

Capitalize on Time in Asset Management

TOKYU REIT

TOKYU REIT, Inc. Semiannual Report 21st Fiscal Period From August 1, 2013 to January 31, 2014

Value & Contrary



Investment in
Highly Competitive Properties
in Areas with
Strong Growth Potential

TOKYU REIT

BASIC POLICY

1 Investment strategy to secure **'growth potential'**

- Invest in areas with strong growth potential
—Investment in properties in central Tokyo and Tokyu Areas
- Committed to continued collaboration with Tokyu Corporation and its subsidiaries ^(Note 1) (Sponsor collaboration)
- 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



CONTENTS

Feature	4	Balance Sheets	66
To Our Unitholders	6	Statements of Income	68
Topics	11	Statements of Changes in Unitholders' Equity	69
Management	12	Statements of Cash Flows	70
Financial Strategies	18	Notes to Financial Statements	71
Portfolio	21	Unitholder Information	90
Asset Management Report	38		
Report of Independent Auditors	65		

21st Fiscal Period Cash Distribution per Unit

¥12,823 (Fixed)

(Date of payment: April 14, 2014)

22nd Fiscal Period Cash Distribution per Unit (Adjusted for Five-for-One Split)*

¥2,500 (Forecast)

(Date of payment: Mid Oct. 2014)

23rd Fiscal Period Cash Distribution per Unit (Adjusted for Five-for-One Split)*

¥2,500 (Forecast)

(Date of payment: Mid Apr. 2015)

*TOKYU REIT conducted a five-for-one split of investment units with February 1, 2014 as the effective date.

FINANCIAL SUMMARY

		20th Fiscal Period	21st Fiscal Period
Balance Sheets	■ Number of Properties	27 properties	30 properties
	■ Total Assets	¥206,988 million	¥230,966 million
	■ Interest-Bearing Debt	¥91,500 million	¥103,000 million
	■ Total Assets Loan-to-Value (LTV) Ratio	44.2%	44.6%
Statements of Income	■ Operating Revenues	¥6,495 million	¥7,308 million
	■ Net Income	¥2,035 million	¥2,507 million
Distributions	■ Cash Distribution per Unit	¥12,019	¥12,823
	■ Average Market Price per Unit ^(Note 2)	¥575,341	¥582,516
	■ Distribution Yield	4.21%	4.37%

(Notes) 1. 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%."

2. Calculated with a change in the investment unit price from January 29 to 31, 2014 taking into account the five-for-one split of investment units conducted on February 1, 2014.

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

Areas with Strong Growth Potential

■ Investment Area: Tokyo Metropolitan Area

- Investment of more than 85% in Tokyo's central five wards and areas along Tokyu rail lines, areas showing population growth and more growth potential in the Tokyo Metropolitan Area
- 90% of investment in Tokyo's central five wards and areas along Tokyu rail lines as of the end of the 21st fiscal period
- Control earthquake risk through PML. (Set portfolio PML at 10% or lower)
Set portfolio PML of 21st fiscal period: 4.2%
- Oriented towards total return (comprised of income return (rental revenues, etc.) of each fiscal period and future capital return (gains on sales))

Highly Competitive Properties

■ Focus on Location

- Office properties
Within a seven-minute walk from the nearest station as a rule
- Retail properties
Conduct various surveys and analyses in many aspects, including purchasing power potential of the trade zone, growth potential, compatibility of tenants with the trade zone, and status of competition.
- Secure favorable location, with focus on exit price and liquidity.

74.5%* of properties lie within 3-min. range today

* Based on acquisition price at end of the 21st fiscal period (January 31, 2014)

■ Size of Properties

- Properties worth over ¥4 billion respectively as a rule
- Over 5,000 m² of total floor space and over 330 m² of exclusive area in typical floor space (for office properties) as a rule

Average amount invested per property is ¥7.5 billion* at present

* Based on appraisal value at end of the 21st fiscal period (January 31, 2014)

■ Asset Class

- Office : Retail = 60 : 40*
- * Long-term target
- No investment in hotels and logistics facilities*
- * TOKYU REIT may acquire properties that have residences and parking facilities, etc. added due to legal requirements and other reasons.

Office : Retail = 56.5%* : 43.5%* currently

* Based on appraisal value at end of the 21st fiscal period (January 31, 2014)

(Note) 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.

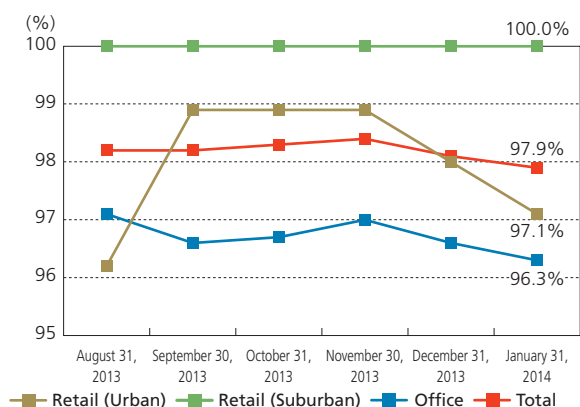
Main Strategy and the Other

- Being in the same boat as unitholders "investment management fee structure" → Refer to Page 13
- "Capital Re-investment Model" through collaboration with sponsors → Refer to Page 15
- "Value and contrarian investment strategy" focusing on cyclicity of real estate prices → Refer to Page 16
- Debt management strong against credit crises → Refer to Page 18

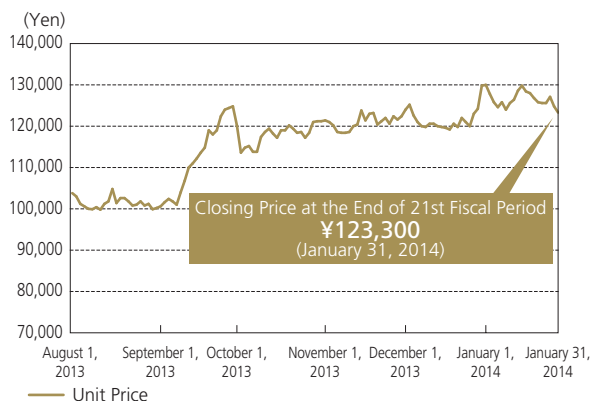
Performance

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, 2014, the end of TOKYU REIT's 21st fiscal period, **TOKYU REIT** held 18 office buildings and 12 retail facilities, for a total of 30 properties.

Occupancy Rate

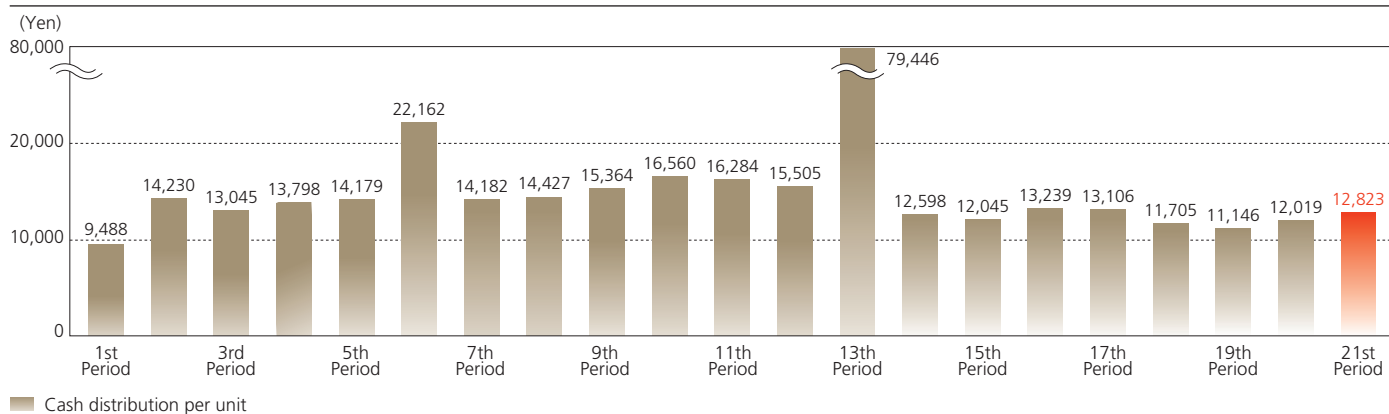


Unit Price (Note)



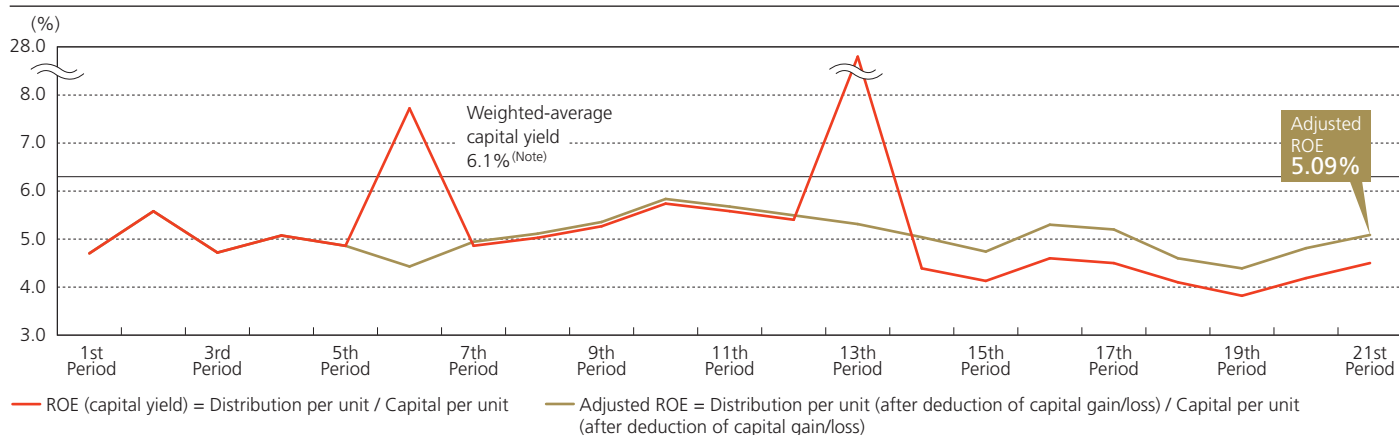
(Note) Investment unit prices prior to February 1, 2014, on which a five-for-one split of investment units was implemented, have been changed in consideration of the split.

Cash Distribution per Unit



* Number of actual operating days in the 1st fiscal period was 144 days.

ROE (Capital Yield)



(Note) Period-end capital for the respective fiscal periods and weighted average based on number of actual operating days



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

The following pages provide an overview of our operating environment and results for the 21st fiscal period (August 1, 2013 to January 31, 2014).

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

Masahiro Horie

Split of Investment Units

With January 31, 2014 as the record date, **TOKYU REIT** conducted a five-for-one split of investment units owned by unitholders recorded in the final unitholder registry as of the same day. The purpose of the split was to further broaden the investor base and to enhance liquidity of TOKYU REIT's investment units by creating an environment which makes it easier for investors to make investments by lowering amount per unit for investment given the introduction of the Japanese version of the Individual Savings Account (NISA). As the investment unit price has been split by a fifth (closing price of ¥628,000 on January 28, 2014 (delivery on January 31) and ¥127,100 on the next business day, January 29 (delivery on February 1)), the new price allows about eight units to be purchased with one million yen. This has enabled investments with more diversified timing and reduced risk. The effects of the split of investment units cannot be verified at this stage but it is believed that it will contribute to the increase of unitholder value from a medium- to long-term perspective.

On the other hand, we have received inquiries from some unitholders as the investment unit price has become a fifth in value. We deeply regret any concerns we may have caused. Through the disclosure of information, **TOKYU REIT** endeavored to carefully inform unitholders in advance of the split with a public notice in *Nihon Keizai Shimbun*, press releases to news organizations, timely disclosure on the Tokyo Stock Exchange as well as on TOKYU REIT's website. However, information by document to all unitholders as of the record date under the framework of the current system is the timing of "Notice Concerning the Conclusion of the Split of Investment Units" dated March 11, 2014. This is

because **TOKYU REIT** had to wait for the confirmation of the unitholder registry as of January 31, 2014. Going forward, **TOKYU REIT** will reconsider methods to notify more unitholders if similar efforts are to take place.

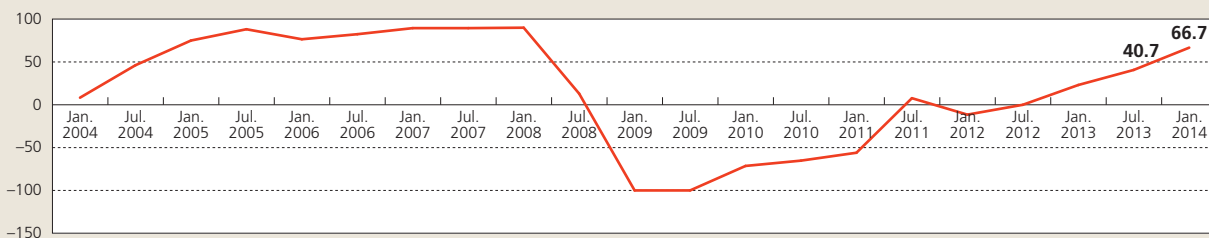
Operating Results for the 21st Fiscal Period

For the 21st fiscal period, **TOKYU REIT** posted ¥7,308 million in operating revenues and ¥2,507 million in net income. Concerning cash distributions, we decided to distribute 100% of unappropriated retained earnings to declare a cash distribution per unit of ¥12,823 (¥2,564 after the split). This was ¥804, or 6.7%, more than the ¥12,019 distribution in the 20th fiscal period, while being ¥423, or 3.4%, more than the performance forecast announced on September 13, 2013.

The increase in the cash distribution per unit was primarily due to the three properties acquired with the capital increase and the revenues increase effect due to the full-period contribution of the Warabi property acquired in the previous period exceeding the increase of investment units through capital increase.

Net assets (after deducting cash distribution) stood at ¥565,054 per unit (¥113,010 per unit after the split). With unrealized gains (the difference between book value and period-end appraisal value) taken into account, adjusted net asset value (NAV) per unit was ¥599,454 (¥119,890 per unit after the split). Due to this, we were able to secure NAV exceeding the portion of decrease of NAV per unit (decrease from ¥589,563 (end of previous period) to ¥574,766 (after capital increase)) from the previous year's capital increase as noted in last period's asset management report.

