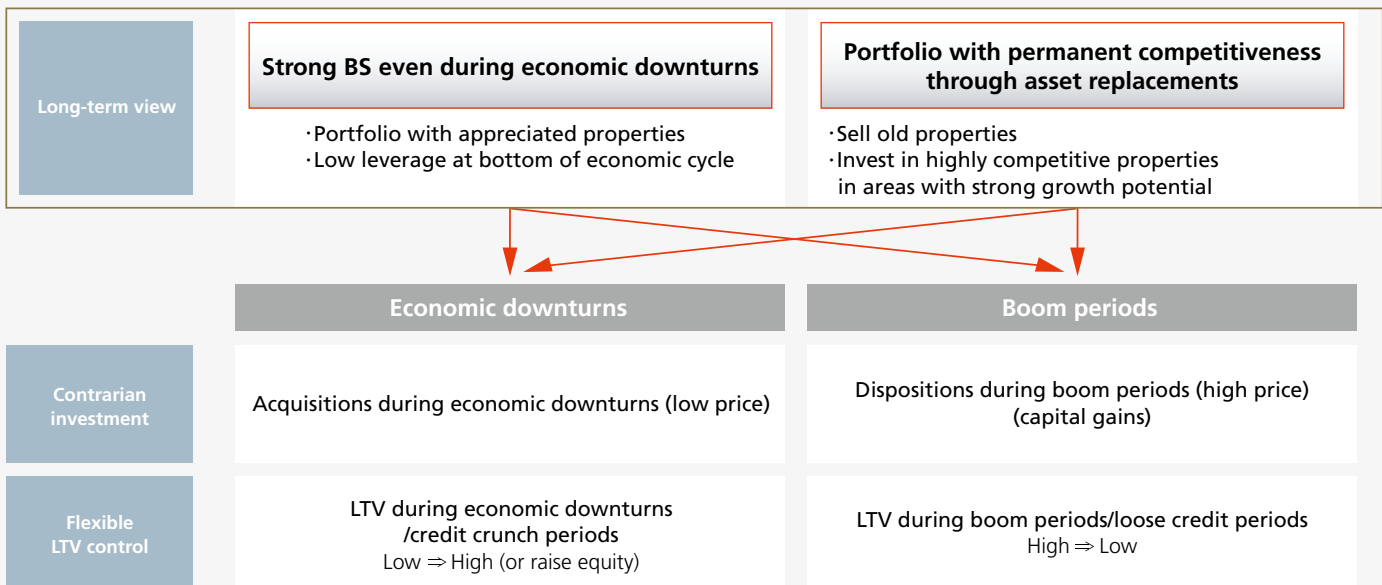
Value

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.

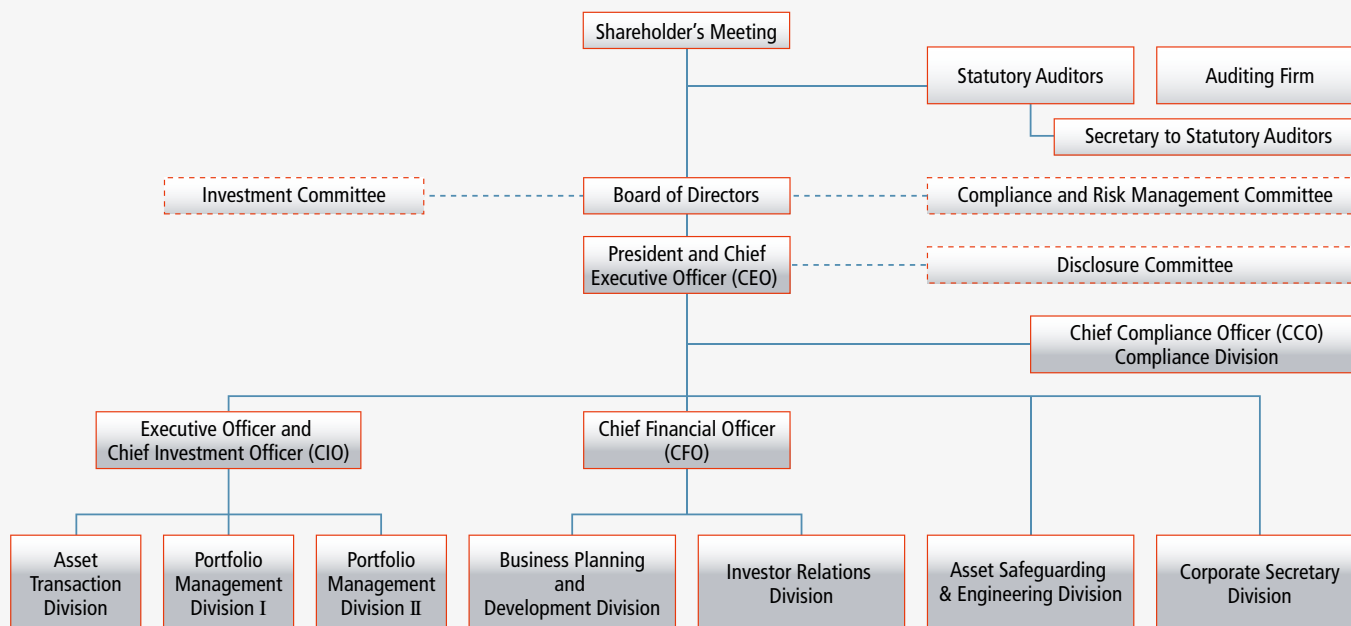
Tokyu REIM is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (*Kin-sho*) No. 360).

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 body to Board of Directors on compliance and risk management Members: 2 directors (part-time), 2 external committee members
Investment Committee	Function : Advisory body to Board of Directors on investment decisions Members: Representative director (chairman), 3 directors (part-time), 1 director (full-time), 1 appraiser

Major Shareholder

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

Organization Chart



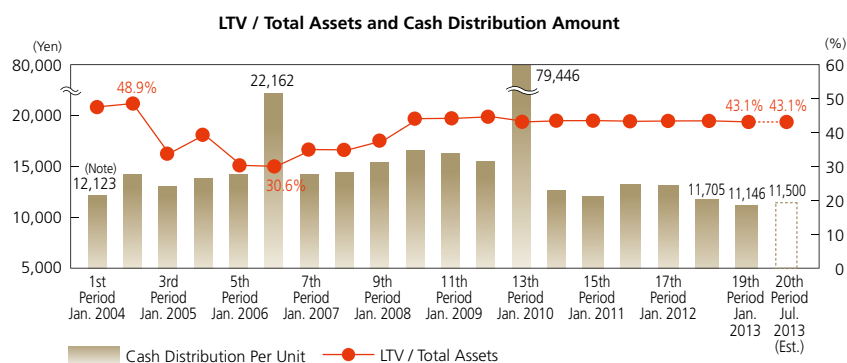
TOKYU REIT's Financial Strategies

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



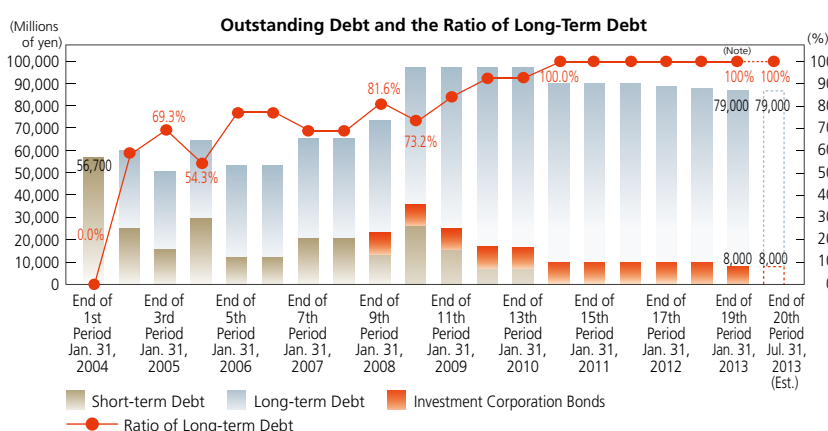
TOKYU REIT implements conservative management that considers the balance between the level of cash distribution amount and financial soundness, as shown left.

Cash distribution amount increased on the 6th fiscal period and the 13th 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) 77.7% (excluding the long-term debt maturing within a year)

TOKYU REIT has been implementing a conversion to long-term fixed-interest debt financing, as shown left. The ratio of long-term debt and the ratio of fixed-interest debt at the end of the 19th fiscal period are both 100%.

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

Execution of Commitment Line Agreement

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

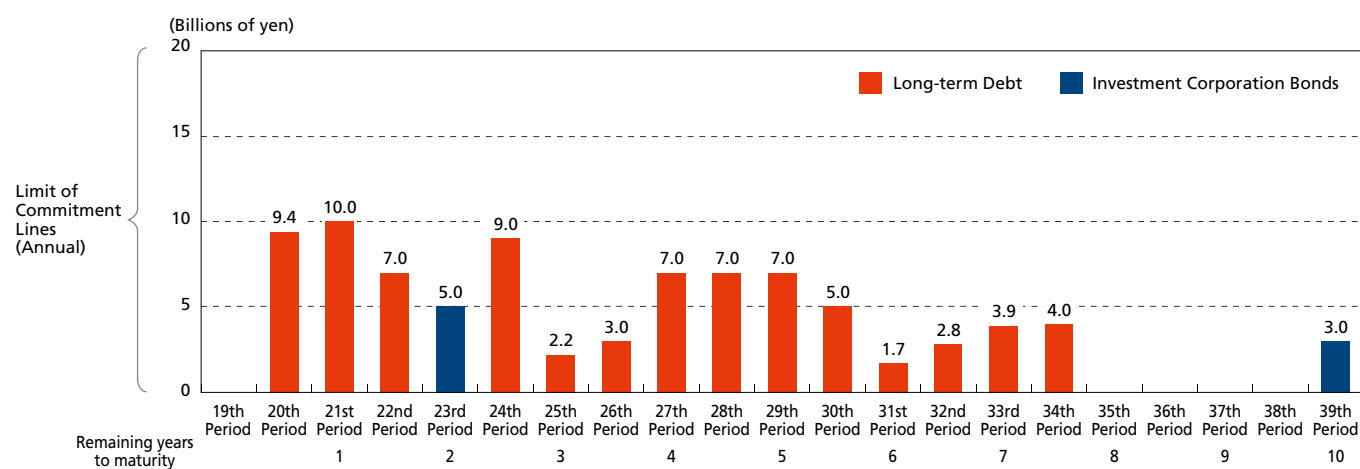
The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured.

Moreover, there is no outstanding debt under the commitment line as of January 31, 2013.

Ratings

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



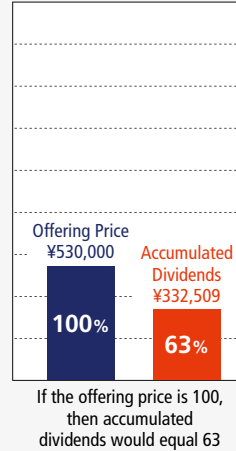
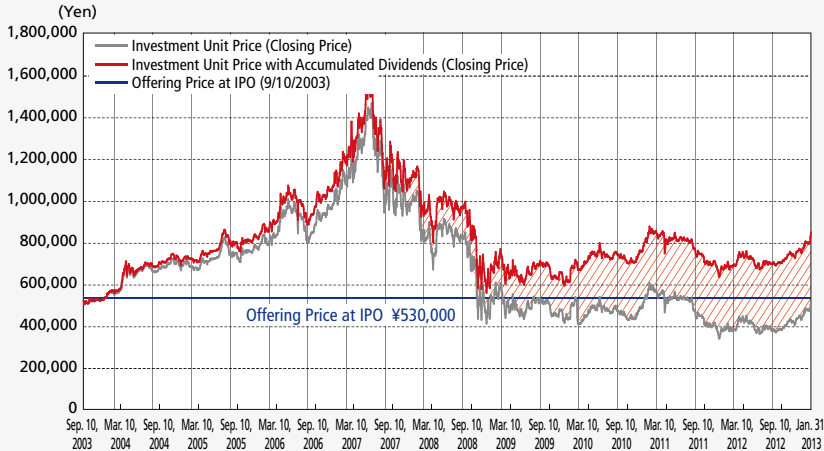
In addition, **TOKYU REIT** works to diversify repayment dates for its debt financing in order to avoid the risk of large-scale refinancing within a short period of time.

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

Performance Against Public Offering Price

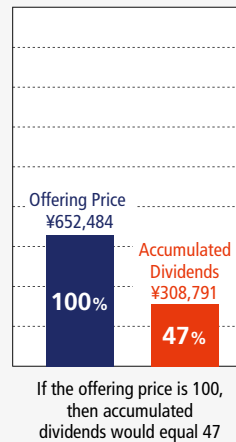
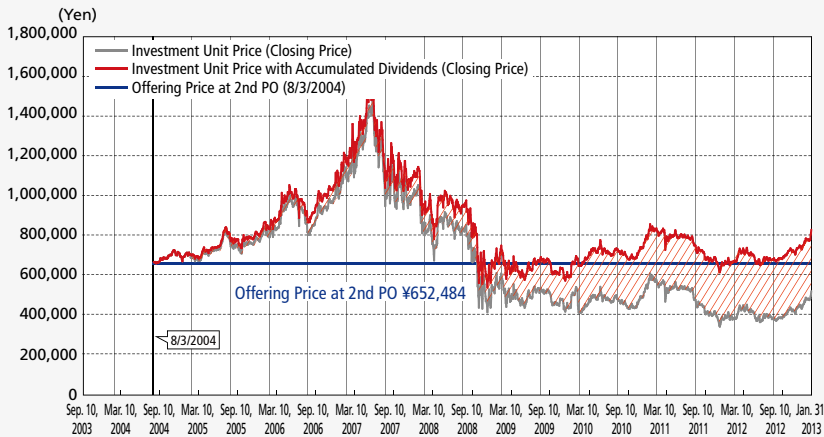
We show the performance of our unit prices and our unit prices with accumulated cash distribution compared to our public offering prices. The graphs also present accumulated cash distributions against the offering price. The red line graphs plot investment unit price inclusive of cash distributions. As at the end of January 2013, investment unit price inclusive of cash distributions exceeded offering price for the past three 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.