■ Period-end estimated value DI for TOKYU REIT's portfolio (percentage of number of properties with increase minus number of properties with decrease compared with 6 months ago)



	Jan.2004	Jul.2004	Jan.2005	Jul.2005	Jan.2006	Jul.2006	Jan.2007	Jul.2007	Jan.2008	Jul.2008	Jan.2009	Jul.2009	Jan.2010	Jul.2010	Jan.2011	Jul.2011	Jan.2012	Jul.2012	Jan.2013	Jul.2013	Jan.2014
Number of properties																					
Properties with increase in estimated value at end of period compared with 6 months ago	2	7	12	15	14	15	17	18	18	8	0	0	2	2	3	12	10	11	12	17	23
Properties with no change	9	5	4	2	2	1	2	0	2	10	0	0	2	4	5	4	3	4	8	4	4
Properties with decrease in estimated value at end of period compared with 6 months ago	1	1	0	0	1	1	0	1	0	5	23	23	17	17	17	10	13	11	6	6	3
Total	12	13	16	17	17	17	19	19	20	23	23	23	21	23	25	26	26	26	27	27	30
Percentage																					
Properties with increase in estimated value at end of period compared with 6 months ago	16.7	53.8	75.0	88.2	82.4	88.2	89.5	94.7	90.0	34.8	0.0	0.0	9.5	8.7	12.0	46.2	38.5	42.3	46.2	63.0	76.7
Properties with no change	75.0	38.5	25.0	11.8	11.8	5.9	10.5	0.0	10.0	43.5	0.0	0.0	9.5	17.4	20.0	15.4	11.5	15.4	30.8	14.8	13.3
Properties with decrease in estimated value at end of period compared with 6 months ago	8.3	7.7	0.0	0.0	5.9	5.9	0.0	5.3	0.0	21.7	100.0	100.0	81.0	73.9	68.0	38.5	50.0	42.3	23.1	22.2	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Period-end estimated value DI for portfolio	8.3	46.2	75.0	88.2	76.5	82.4	89.5	89.5	90.0	13.0	-100.0	-100.0	-71.4	-65.2	-56.0	7.7	-11.5	0.0	23.1	40.7	66.7

*At time of property acquisition, comparison is between appraisal value upon acquisition and estimated value at end of period

■ Report on Tenant Leasing and Rent Negotiation Activities

During the 21st fiscal period, 14 tenants vacated or decreased their leased floor space, while 11 tenants moved in or increased their leased floor space. With the conditions of the real estate leasing market for retail properties and office buildings in Tokyo recovering, TOKYU REIT has seen the occupancy at its properties continue to recover. The occupancy rate of the entire portfolio was 97.9% as of the end of the 21st fiscal period (January 31, 2014), with 97.1% for urban retail properties, 100.0% for suburban retail properties and 96.3% for office properties. The figure was down 0.1 percentage points from the end of the previous fiscal period but was up 0.6 percentage points from the September 13, 2013 projection.

As with the previous period (20th fiscal period), tenant leasing was advanced at Setagaya Business Square for which vigorous leasing activities were to be focused due to its relatively large vacancies. New contracts were obtained for four sections of the total floor space for leasing of approximately 1,195 *tsubos* (approximately 3,950m²) (the 55% co-ownership interest equivalent), the remaining area as of March 4, 2014 decreased to approximately 891 *tsubos* (approximately 2,945m²). We noted in the previous period's asset management report that 45% co-ownership interest in Setagaya Business Square was acquired by three of the subsidiaries of Tokyu Corporation, the sponsor, and that TOKYU REIT will cooperate with Tokyu Corporation in



an effort to enhance the asset value of the property going forward. As a specific effort, we set up advertisement of the sub-station name featuring the property on the signboard of Yoga Station on the Tokyu Den-en-toshi Line in December during the period. We believe the advertisement will increase the awareness of the property as many will see it. Setagaya Business Square is an extremely visible property from the Tomei Expressway and the Metropolitan Expressway Route No. 3. Furthermore, even though the property is directly connected to Yoga Station (approximately 11 minutes ride from Shibuya Station), this is not apparent from the outside since the station is underground. Therefore we were concerned that there were many people who were not aware that the property is directly connected to the station. If people become aware of the property's convenience through the installation of the advertisement, it is hoped that this will lead to enhanced office leasing to tenants and, through the increase of visitors, also contribute to the increase in sales of commercial tenants in the property.

■ Property Acquisitions and Sales Activities and Appraisal Value

During the 21st fiscal period, **TOKYU REIT** acquired three properties (KALEIDO Shibuya Miyamasuzaka, Shibuya R Sankei Building and Tokyu Toranomom Building) with the capital increase on August 16, 2013. There were no properties sold. The portfolio at the end of the 21st fiscal period comprised 30 properties, with a total of ¥229.6 billion based on acquisition price, ¥217.9 billion in book value, a total of ¥224.6 billion based on appraisal value and ¥6.7 billion of unrealized gain. The 3.1% ratio of unrealized gain against the book value is a level that exceeds the average of all J-REITs (announced as 0.7% as of the end of February 2014).

The appraisal value increased for the second consecutive period with an increase of 1.8%. By use, urban retail properties increased for the fifth consecutive period with a period-on-period increase of 3.1% while suburban retail properties increased by 1.4%. Offices saw the first increase in 11 periods with a period-on-period increase of 1.2% (three properties acquired during the 21st fiscal period calculated in comparison to appraisals at the time of acquisition).

■ Status of Three Properties Acquired with the Capital Increase

Here, I will discuss the status of the three properties acquired with the capital increase in August 2013.

At KALEIDO Shibuya Miyamasuzaka, an urban retail property, five out of eight tenants underwent rent revision, but in all cases the existing rents were maintained. The appraisal value at the end of the period increased by ¥150 million from the time of acquisition and unrealized gain stood at ¥279 million.

At Shibuya R Sankei Building, an office building, there was one tenant departed and a notice of cancellation was received from another tenant while investment such as in renovation of common areas was implemented, and in one section the successor tenant moved in with higher rent than the previous level. Negotiations are underway for a different section with a candidate tenant, and we are feeling the strength of demand alongside the recovery of the market. The appraisal value at the end of the period increased by ¥120 million from the time of acquisition and unrealized gain stood at ¥118 million.

At Tokyu Toranomom Building, an office building contributed by sponsors, a café departed from the first floor but a convenience store moved in with higher rent, contributing to increase of revenue from September 2013. The appraisal value at the end of the period increased by ¥600 million

from the time of acquisition and unrealized gain stood at ¥617 million. The unrealized gain of the three properties acquired with the capital increase is ¥1,014 million.

As such, the performance of the three properties exceeds what was expected at the time of their acquisition and **TOKYU REIT** believes that the acquisition of the three properties with the capital increase was a success.

Performance Forecasts for the 22nd and 23rd Fiscal Periods

Cash distribution per unit is forecast to be ¥2,500 for the 22nd fiscal period (ending July 31, 2014) and the 23rd fiscal period (ending January 31, 2015).

The forecasts are calculated based on lease contracts effective as at March 4, 2014. For rent levels, anticipated downward revisions upon contract renewal are factored into the forecast. In addition, concerning tenants that are contracted to move in but have been granted a free-rent period, no rent income for the concerned period will be recorded. We assume that no properties will be additionally acquired or sold.

■ Policy for Tenant Leasing and Rent Negotiation Activities

In the 22nd and 23rd fiscal periods as well, we will conduct business activities by attracting tenants to vacant spaces positioned as a top priority issue. Specifically, we will hasten efforts to find new tenants for the sixth floor section of TOKYU REIT Toranomom Building which has been vacant for a long time. While a notice of departure was received from a tenant occupying the third and fourth floors of Lexington Aoyama, a new future tenant has been found and the rent has been increased. Going forward, we will endeavor to replicate such results at other vacant spaces and spaces to be vacated.

Focus is also placed on rent negotiations with existing tenants. New market rents of office properties we own, which are evaluated every half a year, have increased in nine properties out of 17 (with eight properties remaining unchanged). Consequently, the gap between the new market rents and existing contracted rents (the rent gap) has gradually been narrowed to reach -10.6% for the entire portfolio. As the downward pressure on rent for existing contracts has been eased quite a bit, we would like to hereafter gradually negotiate for increase of rents starting from properties at which existing contract rents are lower than new market rents. Through these activities, we will work to maximize the cash flows produced by the portfolio properties, aiming to achieve internal growth.

■ Policy for Property Acquisitions and Sales Activities

The acquisition of the three properties in association with the capital increase has increased the value of the portfolio to be ¥229.6 billion based on acquisition price. However, we believe that the asset size should eventually reach ¥300 billion or more, and we will continue to proactively consider property acquisitions. At the same time, we will take into account possible property replacement aimed at further enhancing the portfolio quality while focusing especially on location for the maximization of total return.

However, we will not fail to secure financial soundness by keeping our loan-to-value (LTV) based on appraisal value under control within a range no higher than 50%. LTV at the end of the period was 47.6%. If the ceiling of LTV is set at 50%, our remaining property acquisition capacity through borrowings is ¥11.6 billion, an increase of ¥6.6 billion compared to after the capital increase last year.

One of the reasons that the acquisition capacity increased from before is the increase of appraisal value. Recently, both the leasing and trading markets centering on properties in central Tokyo are improving. It can be said that **TOKYU REIT**, which limits its investment target area to the Tokyo Metropolitan Area and has 80.2% of its portfolio invested in Tokyo's 23 wards, is one of the J-REITs that is benefiting from the positive effects of the market improvement in Tokyo.

■ Debt Financing

TOKYU REIT issued the 4th Series Investment Corporation Bond (¥3.5 billion; five years; 0.399%) on February 14, 2014 and the 5th Series Investment Corporation Bond (¥3.0 billion; seven years; 0.682%) on March 11, 2014. As of the issuance, both were issued with minimum interest rates among investment corporation bonds of the same terms issued by J-REITs. Funds from both will be used for repayment of short-term debt procured at the time of capital increase. The purpose of issuance was the diversification of repayment dates of interest-bearing debt, extending of average duration and fixing of long-term interest rates in this era of low interest rates.

In terms of debt as well, we are engaging in diversifying repayment dates of interest-bearing debt and extending the average duration. A long-term debt from the Development Bank of Japan Inc. (¥5.0 billion; 5 years; 1.79000%) was repaid in February this year and a new long-term debt was made (¥5.0 billion; 10 years; 1.57750%).

Due to the above activities, the rate of long-term debt in interest-bearing debt as of April 2014 is expected to be 95.1% (88.8% at the end of January 2014), the average term 4.27 years (3.68 years at the end of January 2014) and the average interest rate 1.39% (1.48% at the end of January 2014). Long-term debt of ¥2.0 billion will reach maturity in June during the 21st fiscal period, and **TOKYU REIT** will use refinancing to diversify repayment dates, fix interest rates in the long term and decrease the interest rate for this debt as well. Now, we have received a question from an individual unitholder asking if TOKYU REIT's level of interest rates are higher than other REITs with the same ratings. This is as (1) **TOKYU REIT** does not pay up-front fees and as (2) **TOKYU REIT** is pursuing stability of interest-bearing debt.

(1) Interest rates of debt are calculated by multiplying the principal amount by the interest rate and are paid either at the beginning or end of the interest period, and are basically charged to all borrowers. On the other hand, besides the interest rates, up-front fees are often paid. These are fees paid in bulk by borrowers to lenders (financial institutions) as fees for the implementation of the loans at the time that the debt is made, and it is virtually paid ahead of the interest. **TOKYU REIT** chooses methods of not paying up-front fees. As a result, such are added on to the interest rates and such are displayed as interest rates. It is necessary to take into account the up-front fees in addition to the surface interests when looking at the substantial borrowing costs.

(2) The pursuit of stable debt procurement also requires the increase of surface interests. In order to pursue stability, **TOKYU REIT** promotes measures such as (1) increasing the ratio of loan-to-value in the long term and extending average duration, (2) increasing the ratio of fixed interest rates and (3) controlling the rate of dependence on investment corporation bonds. When (1) is promoted, the base rate of interest rates of debt (market rate) and the spread (additional interest) both increase. Promoting (2) results in the increase of the base rate (market rate). Promoting (3) results in the increase of spread (additional interest). However, by advancing these measures, the risk of bankruptcy with the inability to make repayments such as when another financial crisis emerges as well as the risk of surging interest rates is reduced. **TOKYU REIT** positions the increase of interest rates due to these measures as a premium, so to speak, against future risks and as costs to deliver stable distributions and investment unit price.

Please see page 18 for details on debt financing.

Promotion of Environmental Measures

TOKYU REIT established its “Environmental Policy” for its assets for the purpose of winning the trust of stakeholders (unitholders, government, creditors, communities, tenants, etc.) and contributing to the ongoing development of the Investment Corporation and, in association, to the realization of a sustainable society.

As for environmental measures, **TOKYU REIT** has so far made individual efforts as needed such as the installation of LED lamps, implementing energy-saving measures in renewing air conditioners and such and promoting low-carbon with green walls. The “Environmental Policy” was established to further develop the system and to be used as a base for implementing specific efforts.

Environmental Policy (excerpt)

- (1) Implementation of Environmentally-Friendly Operation
 - ① Reduce Energy Consumption and Green House Gas (“GHG”) Emissions
 - ② Reduce Water Consumption and Waste
 - ③ Pursue Health, Safety and Well-Being
- (2) Management Structure to Ensure Environmental Consideration
 - ① Management Structure as a Responsible Corporation
 - (i) Organizational Structure
 - (ii) Compliance and Risk Management Concerning the Environment
 - (iii) Disclosure of Information and Utilization of Environmental Certification and Evaluation
 - (iv) Education and Awareness of Environmentally-Friendly Operations
 - ② Collaboration with Our Stakeholders

Management Status Meetings (Tokyo and Hiroshima)

Management status meetings limited to unitholders were held at Tokyo and Osaka in the 20th fiscal period and at Nagoya and Fukuoka in the 21st fiscal period. Many of our unitholders attended and it was a valuable opportunity to obtain valuable opinions. We are grateful from our hearts. We will continue to endeavor in answering to the expectations of our unitholders.

In the 22nd fiscal period, we plan to hold management status meetings in Tokyo on May 28, 2014 (Wednesday) and in Hiroshima on May 26, 2014 (Monday). We have enclosed an invitation letter with this asset management report for the unitholders residing near both cities, and we would greatly appreciate if you take time out of your busy schedules to attend.

March 2014

Masahiro Horie

In his role as CEO of REIT’s investment manager, Mr. Horie draws on the wealth of experience he has accumulated since entering Tokyu Corporation.

1984

Entered Tokyu Corporation.

1985

Participated in development planning of the Tama Den-en-toshi area.

1986

Logistical support in Japan for overseas real estate development projects located on the west coast of the United States and Hawaii.

1989

Transferred to hotel management company domiciled in Honolulu, Hawaii.

1994

Posted to the Finance & Accounting Division of Tokyu Corporation.

1996

Posted to the Group Controllers Division.

1999

Appointed to the Group Restructuring Strategy & Investor Relations Division. Promoted REIT business proposal as part of the Tokyu Group’s Management Policy announced in 2000, commenced REIT business feasibility study.

2001

Posted to Tokyu Real Estate Investment Management Inc. (Tokyu REIM) at the time of company incorporation. Appointed Tokyu REIM Executive Vice President and Representative Director.

2002

Appointed Representative Director, President and Chief Executive Officer of Tokyu REIM (current position).

2003

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

June 2009

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

Performance of 3 Properties Acquired upon 4th Public Offering

3 properties acquired upon 4th public offering are each showing favorable performance.

Tokyu Toranomon Building



Leasing Activities

Tenant replacement: Increased amount of contract rent

1. 1F retail section: Café moved out (by Dec. 2013).
→ Contracted at higher rent than previous rent with convenience store (moved in in Dec. 2013)

* In light of notice of cancellation received from café, master lease agreement (until Aug. 2014) with seller Tokyu Corporation concluded upon acquisition (sponsor support). Thus, increased amount of rent for TOKYU REIT will start from Sept. 2014.

Topics

Upgrading of surrounding environment

- Section of Shintora-dori (the MacArthur Road) from Shinbashi to Toranomon scheduled to open on March 29, 2014
- Toranomon Hills slated for completion in May 2014
- Shintora-dori (The MacArthur Road) street image announced

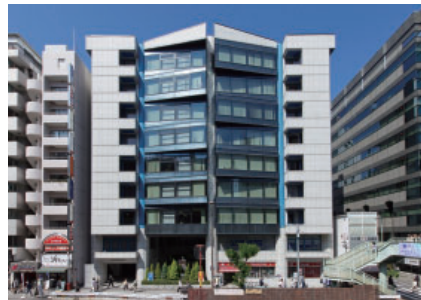
Appraisal Value

¥600 million (4.0%) increase

May 2013
¥15,100 million

Jan. 2014
¥15,700 million

Shibuya R Sankei Building



Leasing Activities

Tenant replacement: Increased amount of contract rent

1. Notice of cancellation for 1 section (approx. 107 *tsubos* (approx. 353m²): moved out in Sept. 2013)
→ Contracted at higher rent than previous rent (moved in in Jan. 2014)
2. Notice of cancellation for 1 section (approx. 107 *tsubos* (approx. 353m²): planned to move out in May 2014)
→ Application received at higher rent than previous rent. Aiming to contract at favorable terms and conditions.

Topics

Renewal of common area

- Renewal of common area implemented in phases for purpose of enhancement of competitiveness



Appraisal Value

¥120 million (2.2%) increase

May 2013
¥5,430 million

Jan. 2014
¥5,550 million

KALEIDO Shibuya Miyamasuzaka



Leasing Activities

Existing rent maintained

1. Maintained full occupancy backed by Shibuya area's retail market recovery trend
2. Contract renewed for 5 sections: Existing rent maintained

Topics

Enhancement of market competitiveness

- Implementation of renewal of entrance area under consideration

Appraisal Value

¥150 million (2.8%) increase

May 2013
¥5,280 million

Jan. 2014
¥5,430 million

3 properties totaling ¥870 million (3.4%) increase

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 21st 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.
July 2010	Appointed Deputy President of the Tokyo Chapter of The Japanese Institute of Certified Public Accountants.
April 2011	Appointed Chief Representative, Shinsoh Audit Corporation (current position).
June 2013	Appointed President of the Tokyo Chapter of the Japanese Institute of Certified Accountants (current position).
July 2013	Appointed Deputy President of the Japanese Institute of Certified Public Accountants (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

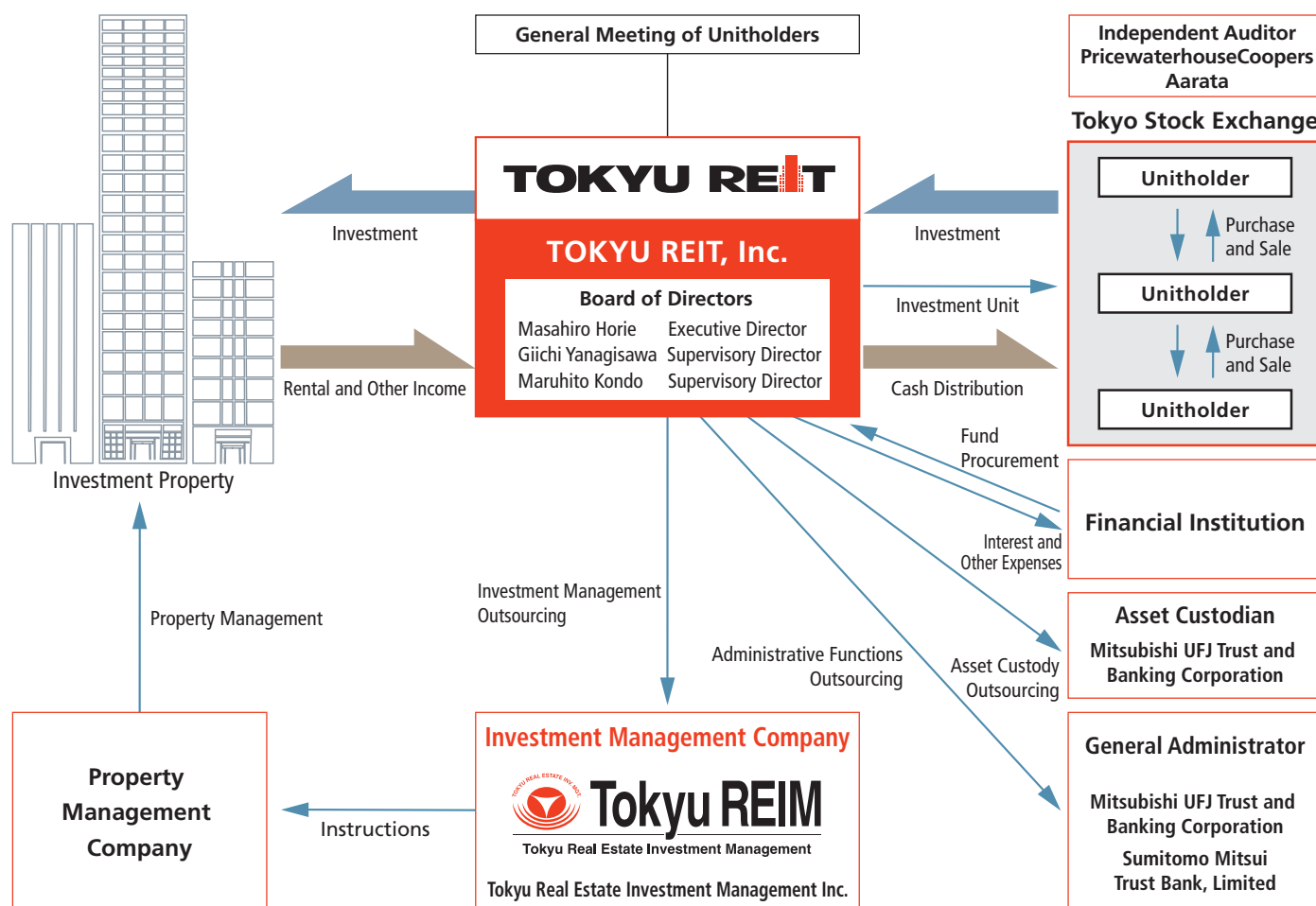
- 1 Involvement of independent outside board members**
- 2 Optimal balance between sponsor collaboration and independence**
- 3 Strict focus on fiduciary duty for investment management company and the others**
- 4 Management fee set to "being in the same boat as unitholders"**

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 37 minutes (since establishment) 	<ul style="list-style-type: none"> ■ Average board members' involvement besides board meetings: 1.0 time per member per month (21st period)

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

TOKYU REIT Structure and External Service Providers



Overview of Investment Management Fee

Investment management fee structure linked to three performance indices aimed to balance conflicts of interest 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)		(Average price in current period – Highest average price over all previous periods) × number of units × 0.4%	Change from 1.0% to 0.4%, approved by General Meeting of Unitholders on April 17, 2007.
Time-Limited Reduction	Efforts to get back on the path to growth.	Reduce 15% from Base 1.	20th fiscal period to the 23rd fiscal period

* 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 adopt an acquisition incentive fee, which is capitalized on the balance sheet.

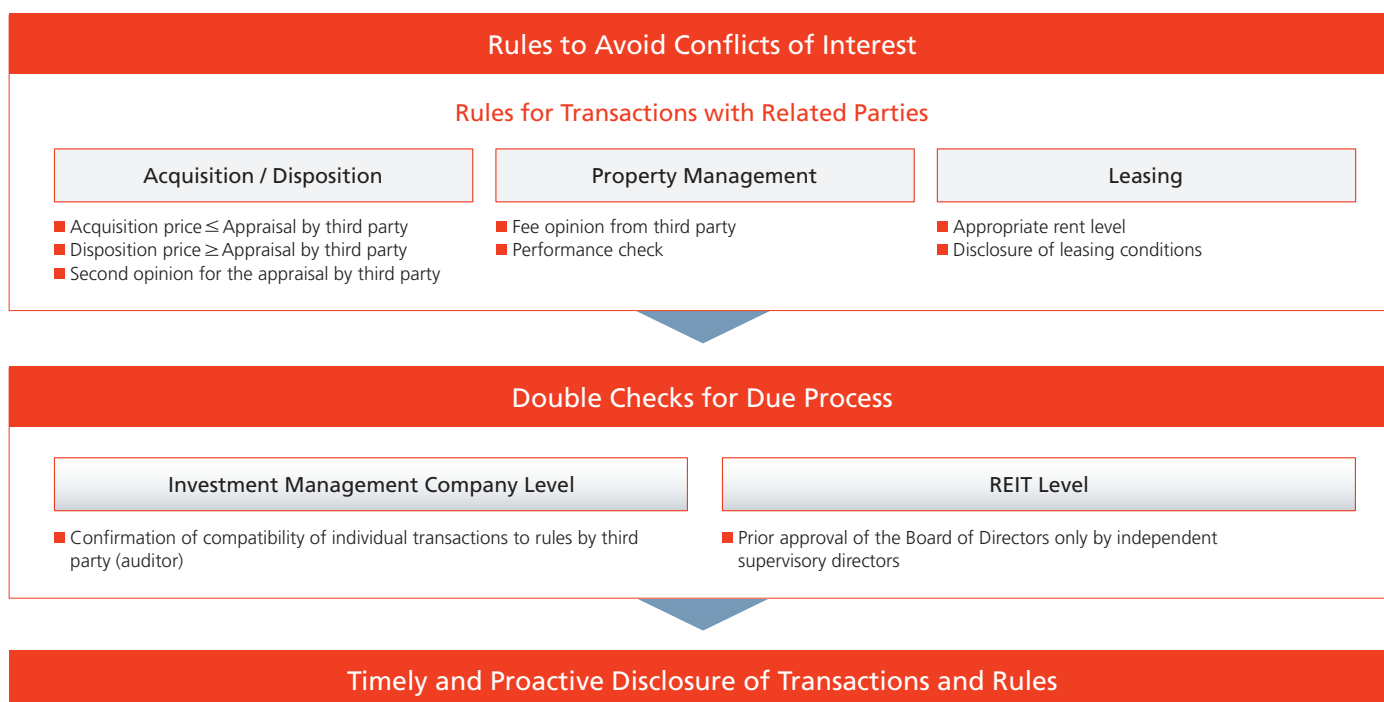
Collaboration with Tokyu Corporation and Its Subsidiaries

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.
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 (5.01% 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



(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 Fudosan Holdings Corporation and its subsidiaries” refers to any entity that falls under the following (i) to (iii):
 - Tokyu Fudosan Holdings Corporation (“Tokyu Fudosan Holdings”)
 - A consolidated subsidiary of Tokyu Fudosan Holdings
 - A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings 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

“Capital Re-investment Model” through collaboration with sponsors

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 Areas by Tokyu Corporation and its subsidiaries, and therefore, contribute to maintaining and improving the value of our target area. While **TOKYU REIT** is not part of and is independent from the Tokyu Group, we try to explore opportunities for collaboration with Tokyu Corporation and its subsidiaries, while, at the same time, making sure we maintain and observe rules on conflicts of interest that investors also believe in.

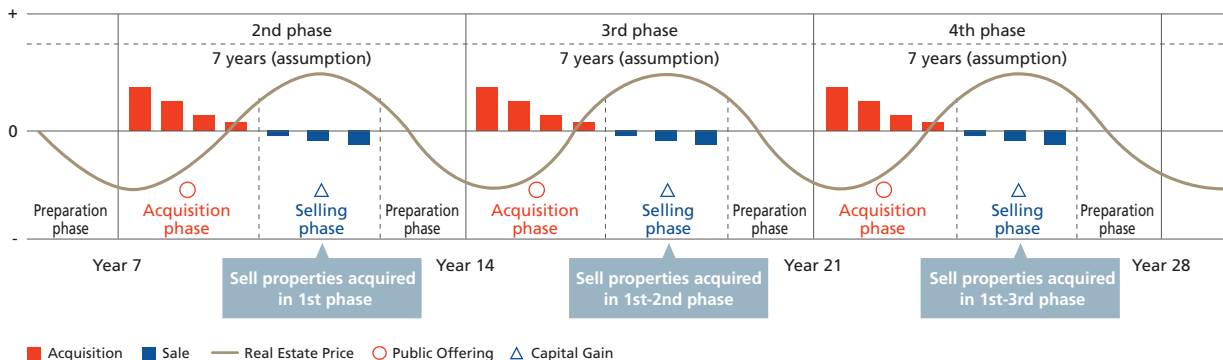


(Note) Includes properties acquired from sponsors which were contributed by Tokyu Land Corporation, a shareholder until June 2011 of Tokyu Real Estate Investment Management Inc. (Tokyu REIM), the asset management company, as well as by Tokyu Corporation.

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

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

Since unveiling the Surf Plan in September 2009, **TOKYU REIT** has conducted investment with a focus on the cyclicity of real estate prices, in order to achieve enhanced portfolio quality. Specifically, **TOKYU REIT** has adopted the proprietary strategy established by the investment management company, Tokyu REIM, in which it conducts value investment and contrarian investment by focusing on the cyclicity of real estate prices, replacing properties on one hand and aiming to build a portfolio that boasts lasting competitiveness and balance sheets that are strong against even difficult economic times on the other hand. The objective of this approach is to accurately discern the ‘waves’ of prosperity and depression in real estate market conditions.



Having considered a variety of factors, Tokyu REIM believes that, recently, it has been in a period suitable for acquisitions under the Surf Plan. Therefore, **TOKYU REIT** intends to remain proactive for some time now in implementing property acquisition activities.

(Note) The above chart has been prepared for illustrative purpose to show the overview of the strategy adopted by **TOKYU REIT**, and does not guarantee or promise any consistency with actual business trends or management status of **TOKYU REIT**.