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



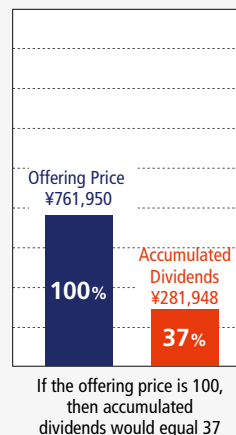
63% of the IPO offering price was distributed in around 9 and a half years

Second Public Offering (2nd PO) (Issued Aug. 3, 2004)



47% of the 2nd PO offering price was distributed in around 8 and a half years

Third Public Offering (3rd PO) (Issued Aug. 1, 2005)



37% of the 3rd PO offering price was distributed in around 7 and a half years



PORTFOLIO

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

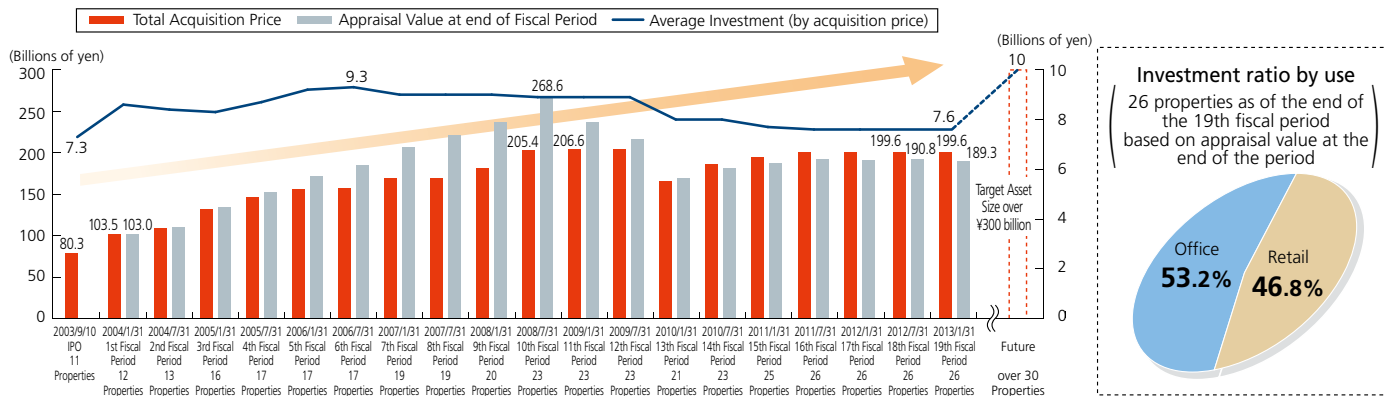
- **Investment Targeted Areas**
 - Focusing on Five central Tokyo wards and Tokyu Areas expecting economic and population growth
 - Limited to Tokyo Metropolitan Area
- **Investment Criteria**
 - Limited to office and retail portfolios with lower risk and more stable returns
 - Limited to the properties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

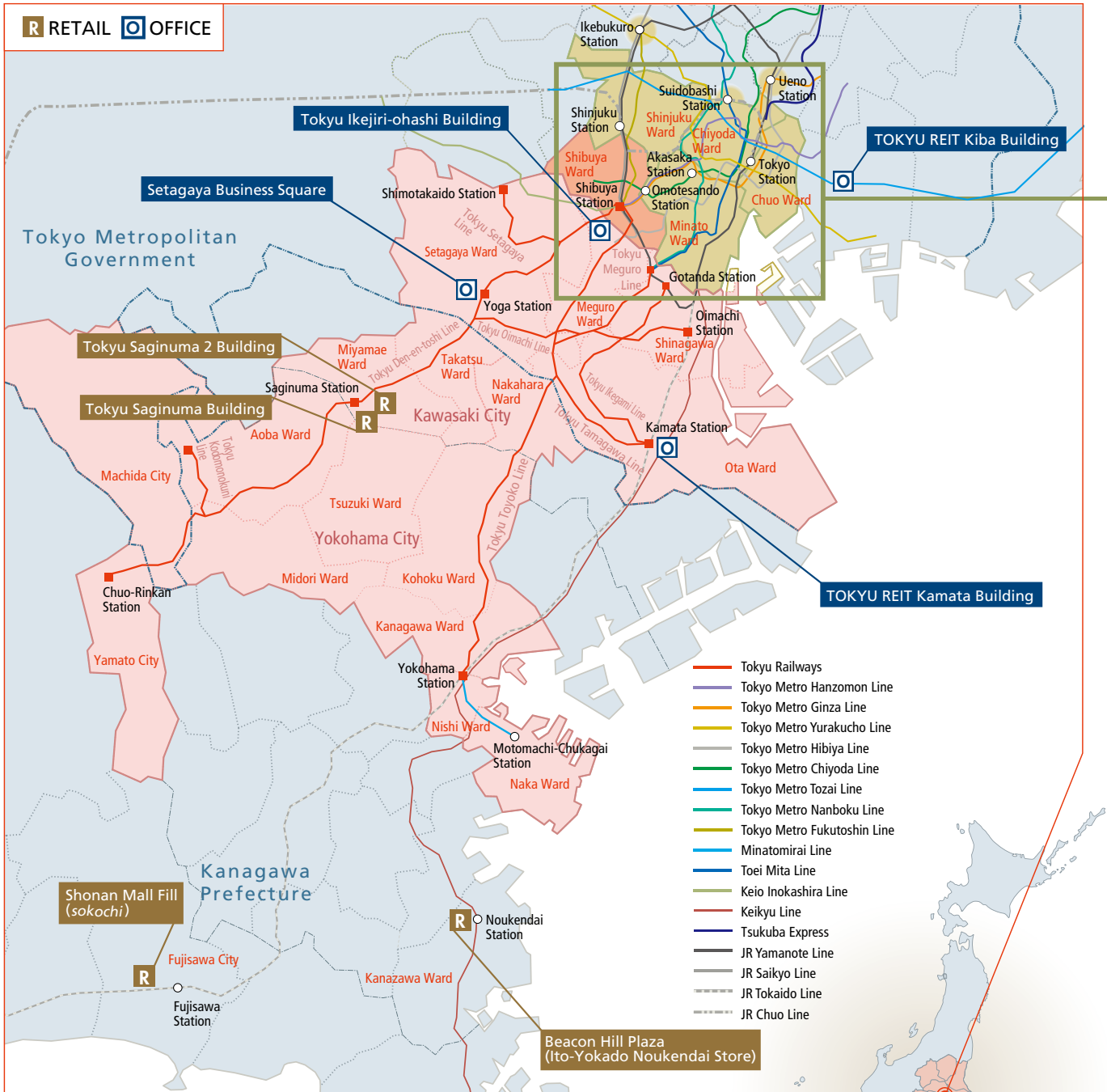
Total acquisition price as of the end of the 19th fiscal period ended January 31, 2013, stood at ¥199.6 billion, and appraisal value at the end of the fiscal period stood at ¥189.3 billion. Given TOKYU REIT's portfolio diversification, mobility of property acquisition, and liquidity of investment units, we believe that the asset portfolio should eventually reach ¥300 billion or more. **TOKYU REIT** will steadily expand asset size with high quality properties on proper price, not pursuing expansion of asset size only, but considering real estate market.

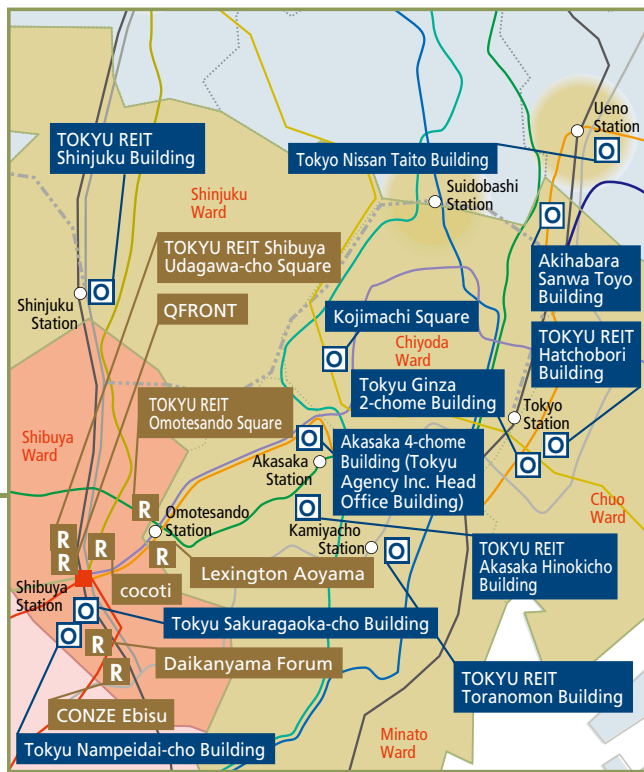
TOKYU REIT focuses on highly competitive office and retail properties and strives to maintain a ratio of 60% in office buildings and 40% in retail properties (based on appraisal value at the end of the fiscal period) over the long term.

As of the end of the 19th fiscal period (26 properties), investment ratio by use based on appraisal value at the end of the fiscal period is as follows:

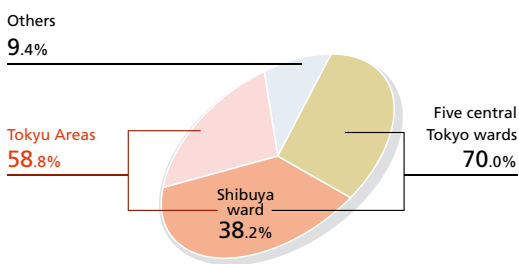


Investment Targeted Areas





Percentage share in total portfolio by region
(26 properties based on the appraisal value at the end of the 19th 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.

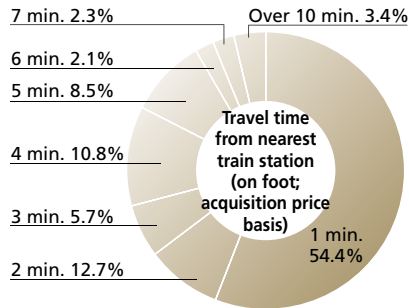
Area	Targeted Areas of Investment ^(Note 1)	Percentage Share in Total Portfolio ^(Note 2)
Central Tokyo	Five central Tokyo wards	More than 85%
	Other major commercial and retail districts of Tokyo	
Tokyu Areas	Tokyu rail network hub	More than 85%
	Other Tokyu rail network areas	
Others	Other districts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

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

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

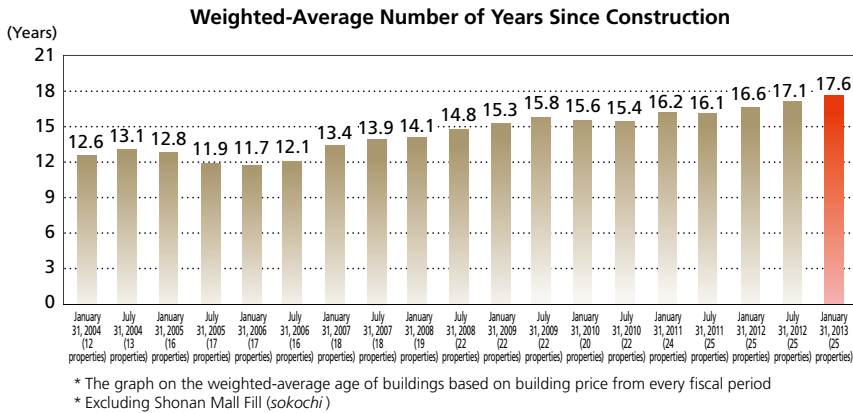
In the acquisition of investment properties, **TOKYU REIT** considers a variety of factors, including a comprehensive analysis of forecasted revenue stream, growth potential of the area, property size, construction and facility specifications, earthquake resistance, leasing rights, occupancy and appeal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

Location



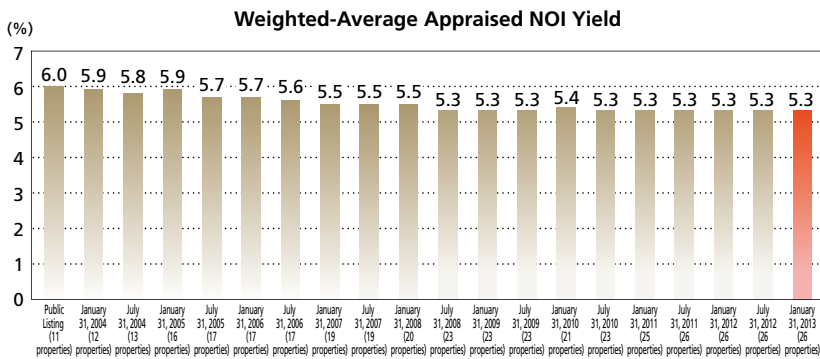
Properties conveniently located near train stations increase the stability of TOKYU REIT's portfolio.

Property Age



The graph on the left shows the weighted-average age of buildings based on building price at the end of each fiscal period. Based on 25 properties as of the end of the 19th fiscal period, 17.6 years have passed since construction and the number of years increases only 5 years from the point of January 31, 2004 in elapsed 9 years from then.

Portfolio Cap Rate



TOKYU REIT has acquired some properties after listing, and as of the end of the 19th fiscal period (26 properties), the weighted-average appraised NOI yield fell to 5.3%. A low appraised NOI yield is considered an indicator of reduced risk of a decrease in future earnings. **TOKYU REIT** will continue efforts to build a portfolio with low risks and stable returns in the future.

Top 10 Tenants by Leased Area

Top 10 Tenants by Leased Area

As of January 31, 2013

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	21.1%
2	DAIWA House Co., Ltd.	Construction	R Shonan Mall Fill (sokochi)	3/19/2023	44,078.12	18.5%
3	Tokyu Store Corporation	Retail	R Tokyu Saginuma Building	6/30/2018	19,610.06	8.2%
4	Tokyu Corporation	Land Transportation	⊙ Tokyu Nampeidai-cho Building	12/31/2021	7,148.18	3.0%
			⊙ Tokyu Sakuragaoka-cho Building	12/31/2021	3,878.36	1.6%
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 ^(Note 4)	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	R TOKYU REIT Omotesando Square	4/30/2013	1,317.44	0.6%
			R cocoti	11/30/2014	1,584.79	0.7%
10	Fujitsu Limited	Electric equipment	⊙ TOKYU REIT Kamata Building	9/14/2014 ^(Note 2)	2,891.91	1.2%
Principal 10 Tenants Total					145,103.25	60.9%
Total leased area of 26 properties at the end of 19th fiscal period					238,188.14	100.0%

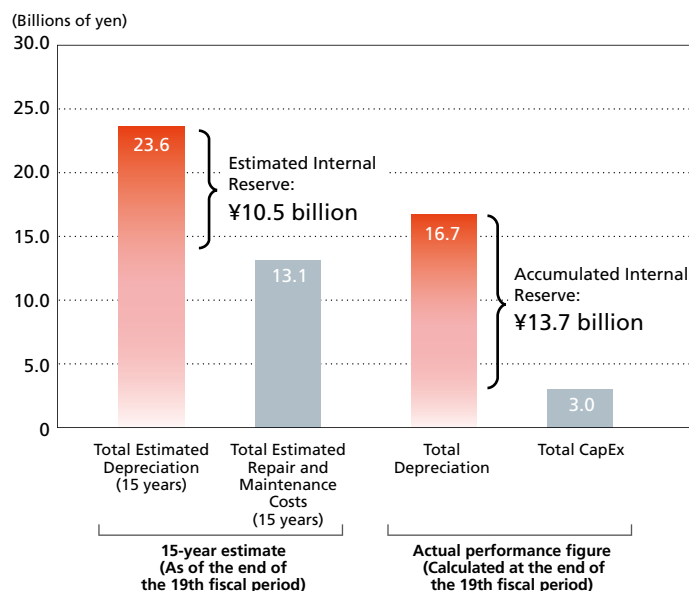
(Notes) 1. "Ratio" indicates ratio of tenant's leased areas to total leased area of 26 properties held as of the end of the 19th fiscal period.

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

3. Leased area of tenants in Setagaya Business Square are calculated by 55% (the co-ownership ratio).

4. 10-year lease agreement with the inception date being February 1, 2013 has been signed for the entire leased area with Tokyu Agency Inc.

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 19th fiscal period and over the next fifteen years, cumulative depreciation for the portfolio 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 future additional capital expenditures is not included. However, calculation is including depreciation of additional capital expenditures made to date.).

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	100.0%	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	91.5%	8.0%
⊙	Setagaya Business Square	Sep. 11, 2003	22.4	Tokyu Community Corp.	93.1%	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	100.0%	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	53.3%	7.2%
⊙	TOKYU REIT Hatchobori Building	Sep. 29, 2006	7.0	Tokyu Community Corp.	99.4%	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	92.5%	4.2%
⊙	Akihabara Sanwa Toyo Building	Oct. 29, 2010	4.6	Tokyu Community Corp.	100.0%	11.8%
⊙	TOKYU REIT Kiba Building	Oct. 29, 2010	4.0	Tokyu Community Corp.	100.0%	7.3%
⊙	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5.0	Tokyu Corporation	100.0%	4.4%
Total			199.6		97.0%	4.1%

Creation of Portfolio Resilient to Earthquakes

Structural status (earthquake resistance)

Investment Criteria	Properties that are compliant with the new earthquake resistance standards ^(Notes 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.

RETAIL PORTFOLIO

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 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 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 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.

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 1,908 stores (as of October 31, 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./Tokyo Toyoiko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 679.27m²
 Total Floor Space: [Bldg. 1] 1,473.10m²
 [Bldg. 2] 56.39m²
 Structure/Floors: [Bldg. 1] S, 3F
 [Bldg. 2] S, 2F
 Completed: [Bldg. 1] July 1998
 [Bldg. 2] June 1995
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: ZARA Japan Corporation;
 NIPPAN Co., Ltd.



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.