Investment Style

Value & Contrary

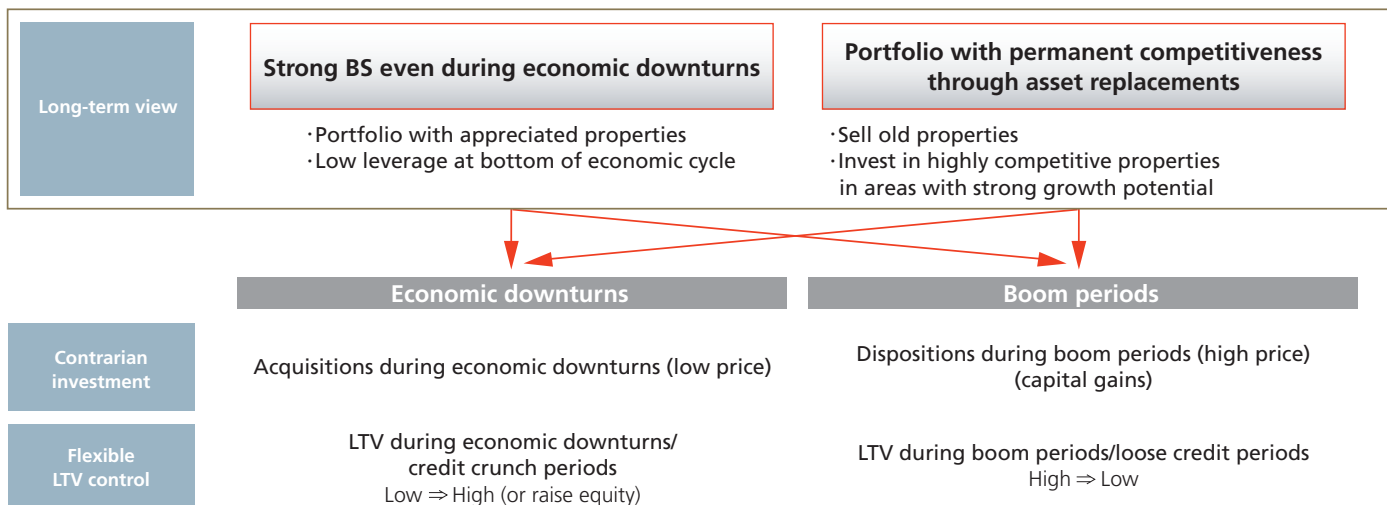
Value

An approach of investing into properties that are undervalued against the respective benchmarks. **TOKYU REIT** aims to secure high yield (total return) by acquiring properties that appear to be undervalued in terms of their appraisal values, NOI (net operating income) and other indicators.

Contrary

An approach of investing in the phase when prices are falling. **TOKYU REIT** aims to acquire properties when they are priced low and sell them 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.

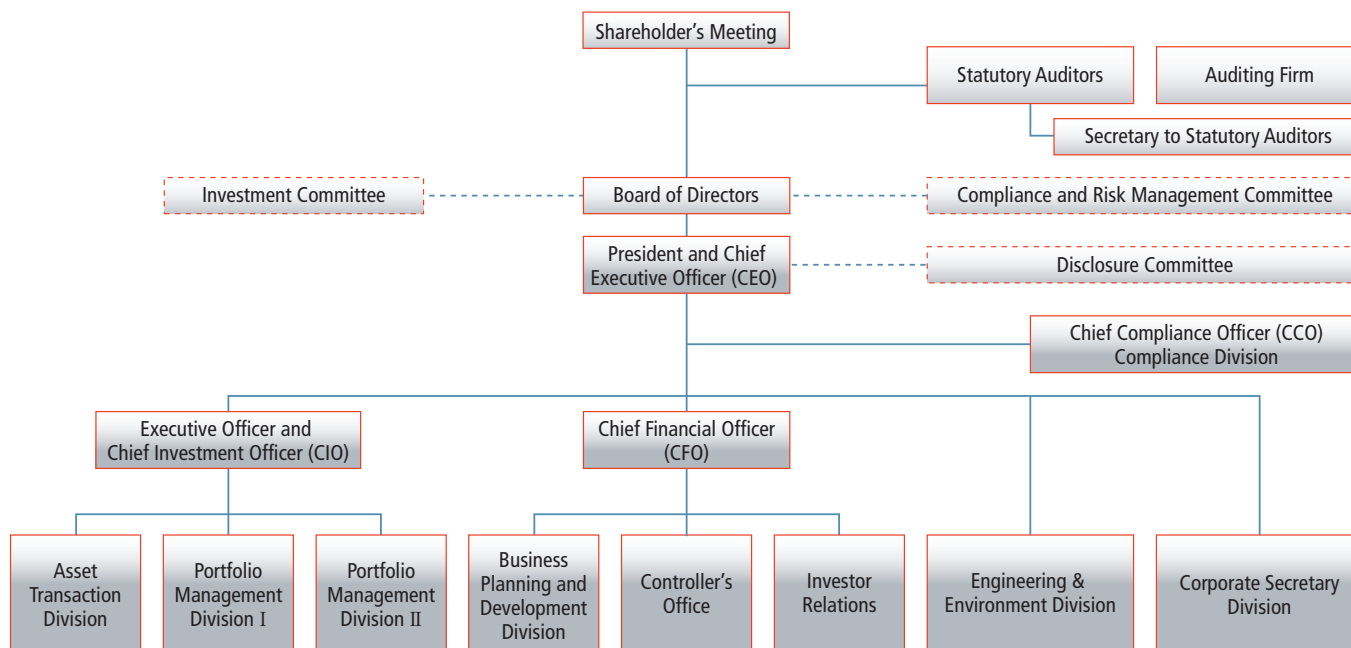
Tokyu REIM is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (*Kin-sho*) No. 360).

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

Major Shareholder

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

Organization Chart (As of April 1, 2014)



Debt management strong against credit crises

With its financial strategies based on stability, flexibility and efficiency, **TOKYU REIT** strives to maximize unitholder value by reducing capital costs as well as fostering external growth with minimal expenditures.

Basic Policies	Stability in Funding
	<ul style="list-style-type: none"> ■ Management of Low LTV to Ensure Financial Soundness^(Note) ■ Long-term Fixed-interest Debt Financing ■ Assurance of Multiple Lenders ■ Diversification of Repayment Dates
	Flexibility in Financing
	<ul style="list-style-type: none"> ■ Assurance of Prompt Fund Procurement Schemes
	Efficiency
	<ul style="list-style-type: none"> ■ Efficient Cash Management ■ Assurance of Low-rate Financing Based on Stable Management

(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.

Debt

Total Interest-Bearing Debt	¥103 billion
Long-Term Fixed-Rate Ratio	88.8%
Avg. Duration	3.68 years
Committment Line	¥19 billion

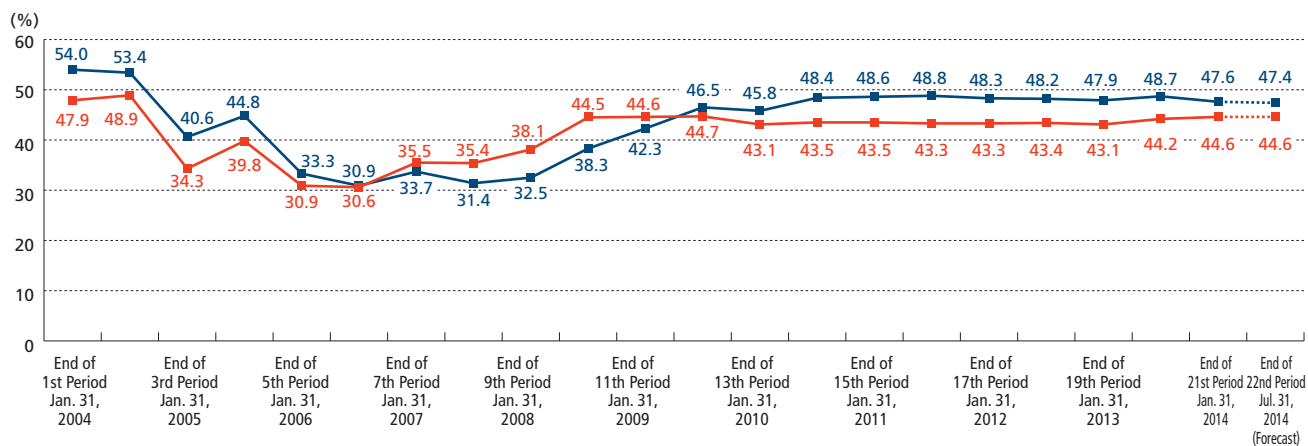
The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured. Moreover, there is no outstanding debt under the commitment line as of January 31, 2014.

Ratings

■ Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating	AA- (Outlook: Stable)
■ Rating and Investment Information, Inc. (R&I)	R&I Issuer Rating	A+ (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

Changes in LTV

TOKYU REIT controls its LTV in a conservative manner in order to secure financial soundness.



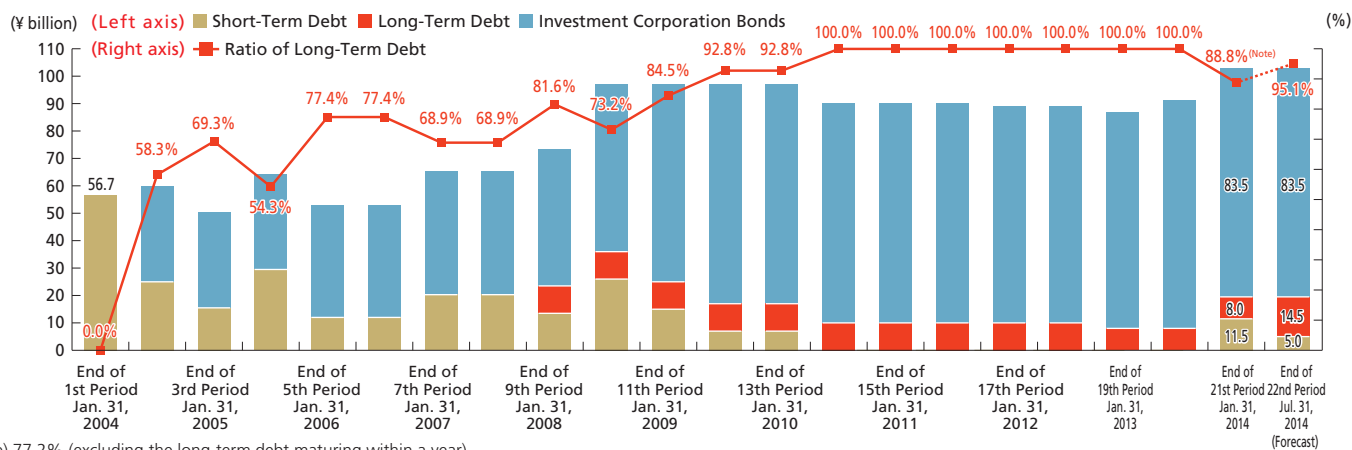
■ LTV / Total assets at end of period = Balance of period end interest-bearing debt / period end total assets

■ LTV at end of period = (Balance of interest-bearing debt at end of period + balance of securities deposit without reserved cash at end of period) / (appraisal value at end of period + balance of cash and deposits with banks at end of period)

LTV at end of period is calculated by using appraisal value, and thus increases or decreases if appraisal value at end of period decreases or increases.

Outstanding Debt and the Ratio of Long-term Debt

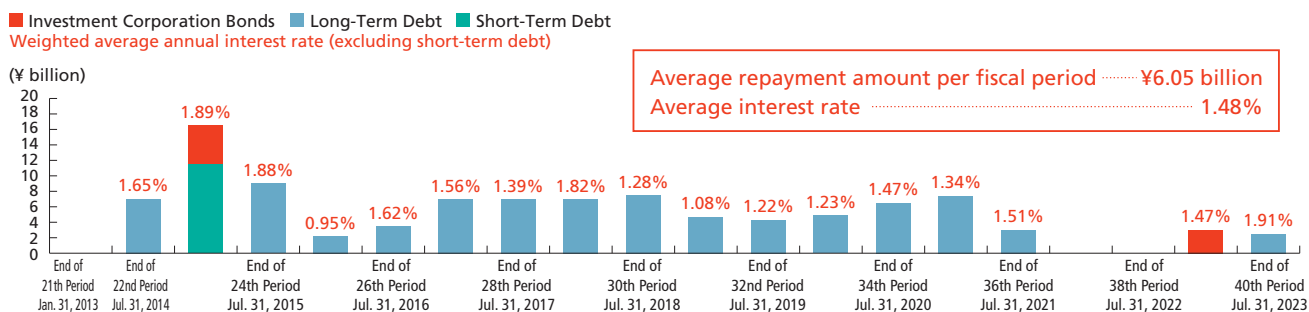
TOKYU REIT conversion to long-term fixed-interest debt financing, as shown left. Long-term debt financing enables TOKYU REIT to curb any excessive burden resulting from increases in interest rates.



(Note) 77.2% (excluding the long-term debt maturing within a year)

Diversification of Repayment and Redemption Dates of Interest-Bearing Debts

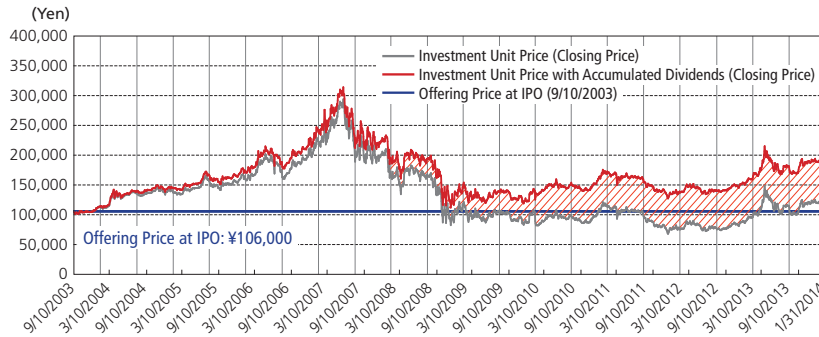
In addition, TOKYU REIT works to diversify repayment dates for its debt financing in order to avoid the risk of large-scale refinancing within a short period of time.



Performance Against Public Offering Price

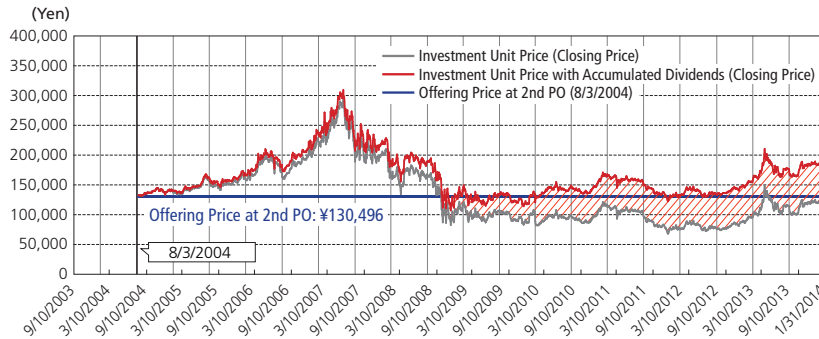
We show the performance of our unit prices and our unit prices with accumulated cash distribution compared to our public offering prices. The graphs also present accumulated cash distributions against the offering price. The red line graphs plot investment unit price inclusive of cash distributions. As at the end of January 2014, 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 67% of their investment amount with cash distributions alone. We will make our best effort to provide an even greater return to our unitholders.

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



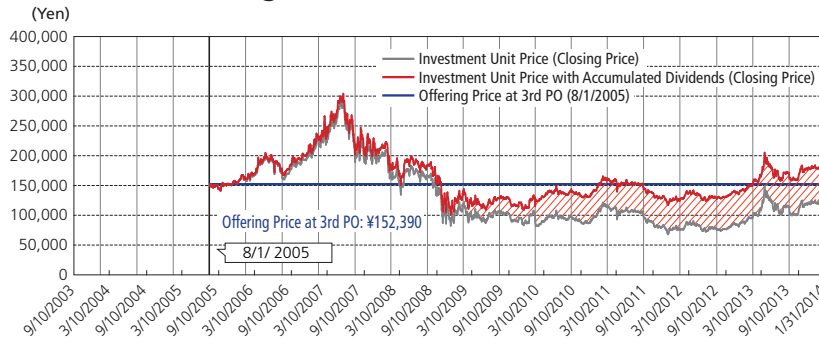
67% of offering price at IPO distributed in about 10.5 years

Second Public Offering (Issued Aug. 3, 2004)



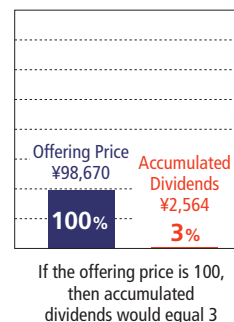
51% of offering price at 2nd PO distributed in about 9.5 years

Third Public Offering (Issued Aug. 1, 2005)



40% of offering price at 3rd PO distributed in about 8.5 years

Fourth Public Offering (Issued Aug. 12, 2013)



3% of offering price at 4th PO distributed in about 0.5 year

(Note) Investment unit price and offering price stated in this document have been adjusted to take into account the split of investment units (five-for-one split) conducted on February 1, 2014 for pre-split figures.



PORTFOLIO

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

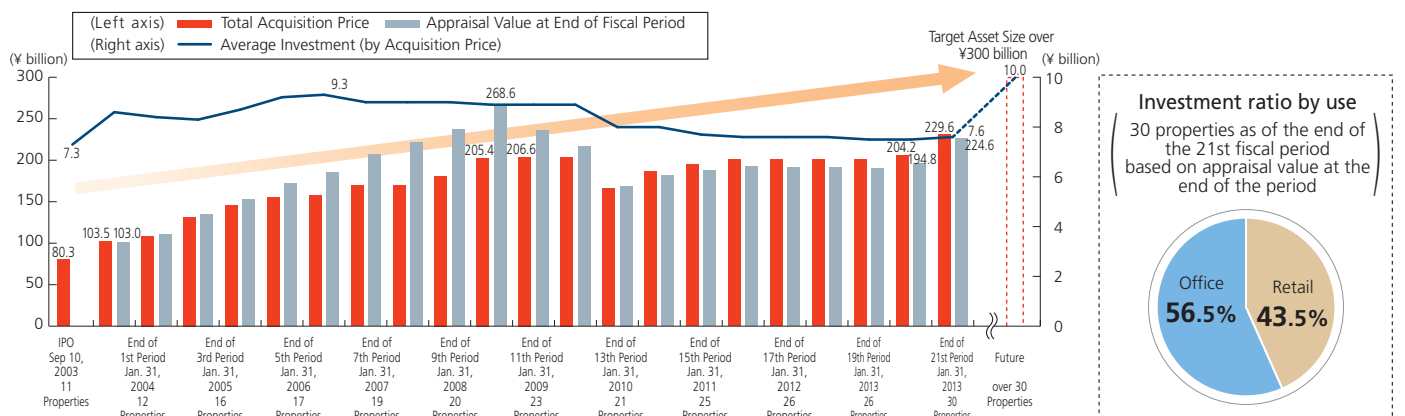
Investment Targeted Areas	<ul style="list-style-type: none"> ■ Focusing on Five Central Tokyo Wards and Tokyu Areas expecting economic and population growth ■ Limited to Tokyo Metropolitan Area
Investment Criteria	<ul style="list-style-type: none"> ■ Limited to office and retail portfolios with lower risk and more stable returns ■ Limited to the properties with prime locations and large scales for assuring market competitiveness

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

Total acquisition price as of the end of the 21st fiscal period ended January 31, 2014, stood at ¥229.6 billion, and appraisal value at the end of the fiscal period stood at ¥224.6 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.

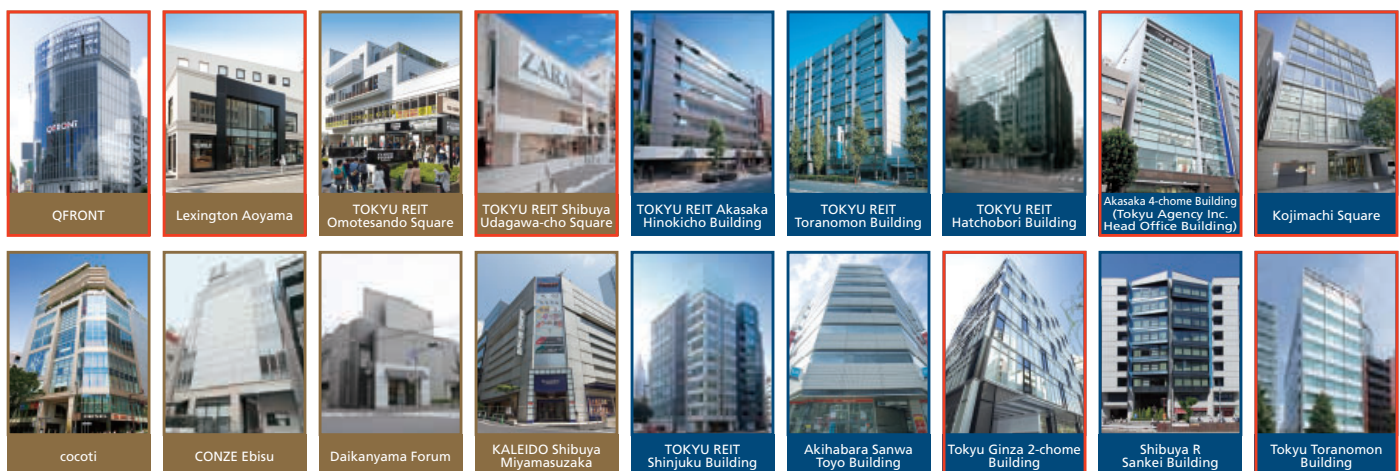
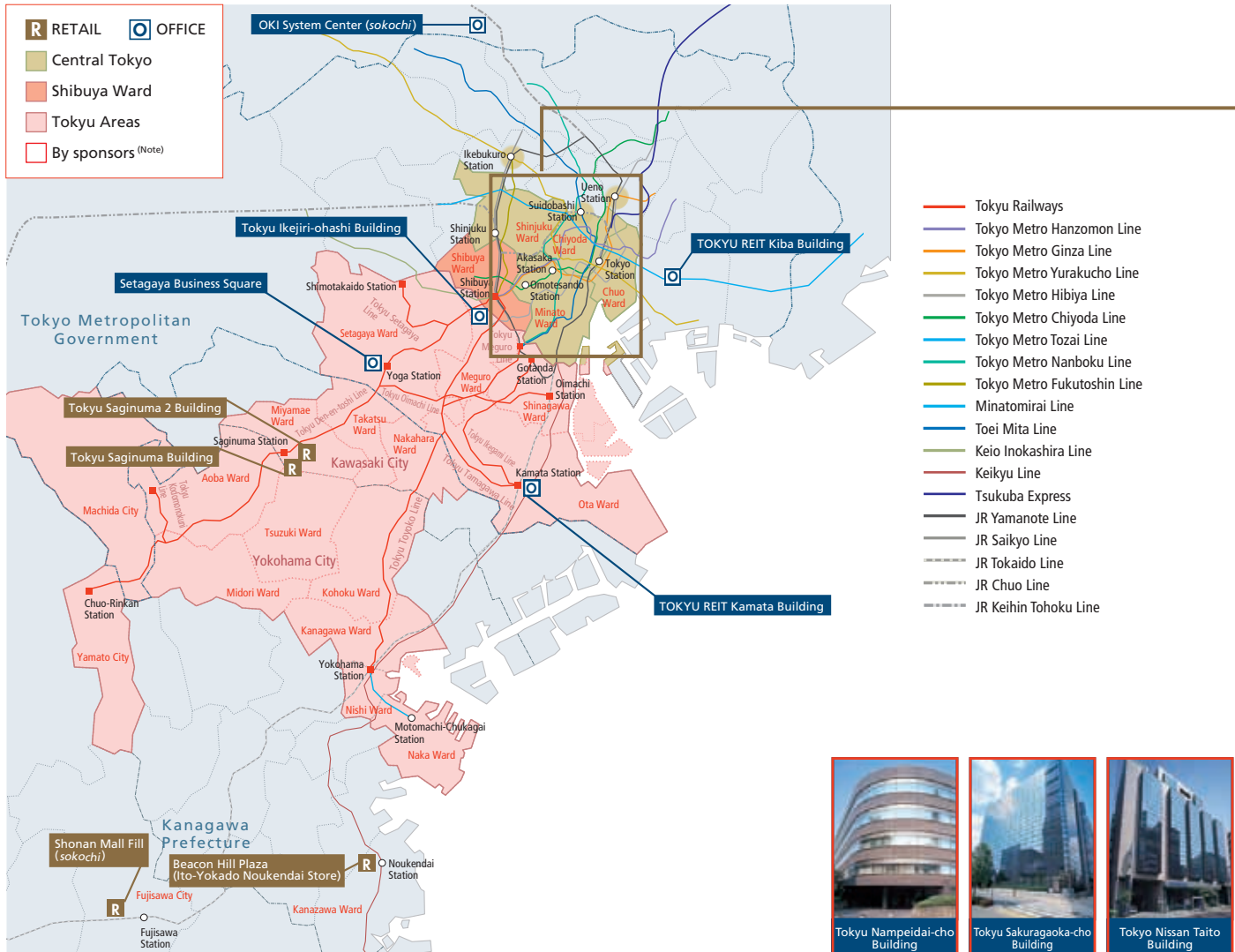
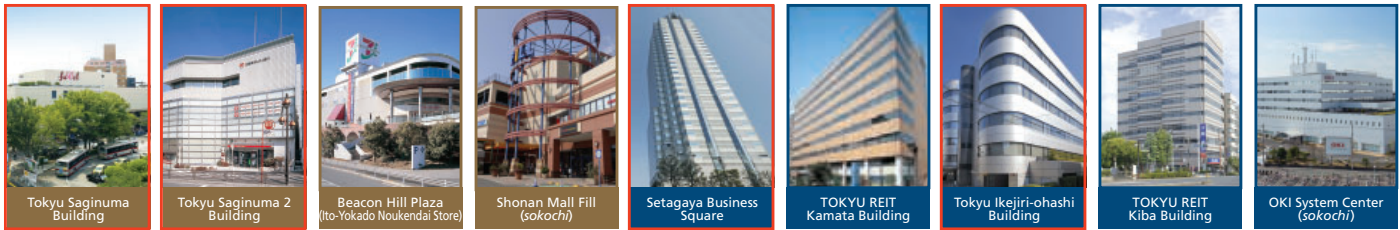
TOKYU REIT focuses on highly competitive office and retail properties and strives to maintain a ratio of 60% in office buildings and 40% in retail properties (based on appraisal value at the end of the fiscal period) over the long term.

As of the end of the 21st fiscal period (30 properties), investment ratio by use based on appraisal value at the end of the fiscal period is as follows:



Portfolio

Investment Targeted Areas

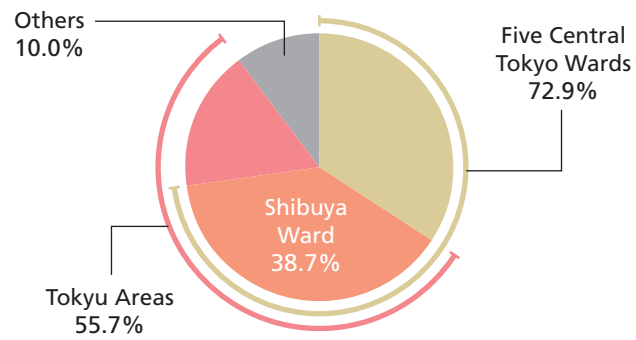


22 (Note) The portfolio properties acquired from sponsors include properties contributed by Tokyu Land, which was a shareholder of the Investment Management Company (Tokyu REIM) along with Tokyu Corporation until June 2011.



* As of the date this presentation was prepared, TOKYU REIT has no plan to acquire properties owned by Tokyu Corporation and its subsidiaries.
 * This map represents an extract selection and does not indicate all major facilities.
 * Some properties are only partially owned by TOKYU REIT or Tokyu Corporation and its subsidiaries.

Percentage Share in Total Portfolio by Region
 (30 properties based on the appraisal value at the end of the 21st fiscal period)



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

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

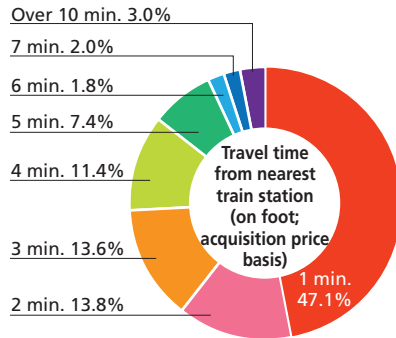
(Notes) 1. Shibuya ward is included in both the central Tokyo wards and the Tokyu Areas.
 2. Percentage share in total portfolio is calculated based on the appraisal value of properties as of the end of the previous fiscal period and the appraisal value (obtained at the time of intended property purchase) of properties purchased during the current fiscal period.

Portfolio

Data of 21st 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.