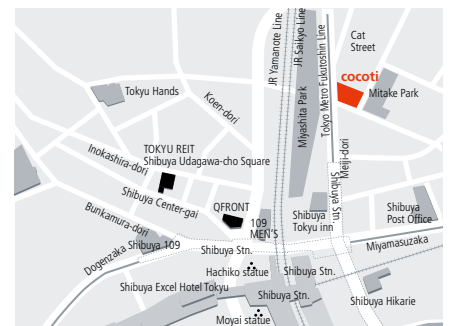
R cocoti



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./Tokyo Toyoiko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 1,705.35m²
 Total Floor Space: 11,847.87m²
 Structure/Floors: S/SRC, B2/12F
 Completed: September 2004
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: TOMORROWLAND Co., Ltd.;
 DIESEL JAPAN Co., Ltd.;
 THINK FITNESS Corporation;
 etc.



R Shonan Mall Fill (sokochi)



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

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

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

Address: 4-1-1, Tsujido Shinmachi, Fujisawa City, Kanagawa
 Nearest Station: Approximately three minutes by bus or a twenty-minute walk from Tsujido Station—JR Tokaido Line
 Approximately five minutes by bus from Fujisawa Station—JR Tokaido Line/Odakyu Enoshima Line/Enoshima Electric Railway Line
 Total Land Space: 44,078.12m²
 Type of Ownership: Land—Proprietary ownership
 Tenant: Daiwa House Industry Co., Ltd.



R CONZE Ebisu



CONZE Ebisu is situated approximately a two-minute walk from Ebisu Station on the Tokyo Metro Hibiya Line and a three-minute walk from Ebisu Station on the JR Yamanote and Saikyo Lines, and houses a wide range of restaurants 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—Tokyo Toyo 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.



OFFICE PORTFOLIO

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

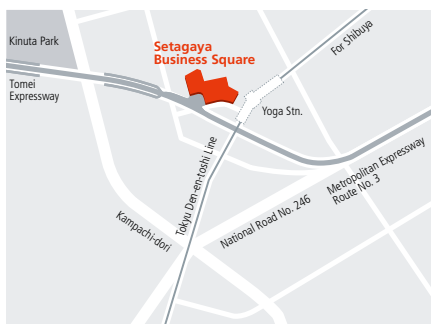
Structure/Floors: SRC/RC/S, B2/28F

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.

A long-term lease contract from January 2013 to December 2021 has been concluded, contributing to earnings stability.

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

Total Land Space: 2,013.28m²

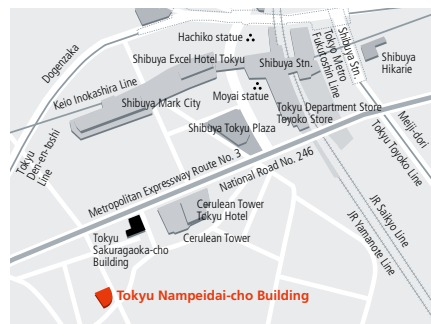
Total Floor Space: 7,003.88m²

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.

A long-term lease contract from January 2012 to December 2021 has been concluded, contributing to earnings stability.

Address: 31-2, Sakuragaoka-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Shibuya Station—JR Yamanote Line, 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-Okachimachi Station—Toei Oedo Line
 Approximately a four-minute walk from Shin-Okachimachi Station—Tsukuba Express Line
 Approximately a ten-minute walk from Ueno Station—JR Yamanote Line, etc.

Total Land Space: 1,718.45m²

Total Floor Space: 11,373.20m²

Structure/Floors: SRC, B2/10F

Completed: September 1992

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

Tenant: 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 multi-faceted retail properties are in the area and the large redevelopments of Tokyo Midtown which started operation in 2007 and akasaka Sacas which started operation in 2008 enliven the area.

Address: 6-14-15, Akasaka, Minato-ku, Tokyo

Nearest Station: Approximately a four-minute walk from Akasaka Station—Tokyo Metro Chiyoda Line

Total Land Space: 866.61m²

Total Floor Space: 4,058.92m²

Structure/Floors: RC, 7F

Completed: August 1984

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

Tenant: Q-TEC, Inc.;
 Seven-Eleven Japan Co., Ltd.;
 Lainage Co., Ltd.



TOKYU REIT Kamata Building



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

Renewal work of restrooms throughout the property was implemented in 2012.

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 Limited;
 Dai Nippon Toryo Co., Ltd.;
 Fujitsu Advanced Solutions Limited



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^(Net))

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.

The property is one that maintains competitiveness through adequate renewal, such as conducting seismic isolation work in 2005 to make it one that has performance far exceeding the new earthquake resistance structures stipulated in the Building Standards Law.

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 ten years from February 1, 2013.

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: Top Tour Corporation;
 Tokyu Bus 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.

The occupancy rate had decreased to 42.8% at the end of December 2011 due to the exit of a large tenant, but reached full occupancy from the end of July 2012.

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

Total Land Area: 1,269.24m²

Total Floor Area: 6,803.47m²

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

Completed: January 2003

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

Tenant: 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

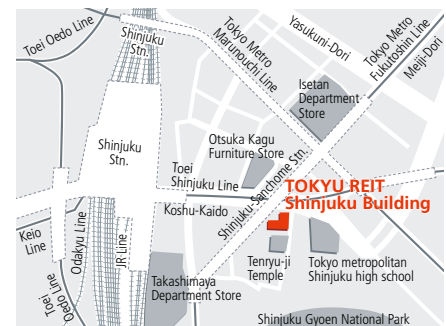
Total Floor Area: 8,720.09m²

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.



TOKYU REIT Kiba Building



The Kiba and Toyochi area where TOKYU REIT Kiba 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 from 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 maintain 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;
 Todenfue 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: S/RC, B1/8F
 Completed: August 2008
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: The Dai-ichi Building Co., Ltd.;
 Seven-Eleven Japan Co., Ltd.



I . Asset Management Report

1. Financial Highlights

(1) Result of Operation and Financial Position

		19th fiscal period From August 1, 2012 to January 31, 2013 (184 days)	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)		
		Millions of yen, except per unit data or where otherwise indicated						
Result of operation	Statement of income	Operating revenues	¥ 6,334	¥ 6,360	¥ 6,819	¥ 6,918	¥ 6,524	
		Operating income	¥ 2,665	¥ 2,771	¥ 3,049	¥ 3,121	¥ 2,878	
		Net income	¥ 1,887	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040	
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 6,334	¥ 6,360	¥ 6,819	¥ 6,850	¥ 6,522	
		Rental service expenses (b)	¥ 3,083	¥ 3,009	¥ 3,164	¥ 3,180	¥ 3,070	
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	¥ 1,001	¥ 1,026	¥ 1,009	¥ 1,042	¥ 1,040	
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 4,252	¥ 4,377	¥ 4,664	¥ 4,712	¥ 4,492	
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 2,888	¥ 3,008	¥ 3,228	¥ 3,284	¥ 3,078	
		Capital expenditures (e)	¥ 303	¥ 441	¥ 343	¥ 259	¥ 235	
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 2,585	¥ 2,567	¥ 2,885	¥ 3,025	¥ 2,843	
Financial position	Balance sheet	Total assets (f)	¥ 202,061	¥ 204,879	¥ 205,497	¥ 207,661	¥ 207,106	
		[Change from the preceding period]	[–1.4%]	[–0.3%]	[–1.0%]	[0.3%]	[0.1%]	
		Interest-bearing liabilities (g) (Note 5)	¥ 87,000	¥ 89,000	¥ 89,000	¥ 90,000	¥ 90,000	
		Total unitholders' equity (Net assets) (h)	¥ 99,907	¥ 100,002	¥ 100,239	¥ 100,262	¥ 100,059	
		[Change from the preceding period]	[–0.1%]	[–0.2%]	[–0.0%]	[0.2%]	[–0.1%]	
	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	¥ 199,672	¥ 194,662	
		Book value of properties (Note 6)	¥ 188,853	¥ 189,452	¥ 190,049	¥ 190,709	¥ 186,412	
		Appraisal value of properties at end of period (i) (Note 6)	¥ 189,320	¥ 190,820	¥ 190,360	¥ 191,440	¥ 187,900	
		Number of properties at end of period	26 properties	26 properties	26 properties	26 properties	25 properties	
		Total leasable area (Note 7)	245,500.63 m ²	245,417.58 m ²	245,378.77 m ²	245,373.01 m ²	241,903.86 m ²	
	Other	Distri- bution	Cash distribution	¥ 1,887	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040
			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)	¥ 589,843	¥ 590,402	¥ 591,803	¥ 591,936	¥ 590,742
Cash distribution per unit			¥ 11,146	¥ 11,705	¥ 13,106	¥ 13,239	¥ 12,045	
Management index		Return on total unitholders' equity (annualized) (Note 8)	3.7%	4.0%	4.4%	4.5%	4.0%	
		Equity ratio (h)÷(f)	49.4%	48.8%	48.8%	48.3%	48.3%	
		[Change from the preceding period]	[0.6%]	[0.0%]	[0.5%]	[–0.0%]	[–0.1%]	
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	43.1%	43.4%	43.3%	43.3%	43.5%	
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	46.0%	46.6%	46.8%	47.0%	47.9%	
Average market price per unit during period (Note 9)	¥ 422,792	¥ 401,664	¥ 406,642	¥ 534,655	¥ 490,426			

- 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; 19th 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 (15th fiscal period: ¥1 million; 16th fiscal period: ¥47 million; 17th fiscal period: ¥6 million; 18th fiscal period: ¥29 million; 19th fiscal period: ¥8 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 (nineteenth fiscal period: six-month period ended January 31, 2013), the Japanese economy showed weak movements, while signs of it having bottomed out were found in certain areas. In the Tokyo metropolitan area's economy, there was a decline in private capital investment centering on SMEs, which faced a business environment deteriorating due to the prolonged strong yen and deflation, and which led to weak movements through to the second half of 2012; however, high stock prices and a correction of the strong yen, in connection with the change of government, led to improvements in business sentiment as well as heightened expectations for business, particularly export-related manufacturing companies, construction firms that benefits from public investment, and the financial industry, which is expected to see a increase in demand for funds. With regard to population movements, almost 70,000 people migrated to the Tokyo metropolitan area from other regions of the country between January and December 2012. This has further exacerbated the disparity between the area and other regions of the country.

Under these circumstances, the average advertised rent for December 2012 in the Tokyo 23 ward's office leasing market decreased by 2.4% over the six-month period and by 4.7% over the one-year period. On the other hand, the vacancy rate increased by 0.2 percentage points over the one-year period, but decreased by 0.4 percentage points over the six-month period to 7.5%. In addition to inflows to more central office areas due to undervalued rent, starting from the second half of 2012, there were movements by existing tenants to increase their floor area within the same property as they sought to alleviate crowding issues, leading to a continued increase in office demand. In the retail property leasing market, in addition to the income environment worsening, a bill to raise the consumption tax rate being passed caused further decline in consumer sentiment, and there was an outflow of customers to highly-price-competitive online shopping. These and other factors kept shopping center sales turnover on a negative trend in the first half of 2012. In the second half of 2012, however, enrichment of private brands, as well as increase in sales of such items as cold-weather goods, which have relatively high unit price, led to a positive trend.

In the real estate investment market, a look at the volume of transactions by buyer attribute found J-REITs, private funds and SPCs continuing to account for an increasing proportion due to the favorable financing environment and improvement in equity investors' investment appetite. In addition, the cap rate of office properties remained flat.

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 nineteenth fiscal period as there were no properties that would serve to maintain or enhance portfolio quality. As of January 31, 2013, TOKYU REIT held an investment portfolio totaling 26 properties with a total acquisition price of ¥199,672 million and total leasable area of 245,500.63 m². The period-end appraisal value for TOKYU REIT's entire portfolio amounted to ¥189,320 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 ¥466 million. Based on generally accepted accounting principles, unrealized gains are not reflected in TOKYU REIT's financial statements.

The average per-subso rental rate for the existing property portfolio at the end of the nineteenth fiscal period decreased by only 2.5% compared with the end of the eighteenth fiscal period. In addition, the vacancy rate improved from the 5.3% at the end of the eighteenth fiscal period by 2.3 percentage points to 3.0%.

b. Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. This stance continued into the nineteenth fiscal period with the refinancing of long-term debt in the amount of ¥4,400 million and the issuance of investment corporation bonds in the amount of ¥3,000 million 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 January 31, 2013 was ¥87,000 million, consisting of ¥8,000 million in investment corporation bonds and ¥79,000 million in long-term debt (of which, ¥19,400 million is the current portion of long-term debt). The weighted-average interest rate for the nineteenth fiscal period was 1.66% (calculated based on the annualized amount of interest payable for the nineteenth fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of January 31, 2013 were as follows:

Rating Agency	Credit Rating	
Rating and Investment Information, Inc.	Rating: AA-	Outlook: Negative
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:

	19th fiscal period From August 1, 2012 to January 31, 2013	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
	Yen				
Highest	¥ 518,000	¥ 450,000	¥ 475,500	¥ 574,000	¥ 607,000
Lowest	¥ 369,000	¥ 362,500	¥ 339,500	¥ 465,500	¥ 429,000

(4) Distribution Information

With respect to the distribution for the nineteenth 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 nineteenth fiscal period was ¥11,146.

	19th fiscal period From August 1, 2012 to January 31, 2013	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
Millions of yen, except per unit data					
Unappropriated retained earnings	¥ 1,887	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 1,887	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040
[Cash distribution per unit]	[¥ 11,146]	[¥ 11,705]	[¥ 13,106]	[¥ 13,239]	[¥ 12,045]
Distribution of accumulated earnings	¥ 1,887	¥ 1,982	¥ 2,219	¥ 2,242	¥ 2,040
[Distribution of accumulated earnings per unit]	[¥ 11,146]	[¥ 11,705]	[¥ 13,106]	[¥ 13,239]	[¥ 12,045]
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, while weakness will persist in certain areas in the immediate future, it is expected to gradually head towards economic recovery buoyed by improvement in the export environment, effects of economic measures and monetary policies, etc. and backed also by improvement in public sentiment. However, the overseas economic downturn poses the risk of downward pressure on the Japanese economy, and the employment and income environment outlooks are also among matters that are thought to require attention.

In light of such an outlook, in the real estate investment market, the volume of transactions is thought to remain on an upward trend as transactions by J-REITs, private funds and other professional investors increase due to the favorable financing environment and improvement in equity investors' investment appetite. Similarly, the cap rate, which remains flat at present, is expected to gradually decrease. In the office leasing market, the employment environment is expected to weaken owing to the economic downturn found in the second half of 2012 and the outlook is that there will be a slowdown in demand, but the vacancy rate is thought to maintain a downward trend due in part to of the slowdown of new supply. The average contracted rent is forecast to show signs of rising through 2013 until the upward trend becomes more certain in 2014. In the retail property leasing market, with shopping center sales turnover on a recovery trend, an increase in the rent-paying capacity of tenants is thought to lead to less pressure from existing tenants to lower rents for retail properties.

② Future Policies of Investment Management and Issues to be Countered

Prior to the formal establishment of TOKYU REIT, Tokyu REIM undertook an assessment of future investment trends based on business growth potential. Based on this assessment, it was decided that TOKYU REIT would adopt an investment policy based on the stance of investing in highly competitive properties in areas with strong growth potential. Specifically, TOKYU REIT will continue to focus on an investment area mainly limited to Central Tokyo, where ongoing growth is expected, and to the Tokyo metropolitan area centering on the Tokyu Areas (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 (March 14, 2013).

(Reference Information)

TOKYU REIT will submit a proposal of the following amendments of its Articles of Incorporation at its General Meeting of Unitholders to be held on April 12, 2013.