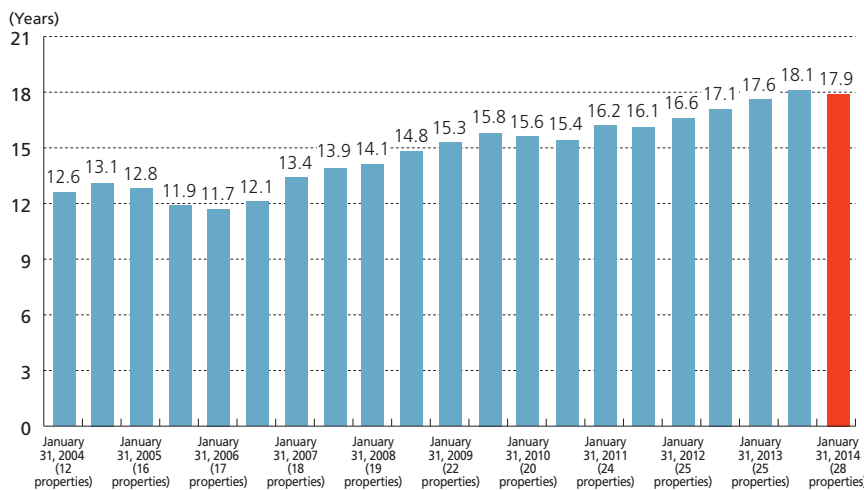
Location



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

Property Age

Weighted-Average Number of Years Since Construction

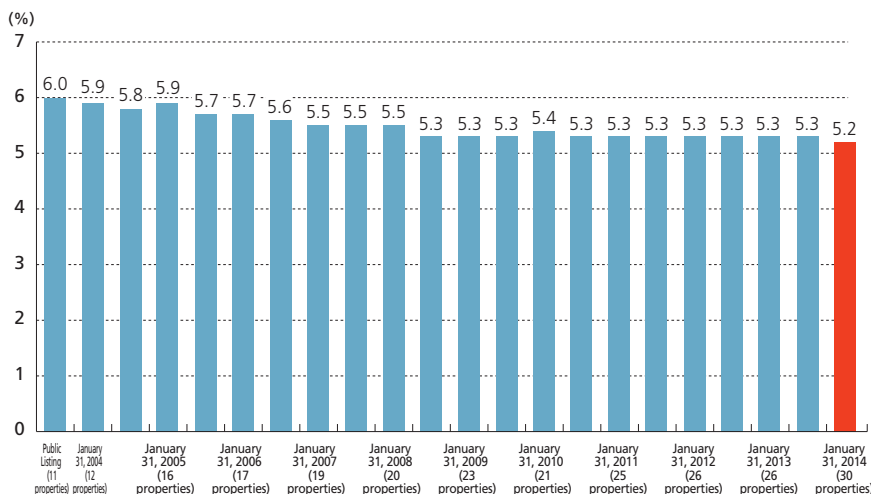


The graph on the left shows the weighted-average age of buildings based on building price at the end of each fiscal period. Based on 28 properties as of the end of the 21st fiscal period, 17.9 years have passed since construction and the number of years increases only 5.3 years from the point of January 31, 2004 in elapsed 10 years from then.

* The graph on the weighted-average age of buildings based on building price from every fiscal period
 * Excluding Shonan Mall Fill (sokochi) and OKI System Center (sokochi)

Portfolio Cap Rate

Weighted-Average Appraised NOI Yield



TOKYU REIT has acquired some properties after listing, and as of the end of the 21st fiscal period (30 properties), the weighted-average appraised NOI yield fell to 5.2%. 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, 2014

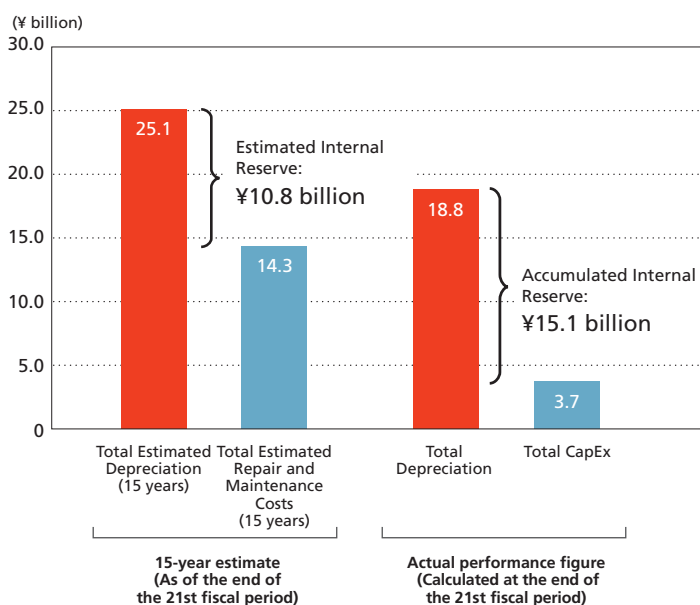
No.	Tenant Name	Business Category	Property Name	Expiration Date	Leased Area (m ²)	Ratio (Note 1)
1	Ito-Yokado Co., Ltd.	Retail	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	6/17/2018	50,285.89	18.3%
2	DAIWA House Co., Ltd.	Construction	Shonan Mall Fill (<i>sokochi</i>)	3/19/2023	44,078.12	16.1%
3	Tokyu Store Corporation	Retail	Tokyu Saginuma Building	6/30/2018	19,610.06	7.1%
4	OKI Electric Industry Co., Ltd.	Electric equipment	OKI System Center (<i>sokochi</i>)	3/26/2033	17,019.19	6.2%
5	Tokyu Corporation	Land transportation	Tokyu Nampeidai-cho Building	12/31/2021	7,148.18	2.6%
			Tokyu Sakuragaoka-cho Building	12/31/2021	3,878.36	1.4%
			Tokyu Toranomon Building	8/31/2014	155.64	0.1%
6	Vendor Service Co., Ltd.	Wholesale	Tokyu Toranomon Building	3/31/2015	4,430.56	1.6%
7	Culture Convenience Club Co., Ltd.	Service	QFRONT	12/14/2019 (Note 2)	4,044.10	1.5%
			Setagaya Business Square (Note 3)	8/14/2014 (Note 2)	220.65	0.1%
8	NTT DATA Corporation	Service	Tokyu Toranomon Building	6/30/2014	3,938.20	1.4%
9	Tokyu Agency Inc.	Service	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1/31/2023	3,533.03	1.3%
10	Covidien Japan Inc.	Wholesale	Setagaya Business Square (Note 3)	5/31/2014 (Note 3)	3,528.87	1.3%
Principal 10 Tenants Total					161,870.85	59.0%
Total leased area of 30 properties at the end of 21st fiscal period					274,291.84	100.0%

(Notes) 1. "Ratio" indicates ratio of tenant's leased areas to total leased area of 30 properties held as of the end of the 21st 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 as 55% (the co-ownership ratio).

■ 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 21st fiscal period and over the next fifteen years, cumulative depreciation for the portfolio will significantly exceed total repair and maintenance cost (¥10.8 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*) and OKI System Center (*sokochi*)

R KALEIDO Shibuya Miyamasuzaka



KALEIDO Shibuya Miyamasuzaka is a multi-tenant retail property located in the Shibuya area, which has the giant terminal Shibuya Station. The property is situated approximately a one-minute walk from Shibuya Station on Tokyu Lines and Tokyo Metro Lines, and the Miyamasuzaka and surrounding area is recognized for its buildings that house eating and drinking establishments. The property comprises eight tenants engaged in the restaurant business and one tenant engaged in the amusement business.

With progress of the “Urban Planning for Areas Surrounding Shibuya Station” large-scale development led by TOKYU REIT’s sponsor Tokyu Corporation also ahead, enhancement of the property’s profit performance and other positive impact can be anticipated.

Address: 1-12-1, Shibuya, Shibuya-ku, Tokyo

Nearest Station: Approximately a one-minute walk from Shibuya Station on the Tokyu Toyoko and Den-en-toshi Lines, and Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines
Approximately a three-minute walk from Shibuya Station on the JR Lines

Total Land Space: 821.65m²
Total Floor Area: 4,475.10m²
Total Leasable Area: 3,399.30m²
Structure: S/RC
Floors: B4/6F
Completed: January 1992
Type of Ownership: Land—Proprietary ownership
Building—Proprietary ownership
Tenant: K.K. Bagus, Apex, Inc.;
Apex, Inc.;
MONTEROZA CO., LTD.



Shibuya R Sankei Building



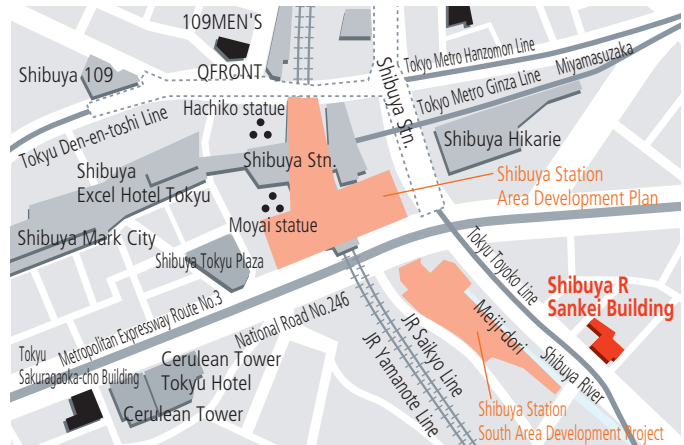
Shibuya R Sankei Building faces Meiji-dori and is situated approximately a two-minute walk from the New South Exit of JR Shibuya Station. In addition, with 2,600mm ceiling height, 60mm raised flooring, individually controlled air-conditioning equipment and such, it features a certain level of specifications. With 645.86 m² in floor area per standard floor, it is a large-scale office rare in the Shibuya area. Access from Shibuya Station is expected to improve with the establishment of an east exit underground plaza, deck, elevator, etc. in the upgrading of the areas surrounding National Route 246 and Shibuya Station that are in the property’s surrounding area. In addition, the Shibuya Station South Area Development Project (district 21 in Shibuya 3-chome) nearby led by Tokyu Corporation slated for opening in fiscal 2017.


Address: 3-10-13, Shibuya, Shibuya-ku, Tokyo

Nearest Station: Approximately a two-minute walk from Shibuya Station, JR Lines
Approximately a four-minute walk from Shibuya Station, Tokyu Toyoko and Den-en-toshi Lines, and Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines

Total Land Space: 1,077.45m² [Portion owned by TOKYU REIT: 819.41m²]
Total Floor Space: 7,289.38m² (Note)
(Note) Including parking (41.18m²)
Sole exclusive ownership area total: 3,882.86m²
Co-ownership area total: 625.60m² (Note)
(Note) In addition, there is a parking space totaling 41.18m² as a common area (co-ownership ratio: 1,521/2,000).

Total Leasable Area: 5,246.68m²
Structure: SRC (Parking: S 1F)
Floors: B1/9F
Completed: March 1990
Type of Ownership: Land—Proprietary ownership (Partial ownership)
Building—Compartmentalized ownership, and co-ownership of compartmentalized ownership
Tenant: K.K. Japan Distribution System;
The Gibraltar Life Insurance Co., Ltd.;
J-COM Holdings Co., Ltd.



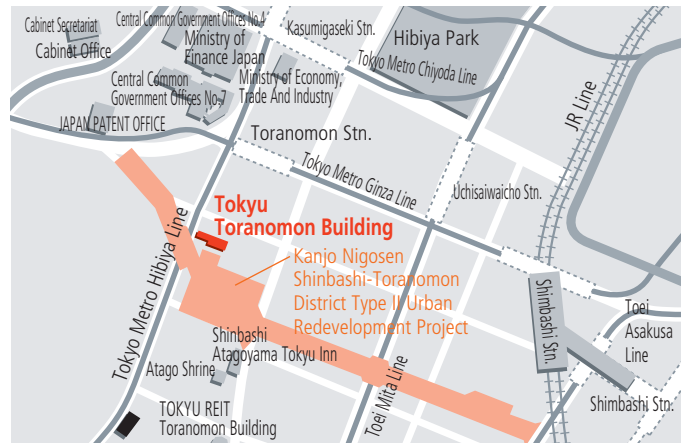
 Tokyu Toranomom Building



Tokyu Toranomom Building is an office building completed about three years ago and located a three-minute walk from Toranomom Station. The property is highly visible as it is situated along National Route 1 (Sakura-dori), and further flourishing can be expected as the Loop Road No. 2 Shinbashi-Toranomon District Type II Urban Redevelopment Project (Toranomom Hills, Shintora-dori (the MacArthur Road)) is underway nearby. Completed in April 2010, the property is the youngest property in TOKYU REIT's portfolio. In addition, with 2,800mm ceiling height, 100mm raised flooring, individually controlled air-conditioning equipment and IC card key, it features the latest office specifications. In addition, with 984.55m² per standard floor, it is a highly competitive property.

Address: 1-21-19, Toranomom, Minato-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Toranomom Station, Tokyo Metro Ginza Line
 Approximately a seven-minute walk from Kasumigaseki Station, Tokyo Metro Chiyoda and Hibiya Lines
 Approximately an eight-minute walk from Kamiyacho Station, Tokyo Metro Hibiya Line
 Approximately a nine-minute walk from Kasumigaseki Station, Tokyo Metro Marunouchi Line

Total Land Space: 1,764.92 m²
 Total Floor Space: 11,983.09 m²
 Total Leasable Area: 9,016.59 m²
 Structure: S
 Floors: 10F
 Completed: April 2010
 Type of Ownership: Land—Proprietary ownership;
 Building—Proprietary ownership;
 Tenant: Vendor Service Co., Ltd.;
 NTT DATA Corporation;
 exsa Corporation

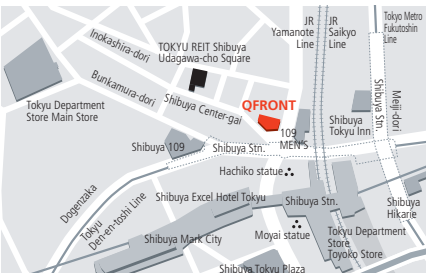


R QFRONT



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, second and sixth floors, and a restaurant located on the eighth floor. The building is one of Tokyo's premier retail facilities distinguished by the large LED advertising screen which adorns the outside wall, and has received considerable exposure from a variety of media.

Address: 21-6, Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shibuya Station—JR Yamanote Line, etc./Tokyo Metro Ginza Line, etc./Tokyo Toyo Line/Tokyo Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 784.26m²
 (Land included in the property trust totals 728.30m²)
 Total Floor Space: 6,692.14m²
 (Exclusive area 4,821.09m²)
 Structure/Floors: SRC/S, B3/8F
 Completed: October 1999
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership
 Tenant: Culture Convenience Club Co., Ltd.;
 Tokyu Corporation;
 Punraku Co., Ltd.



R TOKYU REIT Omotesando Square



TOKYU REIT Omotesando Square is a multi-faceted retail property located in Shibuya Ward within a two-minute walk from Omotesando Station. This is a multi-tenant complex with a restaurant offering Churrasco Brazilian barbecue food on the first underground floor, a general merchandise store and a café on the first floor, a sports gym on the first through third floors and an esthetics salon on the fourth floor.

Address: 4-3-2, Jingumae, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-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;
 SAZABY LEAGUE, Ltd.;
 Wondertale, Ltd.;
 etc.



R Lexington Aoyama



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

Address: 5-11-9, Minami-Aoyama, Minato-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Omotesando Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 776.59m²
 Total Floor Space: 2,342.21m²
 Structure/Floors: S/RC, B1/4F
 Completed: January 1998
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Aeffe Japan Inc.;
 Ryohin Keikaku Co., Ltd.;
 Family Mart Co., Ltd.;
 etc.



R Tokyu Saginuma Building



Tokyu Saginuma Building is located in Miyamae Ward, Kawasaki City, approximately 15 kilometers southwest of Shibuya. The area is a residential suburb of Tokyo. The property is a retail facility facing the rotary at Saginuma Station and fully 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 1,972 stores (as of October 31, 2013). The restaurant UOGASHI NIHON ICHI operated by NIPPAN Co., Ltd. is located in Building 2.

Address: [Bldg. 1] 25-10, Udagawa-cho, Shibuya-ku, Tokyo
 [Bldg. 2] 25-5, Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shibuya Station—JR Yamanote Line, etc./Tokyo Metro Ginza Line, etc./Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 679.27m²
 Total Floor Space: [Bldg. 1] 1,473.10m²
 [Bldg. 2] 56.39m²
 Structure/Floors: [Bldg. 1] S, 3F
 [Bldg. 2] S, 2F
 Completed: [Bldg. 1] July 1998
 [Bldg. 2] June 1995
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: ZARA Japan Corporation;
 NIPPAN Co., Ltd.



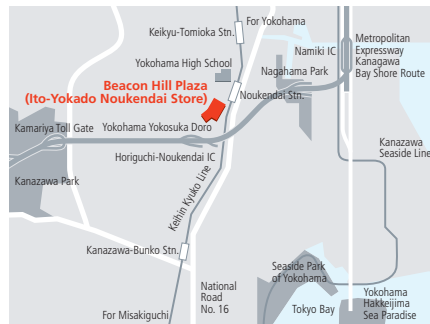
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)



The sole tenant of Beacon Hill Plaza, Ito-Yokado Noukendai Store is a large-scale General Merchandise Store (GMS) with 7,000 *tsubos* (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.

Moreover, renovation of external walls was conducted in July 2013.

Address: 3-1, Noukendai-Higashi, Kanazawa-ku, Yokohama City, Kanagawa
 Nearest Station: Approximately a four-minute walk from Noukendai Station—Keihin Kyuko Line
 Total Land Space: 17,318.78m²
 Total Floor Space: 46,587.87m²
 Structure/Floors: SRC, B2/4F
 Completed: June 1998
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Ito-Yokado Co., Ltd.

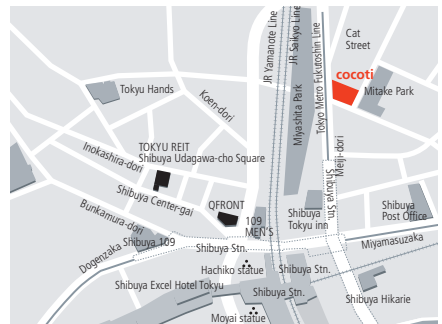


R cocoti



cocoti is approximately a one-minute walk from Shibuya Station and faces Meiji-dori. The property is surrounded by casual brand stores and lies on the outskirts of an area known as "Ura Harajuku." This property's tenants are comprised of brand shops, cafes, sports gym, and other outlets and meet the various needs of a customer.

Address: 1-23-16, Shibuya, Shibuya-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Approximately a one-minute walk from Shibuya Station—Tokyo Metro Ginza Line, etc./Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 1,705.35m²
 Total Floor Space: 11,847.87m²
 Structure/Floors: S/SRC, B2/12F
 Completed: September 2004
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: TOMORROWLAND Co., Ltd.;
 DIESEL JAPAN Co., Ltd.;
 THINK FITNESS Corporation;
 etc.



R Shonan Mall Fill (*sokochi*)



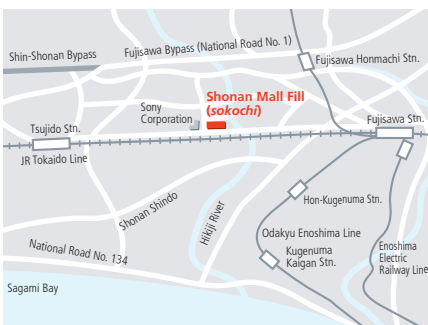
Shonan Mall Fill (*sokochi*) is the retail property which situates between Fujisawa and Tsujido Stations on the JR Tokaido Line.

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

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

In addition, the population in the trade zone of the property is anticipated to increase due to large-scale residential developments in neighboring areas.

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: Diamond Dining International Corporation; 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 Toyoko Line
 Total Land Space: Building 1 (East): Site rights area 942.30m²
 Interest 10,000/10,000
 Building 2 (West): Site rights area 1,108.01m²
 Interest 6,413/10,000
 Total Floor Space: Building 1 (East): 1,441.57m²
 Building 2 (West): Site rights area 2,388.70m²
 (Exclusive area 1,182.62m²)
 Structure/Floors: Building 1 (East): RC, B1/2F
 Building 2 (West): RC, B1/5F
 Completed: February 1993
 Type of Ownership:
 Land—Building 1 (East): Proprietary ownership
 Building 2 (West): Proprietary ownership
 (Co-ownership ratio 64.13%)
 Building—Building 1 (East): Compartmentalized ownership
 Building 2 (West): Compartmentalized ownership
 Tenant: Jun Ashida Co., Ltd.; Hiramatsu Inc.; IL PLEUT SUR LA SEINE Kikaku Co., Ltd.



Setagaya Business Square



Setagaya Business Square is a large complex situated above Yoga Station on the Tokyu Den-en-toshi Line, consisting of a 28-story high-rise connected to the station.

It consists of four mid-size office towers, two terraces with commercial facilities and a community center.

The location is convenient for transportation with good road access (National Road No. 246, Kampachi-dori and the Yoga interchange on Metropolitan Expressway Route No. 8) as well as rail (direct line from Yoga Station to Otemachi Station passing through Shibuya 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: Covidien Japan Inc.;
Tokyu Community Corp.;
System Engineering Consultants Co., LTD.
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.

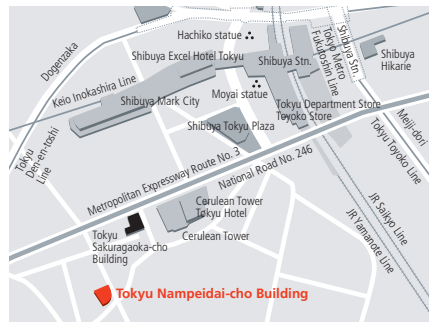
A long-term lease contract from January 2013 to December 2021 has been concluded, contributing to earnings stability.

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.

Individually-controlled air-conditioning equipment using gas as the heat source was installed in all floors in 2013.

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 10-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 four-minute walk from Shin-Okachimachi Station—Toei Oedo Line
 Approximately a four-minute walk from Shin-Okachimachi Station—Tsukuba Express Line
 Approximately a 10-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 reddevelopments of Tokyo Midtown which started operation in 2007 and akasaka Sacas which started operation in 2008 enliven the area.

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

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

Total Land Space: 866.61m²

Total Floor Space: 4,058.92m²

Structure/Floors: RC, 7F

Completed: August 1984

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

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



 TOKYU REIT Kamata Building



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

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

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

Nearest Station: Approximately a three-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;
 FUJITSU MISSION CRITICAL SYSTEMS LIMITED;
 Dai Nippon Toyo Co., Ltd.



TOKYU REIT
Toranomon Building



TOKYU REIT Toranomon Building is a one-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line and faces National Route 1 (Sakurada-dori). We are maintaining the property's competitiveness within the area where office buildings have concentrated since 2009 with renovation work of the elevator hall, restroom and entrance, renewal of air-conditioning and lighting equipment, and installation of OA-compatible floors. Also, large-scale redevelopments are underway nearby, and the area can be expected to become more vibrant.

Address: 3-17-1, Toranomon, Minato-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Kamiyacho Station—Tokyo Metro Hibiya Line
 Approximately a nine-minute walk from Toranomon Station—Tokyo Metro Ginza Line
 Approximately a nine-minute walk from Onarimon Station—Toei Mita Line
 Total Land Space: 1,728.38m²
 (Co-ownership ratio 84.652%)
 Total Floor Space: 15,343.73m²
 (10,787.59m² (Note))
 Structure/Floors: SRC/RC, B2/9F
 Completed: April 1988
 Type of Ownership: Land—Proprietary ownership
 (Co-ownership ratio 84.652%)
 Building—Compartmentalized ownership
 and co-ownership of compartmentalized ownership
 Tenant: Konoike Transport Co., Ltd.;
 JAPAN POST INSURANCE Co., Ltd.;
 REMOTE SENSING TECHNOLOGY CENTER OF JAPAN; 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 maintains competitiveness through adequate renewal, such as with seismic isolation work conducted in 2005.

Furthermore, on April 20, 2012, The Japan Building Disaster Prevention Association issued a plaque to the property, certifying it is a "building that has undertaken earthquake resistance diagnosis and anti-seismic renovation work."

Address: 2-7-1, Hatchobori, Chuo-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Hatchobori Station—JR Keiyo Line
 Approximately a 10-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: Polaire Intellectual Property Corporation;
 Universal Home, Inc.;
 Tokai Kogyo Co., Ltd.;
 etc.



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 and concluded a fixed-term lease contract (with no cancellation and no claim rights for reducing leasing rates) for 10 years starting 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 *tsubos* (1,064.53m²) of floor space per floor, making it a rare find.

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.

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 10-minute walk from Yotsuya Station—Tokyo Metro Marunouchi Line
 Approximately a seven-minute walk from Ichigaya Station—JR Sobu Line
 Approximately an eight-minute walk from Yotsuya Station—JR Chuo and Sobu Lines
 Approximately an eight-minute walk from Ichigaya Station—Toei Shinjuku Line
 Total Land Area: 1,269.24m²
 Total Floor Area: 6,803.47m²
 Structure/Floors: S/RC B1/7F
 Completed: January 2003
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Business Breakthrough, Inc.;
 Japan Safe Driving Center;
 Construction Industry Engineers Center; etc.

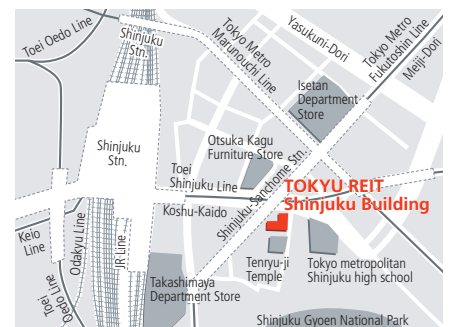


TOKYU REIT Shinjuku Building



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

Address: 4-3-25, Shinjuku, Shinjuku-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shinjuku-Sanchome Station—Tokyo Metro Marunouchi and Fukutoshin Lines
 Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.
 Approximately a six-minute walk from Shinjuku Station—Toei Shinjuku and Oedo Lines/Keio Line
 Approximately a seven-minute walk from Shinjuku Station—Odakyu Odawara Line
 Total Land Area: 1,113.87m²
 Total Floor Area: 8,720.09m²
 Structure/Floors: SRC 10F
 Completed: May 2003
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: DAIDO LIFE INSURANCE COMPANY;
 WATABE WEDDING CORPORATION;
 Relocation International, Inc.;
 etc.



□ Akihabara Sanwa Toyo Building



The area where Akihabara Sanwa Toyo Building is located has long been internationally famous as “Akihabara Denki Gai” (Akihabara Electric Town). Directly linked to Suehirocho Station on the Tokyo Metro Ginza Line, a line which connects Shibuya to Ueno/Asakusa, the property is located on a corner lot at the intersection of Chuo-dori and Kuramaebashi-dori. The property has extremely good convenience for transportation as well as visibility.

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 Toyochō 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 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;
 Todenfuel 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. Furthermore, transportation is very convenient and the property is highly competitive in terms of specifications.

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.



OKI System Center (sokochi)

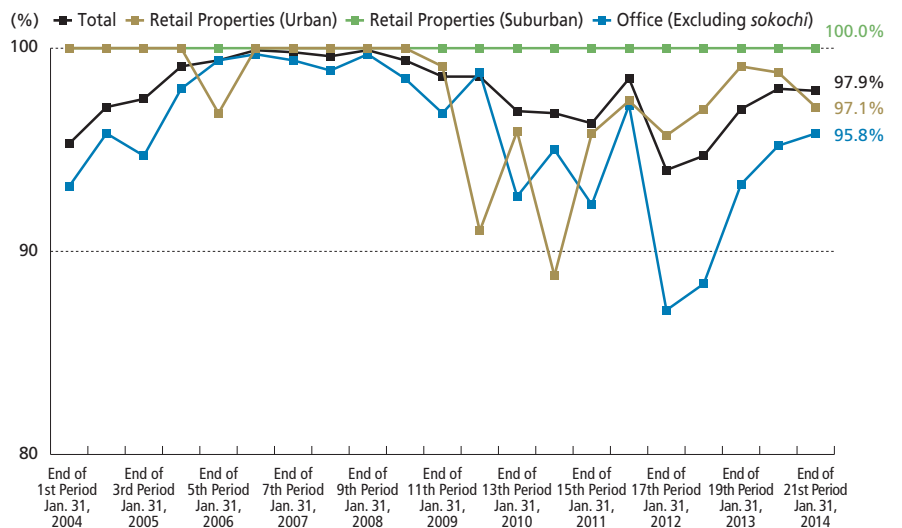


As the property is the sokochi (ownership of land with a fixed-term leasehold for commercial use) of OKI System Center, the tenants of which include Oki Electric Industry Co., Ltd., **TOKYU REIT** executed an agreement on establishment of a 20-year fixed-term leasehold for commercial use with Oki Electric Industry Co., Ltd. Long-term stable cash flow is expected from the property based on the concerned agreement. Warabi City, Saitama Prefecture, where the property is located, has high accessibility to central Tokyo and high potential as a residential area. Notably, the sizeable land of slightly over 5,000 *tsubos* (16,528m²) with an approx. four-minute walk from Warabi Station makes it a rare property. In light of the sarachi (land without buildings or liens) price that reflects these factors, the asset value stability is thought to be high even after the end of the agreement on establishment of a fixed-term leasehold for commercial use.

Address: 1-16-8 Chuo, Warabi-shi, Saitama
 Nearest Station: Approximately a four-minute walk from Warabi Station, JR Keihin Tohoku Line
 Total Land Space: 17,019.18 m²
 Total Floor: Space: —
 Structure/Floors: —
 Completed: —
 Type of Ownership: Land—Proprietary ownership
 Tenant: Oki Electric Industry Co., Ltd.