(Underlined portions indicate changes)

Current Articles	Proposed Amendments
<p>Article 5. (Total Number of Investment Units Authorized)</p> <p>1. (Omitted)</p> <p>2. Within the scope of the total number of investment units prescribed in the preceding paragraph and with the approval of the Board of Directors, TOKYU REIT shall be able to solicit persons to subscribe for the investment units it issues. In this case, the amount to be paid in for the investment units for subscription (meaning the investment units allotted to persons who have applied to subscribe for the investment units in response to the solicitation) shall be an amount that is fair in light of the content of the assets held by TOKYU REIT (hereinafter referred to as “assets”) approved by the Board of Directors.</p>	<p>Article 5. (Total Number of Investment Units Authorized)</p> <p>1. (No change)</p> <p>2. Within the scope of the total number of investment units prescribed in the preceding paragraph and with the approval of the Board of Directors, TOKYU REIT shall be able to solicit persons to subscribe for the investment units it issues. In this case, the amount to be paid in <u>per investment unit</u> for the investment units for subscription (meaning the investment units allotted to persons who have applied to subscribe for the investment units in response to the solicitation) shall be an amount that is fair in light of the content of the assets held by TOKYU REIT (hereinafter referred to as “assets”) approved by the Board of Directors.</p> <p><u>However, in the case where an amount other than an amount that is fair in light of the content of the assets pursuant to laws and regulations is allowed to be approved as the amount to be paid in, the amount shall be an amount approved by the Board of Directors pursuant to the provisions of laws and regulations.</u></p>
<p>Article 6. (Offerings in Japan)</p> <p>Of the <u>amount to be paid in for</u> investment units <u>issued by TOKYU REIT</u>, the <u>amount to be paid in</u> for investment units offered in Japan shall account for over 50%.</p>	<p>Article 6. (Offerings in Japan)</p> <p>Of the <u>total amount of issue value for TOKYU REIT</u> investment units, the <u>issue value</u> for investment units offered in Japan shall account for over 50%.</p>
<p><u>(New addition)</u></p>	<p>Article 6-2. (Rights Offerings)</p> <p><u>TOKYU REIT may offer and issue new investment units to unitholders through allotment of rights that allow unitholders to receive delivery of TOKYU REIT investment units by exercising such rights to TOKYU REIT (hereinafter referred to as “investment unit options”) pursuant to laws and regulations (hereinafter referred to as “rights offering”). In this case, unless otherwise provided for in laws and regulations, the content and number of investment unit options and other matters necessary for rights offerings shall be specified by resolution of the Board of Directors.</u></p>
<p><u>(New addition)</u></p>	<p>Article 7-2. (Acquisition of Own Investment Units)</p> <p><u>TOKYU REIT may, by resolution of the Board of Directors, acquire its own investment units through market transactions or other method provided in laws and regulations.</u></p>

Current Articles	Proposed Amendments
<p>Article 10. (Convocation)</p> <p>1. The General Meeting of Unitholders of TOKYU REIT shall, in principle, be held once every two years.</p> <p>2. (Omitted)</p> <p>3. <u>Except where</u> otherwise provided for in laws and regulations, based on approval of the Board of Directors, the General Meeting of Unitholders shall be convened by the executive director in the case where there is one executive director and by one of the executive directors in accordance with the order determined in advance by the Board of Directors in the case where there are two or more executive directors.</p> <p>4.~5. (Omitted)</p>	<p>Article 10. (Convocation)</p> <p>1. The General Meeting of Unitholders of TOKYU REIT shall, in principle, be held <u>at least</u> once every two years.</p> <p>2. (No change)</p> <p>3. <u>Unless</u> otherwise provided for in laws and regulations, based on approval of the Board of Directors, the General Meeting of Unitholders shall be convened by the executive director in the case where there is one executive director and by one of the executive directors in accordance with the order determined in advance by the Board of Directors in the case where there are two or more executive directors.</p> <p>4.~5. (No change)</p>
<p>Article 12. (Resolutions)</p> <p>1. <u>Except where</u> otherwise provided for in laws and regulations, resolutions of the General Meeting of Unitholders shall be adopted by a majority of the voting rights of the unitholders in attendance.</p> <p>2. (Omitted)</p> <p>3. <u>Other than</u> the preceding paragraph, when necessary, TOKYU REIT may determine the unitholders or registered pledgees of investment units stated or recorded in the register of unitholders on a certain date by resolution of the Board of Directors <u>and by giving</u> public notice in advance as the unitholders or registered pledgees of investment units who are to exercise their rights.</p>	<p>Article 12. (Resolutions, Etc.)</p> <p>1. <u>Unless</u> otherwise provided for in laws and regulations, resolutions of the General Meeting of Unitholders shall be adopted by a majority of the voting rights of the unitholders in attendance.</p> <p>2. (No change)</p> <p>3. <u>Notwithstanding the provisions of</u> the preceding paragraph, when necessary, TOKYU REIT may determine the unitholders or registered pledgees of investment units stated or recorded in the register of unitholders on a certain date <u>specified</u> by resolution of the Board of Directors <u>for which</u> public notice <u>is given</u> in advance as the unitholders or registered pledgees of investment units who are to exercise their rights.</p>
<p>Article 13. (Exercising Voting Rights in Writing)</p> <p>1.~2. (Omitted)</p>	<p>Article 13. (Exercise of Voting Rights in Writing)</p> <p>1.~2. (No change)</p>
<p>Article 14. (Exercise of Voting Rights by Electromagnetic Means) (Omitted [insignificant lexical changes in Japanese]) <u>(New addition)</u></p>	<p>Article 14. (Exercise of Voting Rights by Electromagnetic Means)</p> <p>1. (No change)</p> <p>2. <u>The number of voting rights exercised by electromagnetic means pursuant to the provisions of the preceding paragraph shall be included in the number of voting rights of the unitholders in attendance.</u></p>
<p>Article 15. (Deemed Approval)</p> <p>1. (Omitted)</p> <p>2. The number of voting rights held by the unitholders deemed to have approved the proposal <u>as provided in</u> the provisions of the preceding paragraph shall be included in the number of voting rights of the unitholders in attendance.</p>	<p>Article 15. (Deemed Approval)</p> <p>1. (No change)</p> <p>2. The number of voting rights held by the unitholders deemed to have approved the proposal <u>pursuant to</u> the provisions of the preceding paragraph shall be included in the number of voting rights of the unitholders in attendance.</p>
<p>Article 17. (Minutes of the General Meeting of Unitholders)</p> <p>Minutes of the proceedings concerning the meeting of the General Meeting of Unitholders shall be prepared that state or record an outline of the progress of proceedings and the outcome thereof as well as other matters provided <u>by</u> laws and regulations, and the chairperson, executive directors and supervisory directors in attendance shall affix their name and seal or provide an electronic signature on the minutes.</p>	<p>Article 17. (Minutes of the General Meeting of Unitholders)</p> <p>Minutes of the proceedings concerning the meeting of the General Meeting of Unitholders shall be prepared that state or record an outline of the progress of proceedings and the outcome thereof as well as other matters provided <u>in</u> laws and regulations, and the chairperson, executive directors and supervisory directors in attendance shall <u>sign or</u> affix their name and seal or provide an electronic signature on the minutes.</p>

Current Articles	Proposed Amendments
<p>Article 19. (Number of Directors) 1.~2. (Omitted) <u>(New addition)</u></p>	<p>Article 19. (Number of Directors) 1.~2. (No change) 3. <u>The period that a resolution pertaining to the appointment of a substitute director (meaning an executive director or supervisory director; hereinafter the same in this paragraph) remains in force shall be until expiry of the term of office of the director who is to be substituted appointed at the General Meeting of Unitholders at which the concerned resolution was adopted; provided, however, that this shall not preclude the shortening of such period by resolution of the General Meeting of Unitholders.</u></p>
<p>Article 22. (Board of Directors) 1. (Omitted) 2. <u>Except where</u> otherwise provided for in laws and regulations, the Board of Directors shall be convened by the executive director in the case where there is one executive director and by one of the executive directors in accordance with the order determined in advance by the Board of Directors in the case where there are two or more executive directors. 3. (Omitted)</p>	<p>Article 22. (Board of Directors) 1. (No change) 2. <u>Unless</u> otherwise provided for in laws and regulations, the Board of Directors shall be convened by the executive director in the case where there is one executive director and by one of the executive directors in accordance with the order determined in advance by the Board of Directors in the case where there are two or more executive directors. 3. (No change)</p>
<p>Article 23. (Resolutions of the Board of Directors) <u>Except where</u> otherwise provided for in laws and regulations or these Articles of Incorporation, resolutions of the Board of Directors shall be adopted with a majority of the members of the Board of Directors who are entitled to participate in the vote in attendance and by a majority of those members in attendance.</p>	<p>Article 23. (Resolutions of the Board of Directors) <u>Unless</u> otherwise provided for in laws and regulations or these Articles of Incorporation, resolutions of the Board of Directors shall be adopted with a majority of the members of the Board of Directors who are entitled to participate in the vote in attendance and by a majority of those members in attendance.</p>
<p>Article 24. (Minutes of the Meeting of the Board of Directors) Minutes of the proceedings concerning the meeting of the Board of Directors shall be prepared that state or record an outline of the progress of proceedings and the outcome thereof as well as other matters provided <u>by</u> laws and regulations, and the executive directors and supervisory directors in attendance shall affix their name and seal or provide an electronic signature on the minutes.</p>	<p>Article 24. (Minutes of the Meeting of the Board of Directors) Minutes of the proceedings concerning the meeting of the Board of Directors shall be prepared that state or record an outline of the progress of proceedings and the outcome thereof as well as other matters provided <u>in</u> laws and regulations, and the executive directors and supervisory directors in attendance shall <u>sign or</u> affix their name and seal or provide an electronic signature on the minutes.</p>
<p>Article 26. (Directors' Compensation and Limitation of Liability for Damages) 1. (Omitted) 2. (Omitted [insignificant lexical changes in Japanese]) 3. (Omitted)</p>	<p>Article 26. (Directors' Compensation and Limitation of Liability for Damages) 1. (No change) 2. (No change) 3. (No change)</p>
<p>Article 29. (Asset Valuation Methods, Standards and Reference Dates) 1. (Omitted) (1)~(6) (Omitted) (7) Other (Omitted [insignificant lexical changes in Japanese]) 2.~3. (Omitted)</p>	<p>Article 29. (Asset Valuation Methods, Standards and Reference Dates) 1. (No change) (1)~(6) (No change) (7) Other (No change) 2.~3. (No change)</p>
<p><u>(New addition)</u></p>	<p>Article 30-2. (Capital Reduction Without Contribution) <u>TOKYU REIT may, by resolution of the Board of Directors, reduce the amount of unitholders' capital or capital surplus for the purpose of deficit disposition within the scope provided in laws and regulations.</u></p>

Current Articles	Proposed Amendments
<p>Article 32. (Calculation of Distributions in Proportion to Number of Days) <u>When TOKYU REIT conducts an additional issuance of investment units during a fiscal period, the amount of cash distributions for the concerned investment units shall be able to be calculated in proportion to the number of days.</u></p>	<p><u>(Deleted)</u></p>
<p>Article 33. (Appointment of Independent Auditors) (Omitted)</p>	<p>Article 32. (Appointment of Independent Auditors) (No change)</p>
<p>Article 34. (Term of Office of Independent Auditors) 1. (Omitted) 2. When it is not resolved otherwise at the General Meeting of Unitholders prescribed in the preceding paragraph, independent auditors shall be deemed to have been reappointed at <u>that</u> General Meeting of Unitholders.</p>	<p>Article 33. (Term of Office of Independent Auditors) 1. (No change) 2. When it is not resolved otherwise at the General Meeting of Unitholders prescribed in the preceding paragraph, independent auditors shall be deemed to have been reappointed at <u>said</u> General Meeting of Unitholders.</p>
<p>Article 35. (Fees Payable to Independent Auditors) (Omitted)</p>	<p>Article 34. (Fees Payable to Independent Auditors) (No change)</p>
<p>Article 36. (Loans) 1. (Omitted) (1)~(2) (Omitted) (3) Use of Loans For use in acquisition or repair, etc. of assets, payment of distributions or repayment of obligations (including <u>payment</u> of leasehold and security deposits, repayment of loans and redemption of investment corporation bonds), etc. 2. (Omitted)</p>	<p>Article 35. (Loans) 1. (No change) (1)~(2) (No change) (3) Use of Loans For use in acquisition or repair, etc. of assets, payment of distributions or repayment of obligations (including <u>repayment</u> of leasehold and security deposits, repayment of loans and redemption of investment corporation bonds), etc. 2. (No change)</p>
<p>Article 37. (Investment Corporation Bonds, Etc.) 1. (Omitted) (1)~(2) (Omitted) (3) Use of Funds Procured Through Issuance of Investment Corporation Bonds For use in acquisition or repair, etc. of assets, payment of distributions or repayment of obligations (including <u>payment</u> of leasehold and security deposits, repayment of loans and redemption of investment corporation bonds), etc. 2. (Omitted)</p>	<p>Article 36. (Investment Corporation Bonds, Etc.) 1. (No change) (1)~(2) (No change) (3) Use of Funds Procured Through Issuance of Investment Corporation Bonds For use in acquisition or repair, etc. of assets, payment of distributions or repayment of obligations (including <u>repayment</u> of leasehold and security deposits, repayment of loans and redemption of investment corporation bonds), etc. 2. (No change)</p>
<p>Article 38. (Investment Management Fees Payable to Investment Management Company) (Omitted)</p>	<p>Article 37. (Investment Management Fees Payable to Investment Management Company) (No change)</p>
<p>Article 39. (Grounds for and End of Use of Representation) (Omitted)</p>	<p>Article 38. (Grounds for and End of Use of Representation) (No change)</p>
<p>Article 40. (Consumption Tax and Local Consumption Tax) (Omitted)</p>	<p>Article 39. (Consumption Tax and Local Consumption Tax) (No change)</p>
<p><u>(New addition)</u></p>	<p>Article 40. <u>The special provision concerning investment management fees from the 20th fiscal period to the 23rd fiscal period under Attachment 2 shall remain effective until January 31, 2015, and the special provision, together with this Article, shall be deleted on the following day.</u></p>

Current Articles	Proposed Amendments
<p data-bbox="436 193 581 219"><u>(New addition)</u></p>	<p data-bbox="820 193 1247 219"><u>Article 41. (Entry into Force of Revisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="849 221 1390 431">1. <u>The revision pertaining to new addition of Article 6-2 shall become effective on the date of enforcement of the revision of the Investment Trust Law approving investment corporations to issue investment unit options. In addition, in the case where necessary for conducting rights offerings, the provisions of Article 6-2 shall be deemed to be replaced in accordance with the provisions of the revised law.</u> <li data-bbox="849 434 1390 917">2. <u>The revision pertaining to new addition of Article 7-2 shall become effective on the date of enforcement of the revision of the Investment Trust Law approving investment corporations to acquire their own investment units through market transactions, etc. Furthermore, in the case where the revised law requires that an upper limit be provided when implementing acquisition of own investment units, the upper limit for TOKYU REIT shall be the number arrived at when the total number of TOKYU REIT investment units issued and outstanding on the date of the enforcement is multiplied by one-third (in the case where the revised law provides a number below this, then that number). In addition, in the case where necessary for implementing acquisition of own investment units, the provisions of Article 7-2 shall be deemed to be replaced in accordance with the provisions of the revised law.</u> <li data-bbox="849 919 1390 1166">3. <u>The revision pertaining to new addition of Article 30-2 shall become effective on the date of enforcement of the revision of the Investment Trust Law approving investment corporations to reduce the amount of unitholders' capital or capital surplus for the purpose of deficit disposition. In addition, in the case where necessary for conducting the reduction, the provisions of Article 30-2 shall be deemed to be replaced in accordance with the provisions of the revised law.</u>

Current Articles		Proposed Amendments	
Attachment 2		Attachment 2	
Investment Management Fees Payable to Investment Management Company		Investment Management Fees Payable to Investment Management Company	
(Omitted)		(No change)	
Fee Type	Calculation Method and Payment Period	Fee Type	Calculation Method and Payment Period
Base 1 (Asset valuation -based)	<p>The sum total amount of amount found by the following calculation formula according to the total value of assets under management at the <u>end of the previous fiscal period</u>. Moreover, total value of assets under management here shall be the sum total amount of appraisal value of all real estate properties (in the case of trust beneficiary interests in real estate, real estate in trust).</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying 0.150% by the portion of the total value of assets under management 200 billion yen or less • The amount derived by multiplying 0.125% by the portion of the total value of assets under management exceeding 200 billion yen but 300 billion yen or less • The amount derived by multiplying 0.115% by the portion of the total value of assets under management exceeding 300 billion yen <p>Payment of fees pertaining to <u>the concerned</u> fiscal period shall be made by the settlement of accounts of the concerned fiscal period.</p>	Base 1 (Asset valuation -based)	<p>For every fiscal period, the sum total amount of amount found by the following calculation formula according to the total value of assets under management at the <u>immediately preceding settlement of accounts</u>. Moreover, total value of assets under management here shall be the sum total amount of appraisal value of all real estate properties (in the case of trust beneficiary interests in real estate, real estate in trust).</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying 0.150% by the portion of the total value of assets under management 200 billion yen or less • The amount derived by multiplying 0.125% by the portion of the total value of assets under management exceeding 200 billion yen but 300 billion yen or less • The amount derived by multiplying 0.115% by the portion of the total value of assets under management exceeding 300 billion yen <p>Payment of fees pertaining to <u>each</u> fiscal period shall be made by the settlement of accounts of the concerned fiscal period.</p>

Current Articles		Proposed Amendments	
Fee Type	Calculation Method and Payment Period	Fee Type	Calculation Method and Payment Period
Base 2 (Cash flow -based)	<p>The sum total amount of amount found by the following calculation formula according to the standard cash flow in the concerned fiscal period. Moreover, standard cash flow here shall be the amount of income before income taxes on the statements of income of TOKYU REIT, plus depreciation and deferred assets amortization, and less an amount equivalent to 50% of gain/loss on sales of specified assets (rounded down to the nearest yen) and an amount equivalent to 50% of gain/loss on valuation of specified assets (rounded down to the nearest yen) (standard cash flow hereinafter referred to as “CF”). In addition, when calculating base fee 2, CF before deducting base fee 1, base fee 2 and the incentive fee set forth below shall serve as the base. However, the lower limit of base fee 2 shall be 0 yen.</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying 6.0% by the portion of CF 5 billion yen or less • The amount derived by multiplying 5.0% by the portion of CF exceeding 5 billion yen but 7.5 billion yen or less • The amount derived by multiplying 4.6% by the portion of CF exceeding 7.5 billion yen <p>Payment shall be made no later than two months after the settlement of accounts pertaining to the concerned fiscal period.</p>	Base 2 (Cash flow -based)	<p><u>For every fiscal period, the</u> sum total amount of amount found by the following calculation formula according to the standard cash flow in the concerned fiscal period. Moreover, standard cash flow here shall be the amount of income before income taxes on the statements of income of TOKYU REIT, plus depreciation and deferred assets amortization, and less an amount equivalent to 50% of gain/loss on sales of specified assets (rounded down to the nearest yen) and an amount equivalent to 50% of gain/loss on valuation of specified assets (rounded down to the nearest yen) (standard cash flow hereinafter referred to as “CF”). In addition, when calculating base fee 2, CF before deducting base fee 1, base fee 2 and the incentive fee set forth below shall serve as the base. However, the lower limit of base fee 2 shall be 0 yen.</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying 6.0% by the portion of CF 5 billion yen or less • The amount derived by multiplying 5.0% by the portion of CF exceeding 5 billion yen but 7.5 billion yen or less • The amount derived by multiplying 4.6% by the portion of CF exceeding 7.5 billion yen <p><u>Payment of fees pertaining to each fiscal period</u> shall be made no later than two months after the settlement of accounts pertaining to the concerned fiscal period.</p>

Current Articles		Proposed Amendments	
Fee Type	Calculation Method and Payment Period	Fee Type	Calculation Method and Payment Period
Incentive (Unit price-based)	<p>The amount found by the following calculation formula according to the investment unit price (closing) on the Tokyo Stock Exchange (hereinafter referred to as “closing price”) in the concerned fiscal period.</p> <p>[Calculation Formula]</p> <p>• (Average closing price in the concerned fiscal period * – Highest average closing price over fiscal periods up to the previous fiscal period) ** × Number of investment units issued and outstanding at the <u>end of the previous fiscal period</u> *** × 0.4%</p> <p>* The average closing price shall be the aggregate sum of the closing price for each trading day during the concerned fiscal period, divided by the number of trading days during the fiscal period. Days with no closing price shall be omitted from the calculation. However, in the event of a split of investment units, for each trading day up to the day preceding the effective date of the split of investment units, (i) the closing price for each trading day is (ii) multiplied by the number of investment units issued and outstanding before the split and (iii) divided by the number of investment units issued and outstanding after the split to derive the amount (rounded down to the nearest yen) that is deemed the closing price for each trading day. Furthermore, in the event of a consolidation of investment units, for each trading day up to the effective date of the consolidation of investment units, (i) the closing price for each trading day is (ii) multiplied by the number of investment units issued and outstanding before the consolidation and (iii) divided by the number of investment units issued and outstanding after the consolidation to derive the amount (rounded down to the nearest yen) that is deemed the closing price for each trading day.</p> <p>** The incentive fee shall be 0 yen in the event that the average closing price in the concerned fiscal period does not exceed the highest average closing price over fiscal periods up to the previous fiscal period.</p>	Incentive (Unit price-based)	<p><u>For every fiscal period, the</u> amount found by the following calculation formula according to the investment unit price (closing) on the Tokyo Stock Exchange (hereinafter referred to as “closing price”) in the concerned fiscal period.</p> <p>[Calculation Formula]</p> <p>• (Average closing price in the concerned fiscal period * – Highest average closing price over fiscal periods up to the previous fiscal period) ** × Number of investment units issued and outstanding at the <u>previous settlement of accounts</u> *** × 0.4%</p> <p>* The average closing price shall be the aggregate sum of the closing price for each trading day during the concerned fiscal period, divided by the number of trading days during the fiscal period. Days with no closing price shall be omitted from the calculation. However, in the event of a split of investment units, for each trading day up to the day preceding the effective date of the split of investment units, (i) the closing price for each trading day is (ii) multiplied by the number of investment units issued and outstanding before the split and (iii) divided by the number of investment units issued and outstanding after the split to derive the amount (rounded down to the nearest yen) that is deemed the closing price for each trading day. Furthermore, in the event of a consolidation of investment units, for each trading day up to the effective date of the consolidation of investment units, (i) the closing price for each trading day is (ii) multiplied by the number of investment units issued and outstanding before the consolidation and (iii) divided by the number of investment units issued and outstanding after the consolidation to derive the amount (rounded down to the nearest yen) that is deemed the closing price for each trading day.</p> <p>** The incentive fee shall be 0 yen in the event that the average closing price in the concerned fiscal period does not exceed the highest average closing price over fiscal periods up to the previous fiscal period.</p>

Current Articles		Proposed Amendments	
Fee Type	Calculation Method and Payment Period	Fee Type	Calculation Method and Payment Period
	<p>*** In the event of a split of investment units in the concerned fiscal period, (i) the number of investment units issued and outstanding at the <u>end of the previous fiscal period</u> is (ii) multiplied by the number of investment units issued and outstanding after the split and (iii) divided by the number of investment units issued and outstanding before the split to derive the number of investment units (rounded down to the nearest investment unit) that is deemed the number of investment units issued and outstanding at the <u>end of the previous fiscal period</u> in the concerned fiscal period. Furthermore, in the event of a consolidation of investment units in the concerned fiscal period, (i) the number of investment units issued and outstanding at the <u>end of the previous fiscal period</u> is (ii) multiplied by the number of investment units issued and outstanding after the consolidation and (iii) divided by the number of investment units issued and outstanding before the consolidation to derive the number of investment units (rounded down to the nearest investment unit) that is deemed the number of investment units issued and outstanding at the <u>end of the previous fiscal period</u> in the concerned fiscal period.</p> <p>Payment shall be made no later than two months after the settlement of accounts pertaining to the concerned fiscal period.</p>		<p>*** In the event of a split of investment units in the concerned fiscal period, (i) the number of investment units issued and outstanding at the <u>previous settlement of accounts</u> is (ii) multiplied by the number of investment units issued and outstanding after the split and (iii) divided by the number of investment units issued and outstanding before the split to derive the number of investment units (rounded down to the nearest investment unit) that is deemed the number of investment units issued and outstanding at the <u>previous settlement of accounts</u> in the concerned fiscal period. Furthermore, in the event of a consolidation of investment units in the concerned fiscal period, (i) the number of investment units issued and outstanding at the <u>previous settlement of accounts</u> is (ii) multiplied by the number of investment units issued and outstanding after the consolidation and (iii) divided by the number of investment units issued and outstanding before the consolidation to derive the number of investment units (rounded down to the nearest investment unit) that is deemed the number of investment units issued and outstanding at the <u>previous settlement of accounts</u> in the concerned fiscal period.</p> <p>Payment of fees pertaining to each fiscal <u>period</u> shall be made no later than two months after the settlement of accounts pertaining to the concerned fiscal period.</p>
	(New addition)	<p><u>Special provision concerning investment management fees from the 20th fiscal period to the 23rd fiscal period</u></p>	<p><u>Notwithstanding the provisions above, of the investment management fees from the 20th fiscal period (February 1, 2013 to July 31, 2013) to the 23rd fiscal period (August 1, 2014 to January 31, 2015), base fee 1 shall be the amount calculated by the calculation method above, reduced by an amount equivalent to 15%.</u></p>

2. Company Profiles

(1) Summary of Unitholders' Contributions

	19th fiscal period As of January 31, 2013	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
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)	9,674	9,491	8,993	8,454	8,683

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of January 31, 2013.

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	38,189	22.55
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	10,506	6.20
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	7,834	4.63
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	7,616	4.50
Nomura Bank (Luxembourg) S.A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	1-2-3, Otemachi, Chiyoda-ku, Tokyo	4,692	2.77
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
State Street Bank and Trust Company 505103 (Standing Proxy: Tokyo Branch of The Hongkong and Shanghai Banking Corporation Limited)	3-11-1, Nihonbashi, Chuo-ku, Tokyo	3,532	2.09
The Hachijuni Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	3,025	1.79
The Asahi Fire & Marine Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	3,000	1.77
Total		92,096	54.37

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

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

① Name of Directors and Auditor (as of January 31, 2013)

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 4)

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.

Note 4. In addition to this, TOKYU REIT paid fees in the amount of ¥2 million for comfort letter services as services other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law (Law No. 103 of 1948, including amendments thereto) in the fiscal period under review.

② Policies Regarding Decision of Dismissing and Not Reappointing Independent Auditors

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

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

The following table sets forth information of TOKYU REIT's investment management company, asset custodian and general administrators as of January 31, 2013.

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 Mitsubishi UFJ Trust and Banking Corporation

3. Portfolio Profile

(1) Asset Composition

Asset type	Use	Area	19th fiscal period As of January 31, 2013		18th fiscal period As of July 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	¥ 15,659	7.8	¥ 15,680	7.7	
		Other	—	—	—	—	
		Sub total	15,659	7.8	15,680	7.7	
	Office	Central Tokyo and Tokyu Areas	24,069	11.9	24,175	11.8	
		Other	—	—	—	—	
		Sub total	24,069	11.9	24,175	11.8	
	Total		39,728	19.7	39,856	19.5	
	Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	55,445	27.4	55,653	27.2
			Other	15,432	7.6	15,515	7.6
Sub total			70,878	35.1	71,169	34.7	
Office		Central Tokyo and Tokyu Areas	74,252	36.7	74,390	36.3	
		Other	3,993	2.0	4,035	2.0	
		Sub total	78,246	38.7	78,426	38.3	
Total		149,124	73.8	149,595	73.0		
Other assets		13,207	6.5	15,426	7.5		
Total assets		¥ 202,061 [¥ 188,853]	100.0 [93.5]	¥ 204,879 [¥ 189,452]	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 January 31, 2013 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	¥ 14,059	4,502.93	4,502.93	100.0	10.1	Retail
R	Lexington Aoyama	4,743	2,107.08	2,107.08	100.0	1.7	Retail
R	TOKYU REIT Omotesando Square	5,698	2,708.18	2,708.18	100.0	2.8	Retail
R	Tokyu Saginuma Building	6,739	19,610.06	19,610.06	100.0	4.8	Retail
R	Tokyu Saginuma 2 Building	1,184	1,267.95	1,267.95	100.0	1.0	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,616	1,543.05	1,543.05	100.0	4.0	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	8,406	50,285.89	50,285.89	100.0	4.7	Retail
R	cocoti	23,019	8,330.41	8,330.41	100.0	8.5	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.7	Retail
R	CONZE Ebisu	4,918	2,319.24	2,319.24	100.0	2.0	Retail
R	Daikanyama Forum	4,124	2,477.64	2,268.25	91.5	1.4	Retail
O	Setagaya Business Square	18,274	24,959.37	23,249.12	93.1	16.6	Office
O	Tokyu Nampeidai-cho Building	4,218	7,148.18	7,148.18	100.0	2.8	Office
O	Tokyu Sakuragaoka-cho Building	6,517	4,737.19	4,737.19	100.0	3.7	Office
O	Tokyo Nissan Taito Building	3,820	7,947.24	7,947.24	100.0	3.2	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,478	3,203.92	3,045.32	95.0	2.1	Office
O	TOKYU REIT Kamata Building	4,079	7,337.82	7,337.82	100.0	3.0	Office
O	TOKYU REIT Toranomom Building	9,988	10,140.10	5,408.90	53.3	2.4	Office
O	TOKYU REIT Hatchobori Building	6,837	5,987.85	5,949.85	99.4	2.8	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,178	3,533.03	3,533.03	100.0	3.2	Office
O	Tokyu Ikejiri-ohashi Building	5,465	5,733.23	5,733.23	100.0	2.9	Office
O	Kojimachi Square	8,730	5,409.11	5,409.11	100.0	2.5	Office
O	TOKYU REIT Shinjuku Building	9,154	6,223.07	5,758.02	92.5	4.0	Office
O	Akihabara Sanwa Toyo Building	4,650	4,643.04	4,643.04	100.0	2.7	Office
O	TOKYU REIT Kiba Building	3,993	5,797.79	5,797.79	100.0	1.8	Office
O	Tokyu Ginza 2-chome Building	4,926	3,469.14	3,469.14	100.0	2.6	Office
Total		¥ 188,853	245,500.63	238,188.14	97.0	100.0	

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

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

- Note 3. 'Leased area' is the area out of the total leasable area that is actually under lease agreements and leased (the area as indicated in the agreements; does not include lease agreements for parking lots, side signboards, etc.). With respect to Tokyu Saginuma Building, Beacon Hill Plaza (Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, the area of parking lots is included. Regarding QFRONT, the area of other compartmentalized owners' exclusive-use portion is included since the fiduciary rents that area and leases it out as a block together with the entrusted property. For Setagaya Business Square, which is jointly owned with another owner, the stated figure is given by multiplying the total leased area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomom Building, the area of the exclusive-use portions jointly owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive-use portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (*sokochi*) indicates the leased area of land.
- Note 4. 'Occupancy rate' is the leased area expressed as a percentage of total leasable area at the end of the period.
- Note 5. 'Occupancy rate' and '(Book value) As a percentage of revenue from property leasing' are rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.
- Note 6. 'R' and 'O' in the table are a classification of TOKYU REIT's portfolio properties into R (retail properties) and O (office properties) (the same hereafter).

(3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of January 31, 2013 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	¥ 21,300	¥ 14,059
R Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,107.08	4,020	4,743
R TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,708.18	6,440	5,698
R Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	19,610.06	8,230	6,739
R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	1,267.95	1,450	1,184
R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	9,100	6,616
R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,330.41	16,900	23,019
R CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,319.24	4,040	4,918
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	4,124
Sub total			44,866.54	74,530	71,105

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	8,210	8,406
		R	Shonan Mall Fill (<i>sokochi</i>)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	5,850	7,026
	Sub total				94,364.01	14,060	15,432	
Total				139,230.55	88,590	86,537		
Office	Central Tokyo and Tokyu Areas	O	Setagaya Business Square	4-260-2, etc., Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,959.37	19,800	18,274
		O	Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	4,530	4,218
		O	Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	7,000	6,517
		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	3,820
		O	TOKYU REIT Akasaka Hinokicho Building	6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,203.92	3,960	3,478
		O	TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	5,000	4,079
		O	TOKYU REIT Toranomom Building	3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,140.10	8,890	9,988
		O	TOKYU REIT Hatchobori Building	2-104-1, etc., Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	5,987.85	5,250	6,837
		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	5,930	8,178
		O	Tokyu Ikejiri-ohashi Building	3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,733.23	4,480	5,465
		O	Kojimachi Square	2-3-9 and 2-3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	7,910	8,730
		O	TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,223.07	9,400	9,154
		O	Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,643.04	4,930	4,650
		O	Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	4,760	4,926
		Sub total				100,472.29	97,000	98,322
	Other	O	TOKYU REIT Kiba Building	3-21-5, etc., Toyo, Koto-ku, Tokyo	Trust beneficiary interest in real estate	5,797.79	3,730	3,993
Sub total				5,797.79	3,730	3,993		
Total				106,270.08	100,730	102,315		
Grand total				245,500.63	¥ 189,320	¥ 188,853		

- 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., 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		19th fiscal period From August 1, 2012 to January 31, 2013				18th fiscal period From February 1, 2012 to July 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	¥ 641	10.1	3	100.0	¥ 640	10.1	
		R	Lexington Aoyama	7	100.0	106	1.7	7	100.0	100	1.6	
		R	TOKYU REIT Omotesando Square	4	100.0	175	2.8	4	100.0	170	2.7	
		R	Tokyu Saginuma Building	1	100.0	306	4.8	1	100.0	308	4.8	
		R	Tokyu Saginuma 2 Building	1	100.0	62	1.0	1	100.0	62	1.0	
		R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	250	4.0	2	100.0	250	3.9	
		R	cocoti	15	100.0	535	8.5	14	96.4	551	8.7	
		R	CONZE Ebisu	8	100.0	125	2.0	8	100.0	120	1.9	
		R	Daikanyama Forum	4	91.5	87	1.4	3	83.1	90	1.4	
		Sub total	45	99.5	2,291	36.2	43	98.4	2,294	36.1		
	Other	R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	1	100.0	300	4.7	1	100.0	300	4.7	
		R	Shonan Mall Fill (sokochi)	1	100.0	174	2.7	1	100.0	174	2.7	
			Sub total	2	100.0	474	7.5	2	100.0	474	7.5	
		Total	47	99.8	2,765	43.7	45	99.5	2,768	43.5		
	Office	Central Tokyo and Tokyo Areas	O	Setagaya Business Square	57	93.1	1,050	16.6	58	93.2	1,071	16.8
			O	Tokyu Nampeidai -cho Building	1	100.0	176	2.8	1	100.0	182	2.9
			O	Tokyu Sakuragaoka -cho Building	2	100.0	233	3.7	2	100.0	215	3.4
			O	Tokyo Nissan Taito Building	11	100.0	202	3.2	11	100.0	207	3.3
			O	TOKYU REIT Akasaka Hinokicho Building	3	95.0	134	2.1	3	95.0	134	2.1
O			TOKYU REIT Kamata Building	5	100.0	191	3.0	5	65.2	204	3.2	
O			TOKYU REIT Toranomom Building	6	53.3	153	2.4	5	52.4	98	1.6	
O			TOKYU REIT Hatchobori Building	9	99.4	178	2.8	10	100.0	198	3.1	
O			Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	203	3.2	1	100.0	202	3.2	
O			Tokyu Ikejiri-ohashi Building	4	100.0	182	2.9	5	100.0	184	2.9	
O			Kojimachi Square	8	100.0	155	2.5	8	100.0	114	1.8	
O			TOKYU REIT Shinjuku Building	10	92.5	256	4.0	10	88.9	262	4.1	
O			Akihabara Sanwa Toyo Building	6	100.0	173	2.7	6	100.0	169	2.7	
O			Tokyu Ginza 2-chome Building	2	100.0	165	2.6	2	100.0	169	2.7	
		Sub total	125	92.9	3,456	54.6	127	90.1	3,415	53.7		
Other		O	TOKYU REIT Kiba Building	6	100.0	112	1.8	3	58.8	175	2.8	
			Sub total	6	100.0	112	1.8	3	58.8	175	2.8	
	Total	131	93.3	3,568	56.3	130	88.4	3,591	56.5			
	Grand total	178	97.0	¥ 6,334	100.0	175	94.7	¥ 6,360	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 January 31, 2013, there are no assets targeted for investment other than those described above.

(5) Assets Held in Each Country and Region

TOKYU REIT does not invest in overseas properties.

4. Capital Expenditures for Properties Held

(1) Plan of Capital Expenditures

The following lists the estimated amounts of major capital expenditures for repair and maintenance work of properties held, as scheduled as of January 31, 2013. 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 automatic fire alarm system receiver	From July 2013 to July 2013	¥ 38	—	—
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Yokohama-shi, Kanagawa	Renovation of external walls	From January 2013 to July 2013	¥ 62	—	—
O	Setagaya Business Square	Setagaya-ku, Tokyo	Maintenance of central monitoring system control controller	From July 2013 to July 2013	¥ 20	—	—
O	Tokyu Sakuragaoka-cho Building	Shibuya-ku, Tokyo	Renewal of air-conditioning equipment on 1F to 8F (phase II construction)	From August 2012 to March 2013	¥ 290	¥ 98	¥ 98
O	TOKYU REIT Kiba Building	Koto-ku, Tokyo	Beautification of common areas on 3F to 5F and 10F	From March 2013 to July 2013	¥ 24	—	—

(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 nineteenth fiscal period amounted to ¥303 million and ¥164 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥467 million spent for such work.

Name of property		Location	Objective	Period	Construction cost Millions of yen
R	Tokyu Saginuma Building	Kawasaki-shi, Kanagawa	Renewal of escalators	From January 2013 to January 2013	¥ 37
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	40
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	62
O	TOKYU REIT Akasaka Hinokicho Building	Minato-ku, Tokyo	Renewal of air-conditioning equipment on 2F to 5F and 7F	From October 2012 to December 2012	40
O	TOKYU REIT Kamata Building	Ota-ku, Tokyo	Renovation of restroom	From September 2012 to December 2012	41
Other					80
Total					¥ 303

(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:

	19th fiscal period From August 1, 2012 to January 31, 2013	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
	Millions of yen				
Reserve at beginning of period	¥ 454	¥ 340	¥ 531	¥ 428	¥ 370
Amount transferred to reserve during period	607	520	226	450	394
Reversal from reserve during period	690	406	417	348	336
Reserve at end of period	¥ 372	¥ 454	¥ 340	¥ 531	¥ 428

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

	19th fiscal period		18th fiscal period	
	From August 1, 2012 to January 31, 2013		From February 1, 2012 to July 31, 2012	
Millions of yen				
Asset management fees				
Asset-based fees	¥ 271		¥ 271	
Cash-based fees	190		196	
Unit price-based fees	-	¥ 462	-	¥ 468
Asset custodian fees		16		16
General administration fees		41		40
Directors' fees		6		6
Other operating expenses		58		47
Total		¥ 585		¥ 579

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

Short-term debt and long-term debt from each financial institution as of January 31, 2013 are as follows:

Category	Draw-down date	Balance as of January 31, 2013	Balance as of July 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.	5,000	5,000	1.95000	January 25, 2018	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 2)	
	The Dai-ichi Mutual Life Insurance Company	4,000	4,000	2.21125	July 31, 2013			Unsecured and Unguaranteed (Notes 2 and 3)	
	The Dai-ichi Mutual Life Insurance Company	1,000	1,000	1.92000	January 25, 2014			Unsecured and Unguaranteed (Notes 2 and 3)	
	The National Mutual Insurance Federation of Agricultural Cooperatives	3,000	3,000						
	Daido Life Insurance Company	3,000	3,000	1.76625	March 10, 2016			Unsecured and Unguaranteed (Note 2)	
	Development Bank of Japan Inc.	June 25, 2008	5,000	5,000	2.21100			June 25, 2015	Unsecured and Unguaranteed (Notes 2 and 3)
	Mitsubishi UFJ Trust and Banking Corporation		1,000	1,000	2.10187			December 25, 2013	
	Mitsubishi UFJ Trust and Banking Corporation	November 18, 2008	-	2,000	1.72500			November 19, 2012	Unsecured and Unguaranteed (Note 2)
	Development Bank of Japan Inc.	February 25, 2009	5,000	5,000	1.79000			February 25, 2014	Unsecured and Unguaranteed (Notes 2 and 3)
	Sumitomo Mitsui Trust Bank, Limited	June 25, 2009	2,500	2,500	1.67500			June 25, 2013	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	
	Mitsubishi UFJ Trust and Banking Corporation		2,500	2,500					

Category	Lender	Draw-down date	Balance as of January 31, 2013	Balance as of July 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 29, 2009	400	400	1.66375	June 29, 2013	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 2 and 3)
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,400	1.02536	August 29, 2012			
	Daido Life Insurance Company	June 25, 2010	-	1,000	1.17927	December 25, 2012			
	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			
	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			
	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	2,000	1.37250	May 25, 2019			
	Development Bank of Japan Inc.	June 25, 2012	4,000	4,000	1.48000	June 25, 2020			
	Sumitomo Mitsui Trust Bank, Limited	June 29, 2012	400	400	1.32375	June 29, 2019			
	Mitsubishi UFJ Trust and Banking Corporation		400	400					
	The Norinchukin Bank	July 25, 2012	1,000	1,000	0.93500	July 25, 2017			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	August 29, 2012	1,400	-	1.31402	August 29, 2019			
	Mitsubishi UFJ Trust and Banking Corporation	November 19, 2012	2,000	-	1.24625	November 19, 2019			
Daido Life Insurance Company	December 25, 2012	500	-	0.68125	December 25, 2015				
Mizuho Corporate Bank, Ltd.	December 25, 2012	500	-	1.23375	December 25, 2019				
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 January 31, 2013 is as follows:

Name	Issue date	Balance as of January 31, 2013	Balance as of July 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	1.65000	October 24, 2012	Full amount on maturity	Repayment of debt financing	Unsecured/Unguaranteed (Note)
2nd Series Unsecured Investment Corporation Bond	October 24, 2007	5,000	5,000	1.89000	October 24, 2014			
3rd Series Unsecured Investment Corporation Bond	October 22, 2012	3,000	-	1.47000	October 21, 2022			
Total		¥ 8,000	¥ 10,000					

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

6. Acquisitions and Dispositions during the Nineteenth Fiscal Period

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

There is no item that falls under this category.

(2) Sales and Purchases of Other Assets

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

(3) Research on Prices of Specified Assets

There is no item that falls under this category.

(4) Trading with Interested Persons, Etc. and Major Shareholders

① Status of Trading

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

② Amounts of Commissions Paid

Item	Total amounts of commissions paid (A) Thousands of yen	Paid to interested persons, etc. and major shareholders		B/A (%)
		Payee	Amount of payment (B) Thousands of yen	
Utilities expenses	¥ 545,862	Yoga District Heating and Cooling Co., Ltd.	¥ 109,135	20.0
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 410,524	Tokyu Community Corporation	¥ 259,386	63.2
		Tokyu Facility Service Co., Ltd.	¥ 30,778	7.5
		Kyodo Gijutsu Center Co., Ltd.	¥ 11,097	2.7
		Tokyu Store Corporation	¥ 3,877	0.9
		Tokyu Bldg Maintenance Co., Ltd.	¥ 908	0.2
		Tokyu Green System Co., Ltd.	¥ 100	0.0
		its communications Inc.	¥ 84	0.0
Property management fees	¥ 135,934	Tokyu Security Co., Ltd.	¥ 60	0.0
		Tokyu Corporation	¥ 72,878	53.6
Insurance premium	¥ 12,116	Tokyu Community Corporation	¥ 63,056	46.4
		Tokyu Insurance Consulting Co., Ltd.	¥ 11,802	97.4
Other rental service expenses	¥ 220,627	Tokyu Corporation	¥ 5,289	2.4
		Tokyu Community Corporation	¥ 3,664	1.7
		Shibuya Underground Shopping Center, Inc.	¥ 843	0.4
		TMD Corporation	¥ 834	0.4
		its communications Inc.	¥ 62	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 ¥56,411 thousand and ¥26,016 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 nineteenth fiscal period are as follows:

Tokyu Renewal Co., Ltd.	¥ 24,196 thousand
Tokyu Corporation	¥ 6,087 thousand
Tokyu Facility Service Co., Ltd.	¥ 5,976 thousand
Tokyu Community Corporation	¥ 5,924 thousand
Kyodo Gijutsu Center Co., Ltd.	¥ 4,793 thousand
Tokyu Construction Co., Ltd.	¥ 4,490 thousand
Tokyu Techno System Co., Ltd.	¥ 1,971 thousand
Tokyu Green System Co., Ltd.	¥ 818 thousand
Seikitokyu Kogyo Co., Ltd.	¥ 200 thousand

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

There is no item that falls under this category.

7. Accounting

(1) Assets, Liabilities, Unitholders' Capital and Profit/Loss

See accompanying Balance Sheets, Statements of Income, Statements of Changes in Unitholders' Equity and Notes to Financial Statements.

(2) Change in Depreciation Method

There is no item that falls under this category.

(3) Change in Valuation Methods

There is no item that falls under this category.

8. Other

(1) News

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

Date of meeting	Agenda item	Summary
December 6, 2012	Engagement of underwriters for investment corporation bond offerings, and outsourcing of general administrative operations relating to investment corporation bonds	In connection with a comprehensive resolution passed on the same date regarding the engagement of underwriters for investment corporation bond offerings, the meeting approved that TOKYU REIT's executive director shall have full authority on the selection, etc. of providers of general administrative services relating to investment corporation bond offerings to be issued in the future.
January 25, 2013	Renewal of general administration and asset custody agreements	The meeting approved to renew the agreements for the general administration agreement (excluding transfer agent for investment units) and asset custody agreement executed with general administrator and asset custodian Mitsubishi UFJ Trust and Banking Corporation.

(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 companies.

Date of meeting	Agenda item	Summary
September 28, 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 (¥101 thousand) resulting from operational delinquency.
November 30, 2012	Signing of memorandum with Tokyu Corporation	The meeting approved the signing of a memorandum with the property management company Tokyu Corporation, confirming that the amount of part (¥130 thousand) of the construction management fee payable to Tokyu Corporation will be reduced because certain operational delinquency has been found.
January 25, 2013	Signing of memorandum with Tokyu REIM and Tokyu Community Corporation (Note)	The meeting approved the signing of a memorandum with the investment management company Tokyu REIM and the property management company Tokyu Community Corporation, confirming Tokyu REIM's intentions to take full responsibility for expenses (¥1,737 thousand) resulting from operational delinquency and confirming Tokyu Community Corporation's intentions to take full responsibility for expenses (¥339 thousand) resulting from operational delinquency.
January 25, 2013	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 incurred in the fiscal period under review and expenses to be incurred in subsequent fiscal periods resulting from operational delinquency, etc.

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 January 31, 2013, 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 January 31, 2013, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

April 25, 2013

PricewaterhouseCoopers Aarata

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TOKYU REIT, Inc.
Balance Sheets
As of January 31, 2013 and July 31, 2012

	January 31, 2013	July 31, 2012
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 2,128	¥ 3,939
Cash and deposits with banks held in trust	9,778	10,183
Tenant receivables	110	116
Lease deposits held in trust due within one year	18	18
Other current assets	44	39
Total current assets	12,080	14,298
Fixed assets:		
Property and equipment		
Buildings and structures	7,837	7,820
Land	33,228	33,228
Other tangible assets	85	85
Buildings and structures held in trust	47,461	47,194
Land held in trust	115,335	115,335
Other tangible assets held in trust	1,247	1,247
Construction in progress held in trust	101	2
Less accumulated depreciation	(16,460)	(15,479)
Total property and equipment	188,837	189,434
Intangible assets		
Intangible assets	0	1
Intangible assets held in trust	15	16
Total intangible assets	16	17
Investments and other assets		
Lease deposits	125	125
Lease deposits held in trust	804	818
Other assets	172	175
Total investments and other assets	1,102	1,118
Total fixed assets	189,955	190,571
Deferred assets:		
Investment corporation bond issuance expenses	25	9
Total deferred assets	25	9
Total assets	¥ 202,061	¥ 204,879

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of January 31, 2013 and July 31, 2012

	January 31, 2013	July 31, 2012
	(Millions of yen)	
<u>LIABILITIES</u>		
Current liabilities:		
Investment corporation bonds due within one year	¥ -	¥ 5,000
Long-term debt due within one year	19,400	13,800
Accounts payable	823	941
Consumption tax payable	57	54
Rent received in advance	979	970
Tenant leasehold and security deposits held in trust due within one year	624	624
Accrued expenses and other current liabilities	202	202
Total current liabilities	22,087	21,594
Long-term liabilities:		
Investment corporation bonds	8,000	5,000
Long-term debt	59,600	65,200
Tenant leasehold and security deposits	1,867	1,854
Tenant leasehold and security deposits held in trust	10,595	11,224
Other long-term liabilities	3	3
Total long-term liabilities	80,066	83,282
Total liabilities	¥ 102,153	¥ 104,877
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 2,000,000 units		
Units issued and outstanding - 169,380 units as of January 31, 2013 and July 31, 2012	¥ 98,019	¥ 98,019
Retained earnings	1,887	1,982
Total net assets	99,907	100,002
Total liabilities and net assets	¥ 202,061	¥ 204,879

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

TOKYU REIT, Inc.
Statements of Income

For the six months ended January 31, 2013 and July 31, 2012

	For the six months ended	
	January 31, 2013	July 31, 2012
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 5,837	¥ 5,887
Other rental revenue	496	472
Revenues from facility acceptance	0	-
Operating expenses:		
Rental service expenses	(3,083)	(3,009)
Asset management fees	(462)	(468)
Other	(122)	(111)
Operating income	2,665	2,771
Non-operating income:		
Interest income	1	1
Other	9	6
Non-operating expenses:		
Interest expense	(659)	(668)
Interest expense on investment corporation bonds	(78)	(88)
Amortization of investment corporation bond issuance expenses	(3)	(4)
Other	(46)	(48)
Extraordinary income:		
Reversal of provision for loss on disaster	-	14
Income before income taxes	1,888	1,983
Income taxes:		
Current	(0)	(0)
Deferred	0	(0)
Net income	1,887	1,982
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 1,887	¥ 1,982

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

TOKYU REIT, Inc.
Statements of Changes in Unitholders' Equity
For the six months ended January 31, 2013 and July 31, 2012

For the six months ended January 31, 2013

	Unitholders' capital	Retained earnings	Total
	(Millions of yen)		
Balance at beginning of period	¥ 98,019	¥ 1,982	¥ 100,002
Changes during the period			
Cash distributions declared	-	(1,982)	(1,982)
Net income	-	1,887	1,887
Total changes during the period	-	(94)	(94)
Balance at end of period	¥ 98,019	¥ 1,887	¥ 99,907

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

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

TOKYU REIT, Inc.
Statements of Cash Flows
For the six months ended January 31, 2013 and July 31, 2012

	For the six months ended	
	January 31, 2013	July 31, 2012
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 1,888	¥ 1,983
Depreciation and amortization	992	996
Amortization of investment corporation bond issuance expenses	3	4
Loss on disposal of property and equipment	8	29
Increase (Decrease) in provision for loss on disaster	-	(15)
Interest income	(1)	(1)
Interest expense	762	783
(Increase) Decrease in tenant receivables	5	(12)
Increase (Decrease) in consumption tax payable	2	(67)
Increase (Decrease) in accounts payable	26	(157)
Increase (Decrease) in rent received in advance	9	(15)
Other, net	(4)	(2)
Total	3,694	3,524
Interest received	1	1
Interest paid	(769)	(788)
Income taxes paid	(0)	(1)
Net cash provided by operating activities	2,925	2,736
Cash flows from investing activities:		
Payments for purchases of property and equipment	(15)	(164)
Payments for purchases of property and equipment held in trust	(521)	(266)
Payments for purchases of intangible assets held in trust	(0)	(6)
Payments for lease deposits held in trust	(5)	-
Proceeds from lease deposits held in trust	18	-
Proceeds from tenant leasehold and security deposits	17	288
Payments for tenant leasehold and security deposits	(4)	(95)
Proceeds from tenant leasehold and security deposits held in trust	150	274
Payments for tenant leasehold and security deposits held in trust	(780)	(578)
Payments for restricted deposits with banks held in trust	(169)	(274)
Proceeds from restricted deposits with banks held in trust	563	361
Net cash used in investing activities	(747)	(460)
Cash flows from financing activities:		
Proceeds from long-term debt	4,400	7,800
Repayment of long-term debt	(4,400)	(7,800)
Proceeds from investment corporation bonds	2,980	-
Repayment of investment corporation bonds	(5,000)	-
Payment of dividends	(1,981)	(2,219)
Net cash used in financing activities	(4,000)	(2,219)
Net change in cash and cash equivalents	(1,822)	56
Cash and cash equivalents at beginning of period	6,123	6,066
Cash and cash equivalents at end of period	¥ 4,300	¥ 6,123

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

TOKYU REIT, Inc.
Notes to Financial Statements
For the six months ended January 31, 2013 and July 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 January 31, 2013, 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 97.0%. Total acquisition cost of the 26 properties is ¥199,672 million and total rentable area is 245,500.63 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.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2013 and July 31, 2012

2. Significant accounting policies

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

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

	January 31, 2013	July 31, 2012
	(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
For the six months ended January 31, 2013 and July 31, 2012

- (h) **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.
- (i) **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, 2013.
- (j) **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 ¥17 thousand are included in other current assets as of January 31, 2013.
- (k) **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 as of January 31, 2013 and July 31, 2012 consisted of the following:

	January 31, 2013	July 31, 2012
	(Millions of yen)	
Cash and deposits with banks	¥ 2,128	¥ 3,939
Cash and deposits with banks held in trust	9,778	10,183
Restricted deposits with banks held in trust	(7,606)	(8,000)
Cash and cash equivalents	¥ 4,300	¥ 6,123

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2013 and July 31, 2012

4. Schedule of property and equipment and intangible assets

Property and equipment and intangible assets as of January 31, 2013 and July 31, 2012 consisted of the following:

	January 31, 2013			July 31, 2012		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 7,783	¥ (1,373)	¥ 6,410	¥ 7,766	¥ (1,234)	¥ 6,531
Structures	54	(14)	39	54	(13)	40
Land	33,228	-	33,228	33,228	-	33,228
Other tangible assets						
Machinery and equipment	52	(18)	34	52	(15)	37
Tools, furniture and fixtures	32	(17)	15	32	(15)	16
Construction in progress	-	-	-	-	-	-
Property and equipment held in trust						
Buildings and structures						
Buildings	46,641	(13,787)	32,854	46,375	(13,026)	33,348
Structures	820	(365)	455	819	(347)	471
Land	115,335	-	115,335	115,335	-	115,335
Other tangible assets						
Machinery and equipment	943	(657)	286	943	(607)	335
Tools, furniture and fixtures	304	(227)	77	303	(218)	85
Construction in progress	101	-	101	2	-	2
Sub total	<u>205,298</u>	<u>(16,460)</u>	<u>188,837</u>	<u>204,913</u>	<u>(15,479)</u>	<u>189,434</u>
Intangible assets						
Intangible assets	2	(1)	0	2	(1)	1
Intangible assets held in trust	30	(15)	15	30	(13)	16
Sub total	<u>33</u>	<u>(17)</u>	<u>16</u>	<u>33</u>	<u>(15)</u>	<u>17</u>
Total	<u>¥ 205,331</u>	<u>¥ (16,477)</u>	<u>¥ 188,853</u>	<u>¥ 204,946</u>	<u>¥ (15,494)</u>	<u>¥ 189,452</u>

5. Collateral pledged and secured liabilities

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

	January 31, 2013	July 31, 2012
	(Millions of yen)	
Assets pledged as collateral		
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 2,680	¥ 2,760
Structures	131	134
Land	5,585	5,585
Other tangible assets		
Machinery and equipment	7	7
Tools, furniture and fixtures	1	1
Total	<u>¥ 8,406</u>	<u>¥ 8,489</u>
Secured liabilities		
Tenant leasehold and security deposits held in trust due within one year	¥ 433	¥ 433
Tenant leasehold and security deposits held in trust	2,362	2,578
Total	<u>¥ 2,795</u>	<u>¥ 3,012</u>

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For the six months ended January 31, 2013 and July 31, 2012

6. Short-term debt and long-term debt

Short-term debt and long-term debt as of January 31, 2013 and July 31, 2012 consisted of the following:

	Balance as of January 31, 2013	Balance as of July 31, 2012	Average interest rate (Note 1)
	(Millions of yen)		(%)
	¥	¥	
Short-term debt			
Sub total	-	-	
Long-term debt			
Unsecured loans due on August 29, 2012 with floating rate	-	1,400	1.02536
Unsecured loans due on November 19, 2012 with fixed rate	-	2,000	1.72500
Unsecured loans due on December 25, 2012 with fixed rate	-	1,000	1.17927
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 (Note 2)	1,000	1,000	2.10187
Unsecured loans due on December 25, 2013 with fixed rate (Note 2)	5,000	5,000	1.78812
Unsecured loans due on January 25, 2014 with fixed rate (Note 2)	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 December 25, 2015 with fixed rate	500	-	0.68125
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	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	2,000	1.37250
Unsecured loans due on June 29, 2019 with fixed rate	800	800	1.32375
Unsecured loans due on August 29, 2019 with fixed rate	1,400	-	1.31402
Unsecured loans due on November 19, 2019 with fixed rate	2,000	-	1.24625
Unsecured loans due on December 25, 2019 with fixed rate	500	-	1.23375
Unsecured loans due on June 25, 2020 with fixed rate	4,000	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 January 31, 2013.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2013 and July 31, 2012

7. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of January 31, 2013 and July 31, 2012 were as follows:

Name	Issue date	Balance as of	Balance as of	Annual	Maturity date
		January 31, 2013	July 31, 2012	interest rate	
		(Millions of yen)		(%)	
1 st Series Unsecured Investment Corporation Bond	October 24, 2007	¥ -	¥ 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
3 rd Series Unsecured Investment Corporation Bond	October 22, 2012	3,000	-	1.47000	October 21, 2022
Total		¥ 8,000	¥ 10,000		

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 January 31, 2013 and July 31, 2012 were as follows:

	For the six months ended	
	January 31, 2013	July 31, 2012
(Millions of yen)		
Revenue from property leasing:		
Rental revenue:		
Rent income	¥ 4,700	¥ 4,750
Common area charges	669	664
Parking lot revenue under monthly contract	140	144
Other rent income	326	328
Sub total	5,837	5,887
Other rental revenue:		
Incidental income	396	373
Other miscellaneous income	100	98
Sub total	496	472
Total revenue from property leasing	(a) 6,334	6,360
Rental service expenses:		
Utilities expenses	545	515
Subcontract expenses	410	414
Property management fees	135	140
Repairs and maintenance expenses	164	87
Property-related taxes	592	600
Insurance premium	12	11
Depreciation and amortization	992	996
Loss on disposal of property and equipment	8	29
Other	220	213
Total rental service expenses	(b) 3,083	3,009
Operating income from property leasing activities	(a)-(b) ¥ 3,251	¥ 3,351

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2013 and July 31, 2012

10. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended January 31, 2013 and July 31, 2012 were as follows: (Unaudited)

For the six months ended January 31, 2013

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	¥ 641	¥ 262	¥ 379	¥ 54	¥ 325
R Lexington Aoyama	106	36	70	8	61
R TOKYU REIT Omotesando Square	175	36	138	9	128
R Tokyu Saginuma Building	306	52	254	30	223
R Tokyu Saginuma 2 Building	62	13	48	8	39
R TOKYU REIT Shibuya Udagawa-cho Square	250	24	226	4	221
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	300	51	248	82	166
R cocoti	535	212	323	170	152
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	125	46	79	19	59
R Daikanyama Forum	87	46	41	8	32
O Setagaya Business Square	1,050	483	566	164	401
O Tokyu Nampeidai-cho Building	176	31	145	20	125
O Tokyu Sakuragaoka-cho Building	233	56	177	24	152
O Tokyo Nissan Taito Building	202	66	136	32	103
O TOKYU REIT Akasaka Hinokicho Building	134	46	87	10	76
O TOKYU REIT Kamata Building	191	90	100	36	64
O TOKYU REIT Toranomom Building	153	123	29	40	(10)
O TOKYU REIT Hatchobori Building	178	59	118	34	83
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	203	38	164	32	132
O Tokyu Ikejiri-ohashi Building	182	48	133	20	113
O Kojimachi Square	155	46	108	54	54
O TOKYU REIT Shinjuku Building	256	71	185	36	148
O Akihabara Sanwa Toyo Building	173	38	134	14	120
O Kiba Eitai Building	112	44	68	42	26
O Tokyu Ginza 2-chome Building	165	29	136	36	99
Total	<u>¥ 6,334</u>	<u>¥ 2,082</u>	<u>¥ 4,252</u>	<u>¥ 1,001</u>	<u>¥ 3,251</u>

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

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.

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 January 31, 2013 and July 31, 2012.

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	January 31, 2013	July 31, 2012
Statutory income tax rate	36.59%	39.33%
Deductible cash distributions	(36.57)	(39.31)
Other	0.03	0.03
Effective tax rate	0.05%	0.05%

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. Per unit information

The following table summarizes the net income per unit for the six months ended January 31, 2013 and July 31, 2012 and the unitholders’ equity per unit as of January 31, 2013 and July 31, 2012.

	For the six months ended	
	January 31, 2013	July 31, 2012
Net income per unit	¥ 11,146	¥ 11,704
Weighted-average number of units ※1	169,380 units	169,380 units
※1 Average number of units weighed by days in each fiscal period.		
	As of January 31, 2013	As of July 31, 2012
Unitholders’ equity per unit	¥ 589,843	¥ 590,402

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended January 31, 2013 and July 31, 2012.

13. Distribution information

The Board of Directors of TOKYU REIT resolved on March 15, 2013 and September 13, 2012 to effect payment of cash distributions of ¥11,146 and ¥11,705 per unit to unitholders of record on January 31, 2013 and July 31, 2012, respectively. Retained earnings carried forward after the distributions are as follows:

	January 31, 2013	July 31, 2012
	(Millions of yen)	
Retained earnings at end of period	¥ 1,887	¥ 1,982
Cash distributions declared	1,887	1,982
Retained earnings carried forward	¥ 0	¥ 0

14. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of January 31, 2013 and July 31, 2012, the future lease revenues under the non-cancelable operating leases were as follows:

	January 31, 2013	July 31, 2012
	(Millions of yen)	
Due within one year	¥ 5,220	¥ 5,304
Due after one year	18,241	19,288
Total	¥ 23,462	¥ 24,592

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Notes to Financial Statements, continued
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As of January 31, 2013 and July 31, 2012, the future lease payments under the non-cancelable operating leases were as follows:

	January 31, 2013	July 31, 2012
	(Millions of yen)	
Due within one year	¥ 211	¥ 209
Due after one year	2,682	2,808
Total	¥ 2,893	¥ 3,017

15. 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.

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 January 31, 2013 and July 31, 2012), and also preparing monthly fund management plans.

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

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

Note. [Interest-bearing liabilities + Security and guarantee deposits without reserved cash] ÷

[Total appraisal value at the end of the fiscal period or at the time of acquisition of specified assets] × 100

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

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

(b) Matters concerning fair value of financial instruments

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

	January 31, 2013			July 31, 2012		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 2,128	¥ 2,128	¥ -	¥ 3,939	¥ 3,939	¥ -
(2) Cash and deposits with banks held in trust	9,778	9,778	-	10,183	10,183	-
Assets total	11,906	11,906	-	14,123	14,123	-
(1) Short-term debt	-	-	-	-	-	-
(2) Investment corporation bonds due within one year	-	-	-	5,000	5,025	25
(3) Long-term debt due within one year	19,400	19,604	204	13,800	13,921	121
(4) Tenant leasehold and security deposits held in trust due within one year	624	663	39	624	668	43
(5) Investment corporation bonds	8,000	8,145	145	5,000	5,148	148
(6) Long-term debt	59,600	61,252	1,652	65,200	66,650	1,450
(7) Tenant leasehold and security deposits held in trust	2,834	2,839	4	3,242	3,232	(10)
Liabilities total	¥ 90,459	¥ 92,505	¥ 2,046	¥ 92,867	¥ 94,647	¥ 1,779

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.

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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.

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

	January 31, 2013	July 31, 2012
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 1,867	¥ 1,854
(ii) Tenant leasehold and security deposits held in trust	7,760	7,981

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

	January 31, 2013			July 31, 2012		
	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	¥ 2,128	¥ 9,778	¥ 11,906	¥ 3,939	¥ 10,183	¥ 14,123
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	-	-	-	-	-	-

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

	January 31, 2013				July 31, 2012			
	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	¥ -	¥ -	¥ 19,400	¥ 19,400	¥ -	¥ 5,000	¥ 13,800	¥ 18,800
Within two years, but over one year	-	5,000	7,000	12,000	-	-	17,000	17,000
Within three years, but over two years	-	-	11,200	11,200	-	5,000	9,000	14,000
Within four years, but over three years	-	-	10,000	10,000	-	-	4,700	4,700
Within five years, but over four years	-	-	14,000	14,000	-	-	14,000	14,000
Over five years	-	3,000	17,400	20,400	-	-	20,500	20,500

16. 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 Tokyuu REIM, has entered into an asset management agreement subject to the conditions set forth in the TOKYU REIT's articles of incorporation with TOKYU REIT. The amount of management fees incurred for the six months ended January 31, 2013 and July 31, 2012 and payable due to asset manager as of then were as follows:

	January 31, 2013	July 31, 2012
	(Millions of yen)	
Asset management fees for the period	¥ 462	¥ 468
Management fees payable due to asset manager	200	206

17. 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 Tokyuu 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.

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	For the six months ended	
	January 31, 2013	July 31, 2012
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 189,452	¥ 190,049
Change during the period (Note 3)	(598)	(596)
Balance at end of period	¥ 188,853	¥ 189,452
	As of January 31, 2013	As of July 31, 2012
	(Millions of yen)	
Fair value at end of period (Note 4)	¥ 189,320	¥ 190,820

Note 1. Area classification:

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

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

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

Note 3. Of the change during the six months ended January 31, 2013, the amount of increase is mainly attributable to installation of individually controlled air-conditioning equipment on 3F and 5F of Tokyo Nissan Taito Building and other capital expenditures (¥303 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥992 million).

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).

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

The income (loss) in the six months ended January 31, 2013 and July 31, 2012 for investment and rental properties are as presented in “Rental revenue and expense” of the “Notes to Financial Statements.”

18. Segment and related information

The “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Guidance No. 20 issued on March 21, 2008) are applied as of the six months ended January 31, 2011. In accordance with the Accounting Standard and Guidance, the segment and related information for the six months ended January 31, 2013 is accompanied by segment and related information for the six months ended July 31, 2012.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2013 and July 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.

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

	January 31, 2013				July 31, 2012			
	Retail Property Leasing Business	Office Property Leasing Business	Amount of reconciliation (Note 2)	Amount recorded in financial statements	Retail Property Leasing Business	Office Property Leasing Business	Amount of reconciliation (Note 3)	Amount recorded in financial statements
	(Millions of yen)							
Operating revenues (Note 1)	¥ 2,765	¥ 3,568	¥ 0	¥ 6,334	¥ 2,768	¥ 3,591	¥ -	¥ 6,360
Segment income	1,558	1,692	(585)	2,665	1,578	1,772	(579)	2,771
Segment assets	86,537	102,315	13,207	202,061	86,850	102,602	15,426	204,879
Other items								
Depreciation and amortization	397	595	-	992	404	592	-	996
Increase in property and equipment and intangible assets	86	315	-	402	185	256	-	441

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

Note 2. The breakdown of the ¥0 million amount of reconciliation of operating revenues is revenues from facility acceptance.

The breakdown of the –¥585 million amount of reconciliation of segment income is ¥0 million in revenues from facility acceptance and ¥585 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 ¥13,207 million amount of reconciliation of segment assets is ¥12,080 million in current assets, ¥1,102 million in investments and other assets and ¥25 million in deferred assets.

Note 3. 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.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2013 and July 31, 2012

[Related information]

(a) Information about each product and service

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

(b) Information about each geographical area

(1) Operating revenues

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

(2) Property and equipment

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

(c) Information about each major customer

For the six months ended January 31, 2013

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,272	Retail Property Leasing Business Office Property Leasing Business

For the six months ended July 31, 2012

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

19. Subsequent events

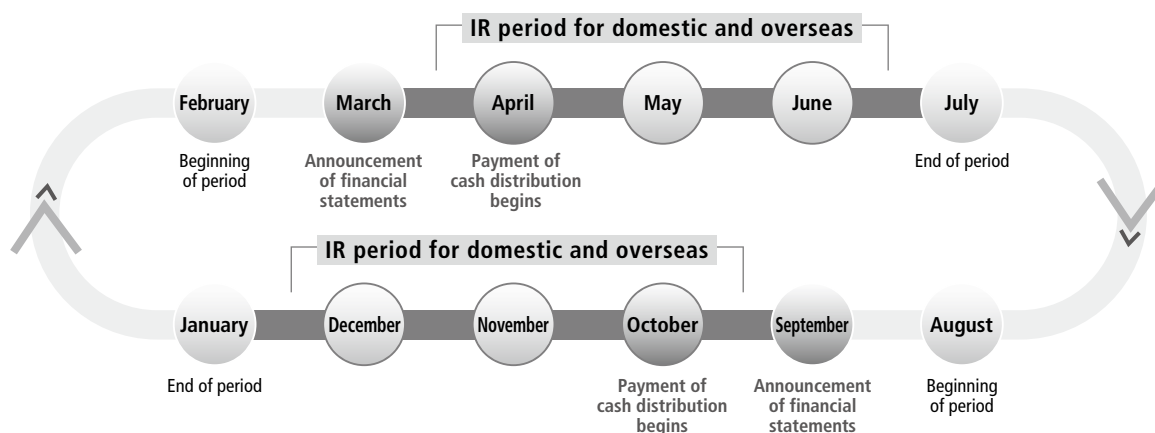
TOKYU REIT is not aware of any circumstances that may have a material impact on TOKYU REIT’s financial position after the nineteenth fiscal period ended January 31, 2013.

Unitholder Information

IR Activities

TOKYU REIT conducts proactive IR activities for its investors. Activities were conducted to deepen understanding of **TOKYU REIT** among the more than 500 investors at the seven seminars for individual investors we took part in between October 2012 and January 2013. In addition, 126 meetings were held with domestic institutional investors and 143 meetings were held with foreign investors between March 2012 and January 2013. **TOKYU REIT** intends to keep proactively implementing IR activities going forward.

Annual Schedule



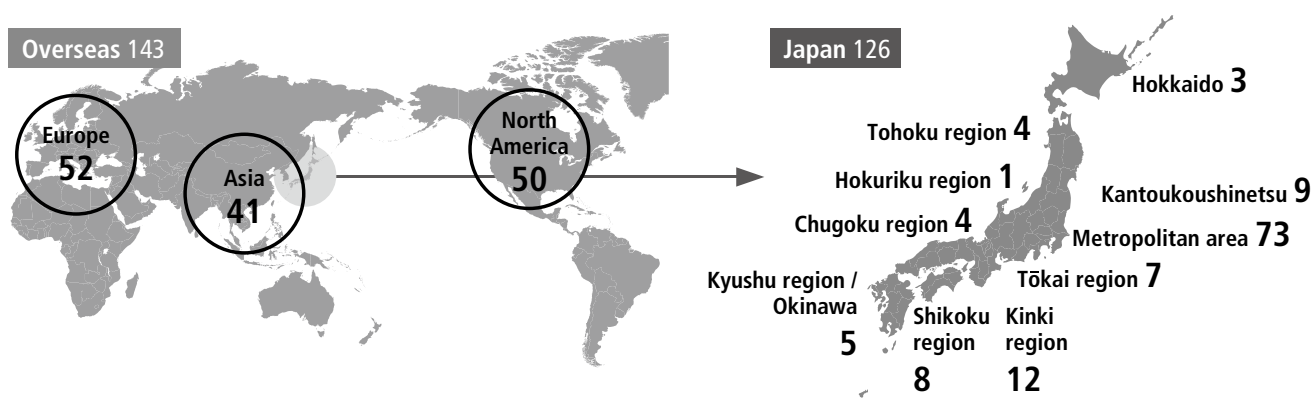
IR Activities in 18th Fiscal Period and 19th Fiscal Period

IR activities targeting individual investors

October 2012	"J-REIT Seminar for Individual Investors" hosted by The Association for Real Estate Securitization and Tokyo Stock Exchange, Inc. (Tokyo)
December 2012	Seminar for individual investors hosted by a securities company (Osaka)
January 2013	Seminar for individual investors hosted by a securities company (Nagoya)
January 2013	Seminar for individual investors hosted by a securities company (Tokyu Area)
January 2013	Seminar for individual investors hosted by a securities company (Tokyu Area)
January 2013	Seminar for individual investors hosted by a securities company (Tokyu Area)
January 2013	Seminar for individual investors hosted by a securities company (Tokyu Area)

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

IR activities targeting institutional investors



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

Reply to question

Question: Are leasing fees payable to Tokyu Corporation, etc. transacted at an appropriate amount?

Answer: The “leasing fees” stated herein can be taken to mean two fees: “brokerage charges” and “tenant rent.” Therefore, each will be explained here.

The first case is where “leasing fees” refer to “brokerage charges.” At **TOKYU REIT**, these are transacted at an appropriate amount in accordance with self-imposed rules (rules for preventing conflicts of interest) announced in the securities report, on the website, etc.

Specifically, brokerage charges shall be ① No more than the compensation provided in the Building Lots and Buildings Transaction Business Law (one month’s contracted rent) and ② If charges of ¥10 million or more are to be incurred, subject to independent third-party checks (deliberation by the investment management company’s Compliance and Risk Management Committee, the members of which include two members not belonging to the Tokyu Group, and prior approval of TOKYU REIT’s Board of Directors, the members of which include two supervisory directors not belonging to the Tokyu Group) before decision-making.

However, in the case where a property management company that is a related party is to conduct the brokerage as a tenant itself, no brokerage charges are payable because the Building Lots and Buildings Transaction Business Law prohibits any party from being concurrently the tenant and broker.

The amounts of commissions paid to related parties are presented on page 65 of this report.

The next case is where “leasing fees” refer to “tenant rent.” These are also transacted at an appropriate amount in accordance with rules for preventing conflicts of interest.

Specifically, cases of new leasing to Tokyu Corporation or other related party are subject to ① Setting of appropriate terms and conditions at market standards, ② Independent third-party checks before decision-making and ③ Information disclosure of the rent terms and conditions.

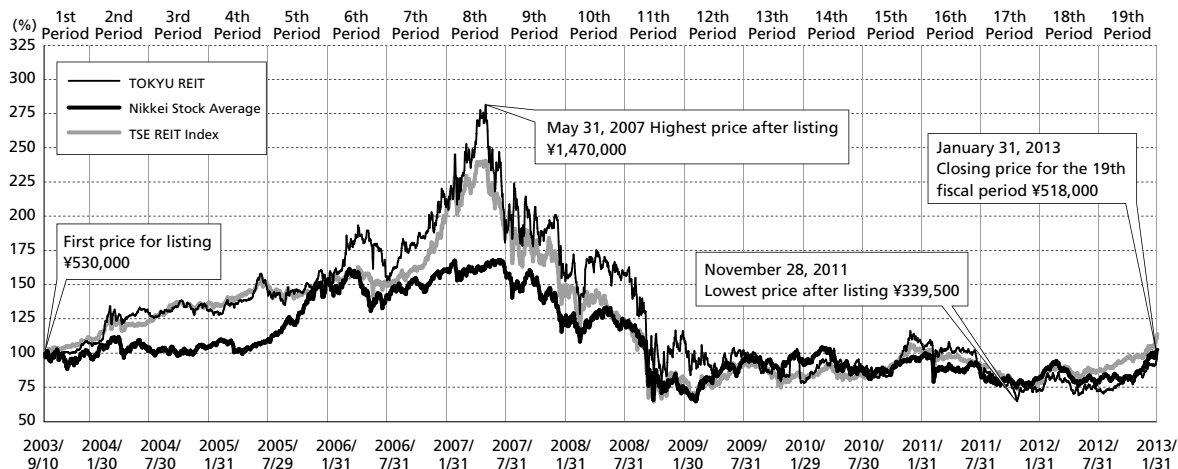
In addition, concerning Tokyu Corporation and Tokyu Store Corporation with which long-term contracts are concluded and regular rent revisions are provided for during the contract period, it has been set in a way that the revised rent level can be automatically obtained from announced data, etc. so as to prevent arbitrariness. Through such initiatives, arrangements have been made so that **TOKYU REIT** is not disadvantaged in transactions with Tokyu Corporation, etc.

Currently, Tokyu Nampeidai-cho Building, Tokyu Sakuragaoka-cho Building, Tokyu Saginuma Building, Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building), etc. are leased to Tokyu Corporation, Tokyu Store Corporation, Tokyu Agency Inc., etc. The rent and other leasing terms and conditions are disclosed in the securities report and on the website, etc.

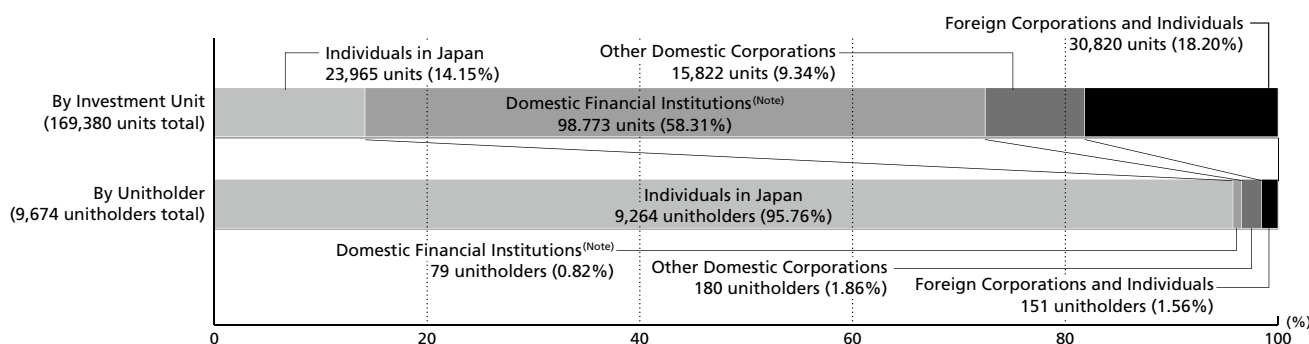
In this manner, transactions with Tokyu Corporation, etc. are conducted at an appropriate amount in accordance with rules for preventing conflicts of interest. This is because for **TOKYU REIT** to suffer disadvantages in transactions with Tokyu Corporation, etc. would not only go against our basic policy of maximizing unitholder value, but would also undermine the trust of unitholders. Moreover, rules are strictly adhered to as we are fully aware that we will no longer be the REIT of choice if the market once deems that appropriateness of transactions is not ensured.

* 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

	19th Period	20th Period
Date of settlement	Jan. 31, 2013	Jul. 31, 2013
Announcement of financial results	Mar. 15, 2013	Mid Sep. 2013
Delivery of investment management report (Japanese only)	Apr. 10, 2013	Mid Oct. 2013
Payment of cash distributions	Apr. 11, 2013	Mid Oct. 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 19th 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 13th fiscal period (ended January 31, 2010) is on April 12, 2010 and for the 14th fiscal period (ended July 31, 2010) is on October 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 January 31, 2013.

TOKYU REIT

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