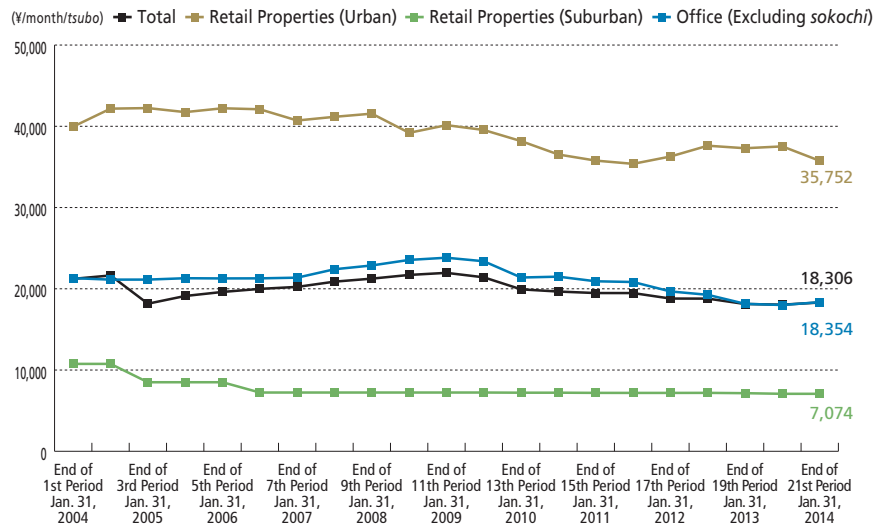


Changes in Occupancy Rate



(Note) OKI System Center (sokochi) is not included in office properties when calculating the occupancy rate. Furthermore, the occupancy rate of OKI System Center (sokochi) was 100% as of the end of the 21st period.

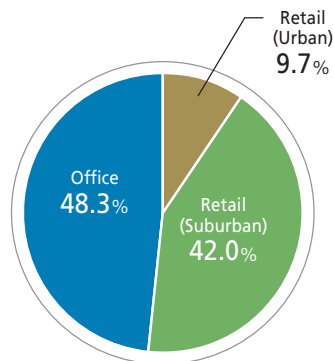
Changes in Average Rate



(Note) Shonan Mall Fill (sokochi) and OKI System Center (sokochi) are not included in the calculation of the changes in rents.

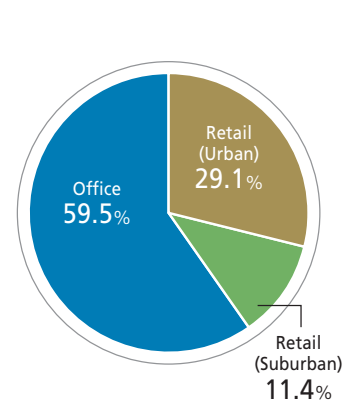
Total Leasable Area by Segment

(As of end of Jan. 2014)



Rent Revenues by Segment

(As of end of Jan. 2014)



I . Asset Management Report

1. Financial Highlights

(1) Result of Operation and Financial Position

			21st fiscal period From August 1, 2013 to January 31, 2014 (184 days)	20th fiscal period From February 1, 2013 to July 31, 2013 (181 days)	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)
			Millions of yen, except per unit data or where otherwise indicated				
Result of operation	Statement of income	Operating revenues	¥ 7,308	¥ 6,495	¥ 6,334	¥ 6,360	¥ 6,819
		Operating income	¥ 3,322	¥ 2,801	¥ 2,665	¥ 2,771	¥ 3,049
		Net income	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982	¥ 2,219
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 7,304	¥ 6,495	¥ 6,334	¥ 6,360	¥ 6,819
		Rental service expenses (b)	¥ 3,366	¥ 3,105	¥ 3,083	¥ 3,009	¥ 3,164
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	[¥ 1,093]	[¥ 987]	[¥ 1,001]	[¥ 1,026]	[¥ 1,009]
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 5,032	¥ 4,378	¥ 4,252	¥ 4,377	¥ 4,664
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,598	¥ 3,023	¥ 2,888	¥ 3,008	¥ 3,228
		Capital expenditures (e)	¥ 228	¥ 479	¥ 303	¥ 441	¥ 343
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 3,370	¥ 2,543	¥ 2,585	¥ 2,567	¥ 2,885
Financial position	Balance sheet	Total assets (f)	¥ 230,966	¥ 206,988	¥ 202,061	¥ 204,879	¥ 205,497
		[Change from the preceding period]	[11.6%]	[2.4%]	[–1.4%]	[–0.3%]	[–1.0%]
		Interest-bearing liabilities (g) (Note 5)	¥ 103,000	¥ 91,500	¥ 87,000	¥ 89,000	¥ 89,000
		Total unitholders' equity (Net assets) (h)	¥ 112,986	¥ 100,055	¥ 99,907	¥ 100,002	¥ 100,239
		[Change from the preceding period]	[12.9%]	[0.1%]	[–0.1%]	[–0.2%]	[–0.0%]
	Portfolio	Unitholders' capital	¥ 110,479	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019
		Acquisition costs of properties (Note 6)	¥ 229,622	¥ 204,202	¥ 199,672	¥ 199,672	¥ 199,672
		Book value of properties (Note 6)	¥ 217,923	¥ 193,019	¥ 188,853	¥ 189,452	¥ 190,049
		Appraisal value of properties at end of period (i) (Note 6)	¥ 224,650	¥ 194,860	¥ 189,320	¥ 190,820	¥ 190,360
		Number of properties at end of period	30 properties	27 properties	26 properties	26 properties	26 properties
		Total leasable area (Note 7)	280,114.52 m ²	262,516.83 m ²	245,500.63 m ²	245,417.58 m ²	245,378.77 m ²
	Occupancy rate at end of period (Note 7)	97.9%	98.0%	97.0%	94.7%	94.0%	
	Other	Distri- bution	Cash distribution	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982
Dividend payout ratio			100.0%	100.0%	100.0%	100.0%	100.0%
Per unit data		Number of units issued and outstanding	195,520 units	169,380 units	169,380 units	169,380 units	169,380 units
		Total unitholders' equity per unit (base value) (Note 8)	¥ 115,575	¥ 590,716	¥ 589,843	¥ 590,402	¥ 591,803
		Cash distribution per unit	¥ 12,823	¥ 12,019	¥ 11,146	¥ 11,705	¥ 13,106
Management index		Return on total unitholders' equity (annualized) (Note 9)	4.7%	4.1%	3.7%	4.0%	4.4%
		Equity ratio (h)÷(f)	48.9%	48.3%	49.4%	48.8%	48.8%
		[Change from the preceding period]	[0.6%]	[–1.1%]	[0.6%]	[0.0%]	[0.5%]
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	44.6%	44.2%	43.1%	43.4%	43.3%
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	45.8%	47.0%	46.0%	46.6%	46.8%
Average market price per unit during period (Note 10) (Note 11)	¥ 116,503	¥ 575,341	¥ 422,792	¥ 401,664	¥ 406,642		

- Note 1. Consumption tax is not included in operating revenues.
- Note 2. 'Revenue from property leasing' does not include revenues from facility acceptance (19th fiscal period: ¥0 million; 21st fiscal period: ¥2 million) and contribution for construction (21st fiscal period: ¥0 million).
- Note 3. 'Depreciation and amortization' includes loss on disposal of property and equipment (17th fiscal period: ¥6 million; 18th fiscal period: ¥29 million; 19th fiscal period: ¥8 million; 20th fiscal period: ¥4 million; 21st fiscal period: ¥4 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. A five-for-one split of investment units was conducted with January 31, 2014 as the reference date and February 1, 2014 as the effective date. 'Total unitholders' equity per unit' for the 21st fiscal period in the table above is calculated on the basis that the split of investment units was conducted at the beginning of the 21st fiscal period.
- Note 9. $\text{Net income} \div \{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\} \times 365 \div \text{Number of days of investment management}$
- Note 10. 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.
- Note 11. Following the implementation of a five-for-one split of investment units, investment units began trading at the split-adjusted market price on the ex-rights date, which was January 29, 2014. 'Average market price per unit during period' for the 21st fiscal period in the table above is calculated on the basis that the split of investment units was conducted at the beginning of the 21st fiscal period.

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

① Investment Environment

During the fiscal period under review (21st fiscal period: six-month period ended January 31, 2014), the Japanese economy was on a moderate recovery trend. Specifically the Tokyo metropolitan area's economy, continued to trend toward recovery as a result of improvement in the business sentiment as well as consumer sentiment. With regard to population movements, over 90,000 people migrated to the Tokyo metropolitan area from other regions of the country between January and December 2013. This has further exacerbated the disparity between the area and other regions of the country.

Under these circumstances, the average advertised rent for December 2013 in the Tokyo 23 ward's office leasing market decreased by 1.7% over the six-month period and by 2.1% over the one-year period. On the other hand, the vacancy rate improved by 0.5 percentage points over the six-month period and by 1.2 percentage points over the one-year period to 6.3%. Corporate office demand was still high, and there was an increase in tenant relocations and existing tenants increasing their floor area for such reasons as expansion of operations. Notably, the Abenomics effect of buoying the economy is leading to active movements starting to be seen among consumption-linked business types and business categories. In addition, tenant relocation options are narrowing, as evident by the difficulty in securing floor area on a single floor as large stocks of vacant space were being consumed through relocations by companies being integrated/abolished or for the purpose of consolidation in certain locations and due to other factors. In the retail property leasing market, brisk sales of luxury goods and other factors are serving to increasingly motivate tenants to set up shop in urban retail properties. In addition, with GMS sales remaining roughly unchanged, the company is steering toward converting it to large shopping centers and large grocery stores (food supermarkets) going forward.

In the real estate investment market, the volume of transactions is increasing as a result of the financing environment being favorable for both debt and equity. In addition, the expected cap rate of office properties continue to be on a downward trend as a result of active market transactions.

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.

During the 21st fiscal period, TOKYU REIT acquired a trust beneficiary interest in KALEIDO Shibuya Miyamasuzaka (acquisition price: ¥5,150 million), as well as Shibuya R Sankei Building (acquisition price: ¥5,270 million) and Tokyu Toranomon Building (acquisition price: ¥15,000 million), on August 16, 2013. As of January 31, 2014, TOKYU REIT held an investment portfolio totaling 30 properties with a total acquisition price of ¥229,622 million and total leasable area of 280,114.52 m². The period-end appraisal value for TOKYU REIT’s entire portfolio amounted to ¥224,650 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 ¥6,726 million. Based on generally accepted accounting principles, unrealized gains are not reflected in TOKYU REIT’s financial statements.

The average per-tsubo rental rate for the existing property portfolio at the end of the 21st fiscal period decreased by only 0.8% compared with the end of the 20th fiscal period. In addition, the vacancy rate worsened from the 2.0% at the end of the 20th fiscal period by 0.1 percentage points to 2.1%.

b. Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. During the 21st fiscal period, TOKYU REIT borrowed short-term debt in the amount of ¥12,500 million for the purpose of procuring funds to acquire specified assets, etc. (repaid ¥1,000 million during the fiscal period), and refinanced long-term debt in the amount of ¥10,000 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 ¥19,000 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, 2014 was ¥103,000 million, consisting of ¥8,000 million in investment corporation bonds, ¥11,500 million in short-term debt and ¥83,500 million in long-term debt (of which, ¥5,000 million is the current portion of investment corporation bonds and ¥7,000 million is the current portion of long-term debt). The weighted-average interest rate for the 21st fiscal period was 1.48% (calculated based on the annualized amount of interest payable for the 21st fiscal period divided by the total average balance of each interest-bearing liability). (See Note below.)

Note. TOKYU REIT issued investment corporation bonds on February 14, 2014 and March 11, 2014, respectively. Payments for the investment corporation bonds have been completed. Please refer to ‘(6) Subsequent Events ② Issuance of Investment Corporation Bonds’ for details.

TOKYU REIT's credit ratings as of January 31, 2014 were as follows:

Rating Agency	Credit Rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA- Outlook: Stable
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+ Outlook: Stable
Standard & Poor's Ratings Japan K.K. (S&P)	Long-term corporate credit rating: A Outlook: Negative Short-term corporate credit rating: A-1

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.

For example, being an acquisition from Tokyu Corporation, TOKYU REIT decided on the acquisition of Tokyu Toranomon Building in accordance with its self-imposed measures to prevent conflicts of interest for acquisition at no more than the property appraisal value. Furthermore, TOKYU REIT has received a second opinion report from Japan Valuers Co., Ltd. stating that the value and valuation process for the subject property was reasonable. This second opinion summary is disclosed at the time of acquisition, along with the property valuation summary. In addition, the implementation of acquisition procedures was also verified by an audit firm other than TOKYU REIT's independent auditor for compliance with the measures to prevent conflicts of interest that apply to the transaction. Combined with these results, these served as the basis for acquisition being approved at a meeting of TOKYU REIT's Board of Directors.

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 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 Fudosan Holdings Corporation ("Tokyu Fudosan Holdings")
- (vi) A consolidated subsidiary of Tokyu Fudosan Holdings
- (vii) A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings 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

During the fiscal period under review, TOKYU REIT issued new investment units through public offering on August 12, 2013 and issued new investment units through third-party allotment on September 10, 2013. Issuance of new investment units until the end of the 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)
August 12, 2013	Issuance of units through public offering	23,764	193,144	¥ 11,327	¥ 109,346	(Note 7)
September 10, 2013	Issuance of units through third-party allotment	2,376	195,520	¥ 1,132	¥ 110,479	(Note 8)

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.

Note 7. Issued new investment units through public offering at an offer price of ¥493,350 (issue price: ¥476,652) per unit for the purpose of acquiring new properties.

Note 8. Issued new investment units through third-party allotment at an issue price of ¥476,652 per unit for the purpose of acquiring new properties.

Note 9. TOKYU REIT conducted a five-for-one split of investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date. Please refer to '(6) Subsequent Events ① Split of Investment Units and Amendment of Articles of Incorporation a. Split of Investment Units' for details.

【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:

	21st fiscal period (Note) From August 1, 2013 to January 31, 2014	20th fiscal period From February 1, 2013 to July 31, 2013	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
	Yen				
Highest	¥ 130,000	¥ 744,000	¥ 518,000	¥ 450,000	¥ 475,500
Lowest	¥ 99,800	¥ 492,000	¥ 369,000	¥ 362,500	¥ 339,500

Note. Following a five-for-one split of investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date, investment units began trading at the split-adjusted market price on the ex-rights date, which was January 29, 2014. 'Highest market price' and 'Lowest market price' for the 21st fiscal period in the table above is calculated on the basis that the split of investment units was conducted at the beginning of the 21st fiscal period.

(4) Distribution Information

With respect to the distribution for the 21st 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 21st fiscal period was ¥12,823.

	21st fiscal period From August 1, 2013 to January 31, 2014	20th fiscal period From February 1, 2013 to July 31, 2013	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
Millions of yen, except per unit data					
Unappropriated retained earnings	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982	¥ 2,219
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982	¥ 2,219
[Cash distribution per unit]	[¥ 12,823]	[¥ 12,019]	[¥ 11,146]	[¥ 11,705]	[¥ 13,106]
Distribution of accumulated earnings	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982	¥ 2,219
[Distribution of accumulated earnings per unit]	[¥ 12,823]	[¥ 12,019]	[¥ 11,146]	[¥ 11,705]	[¥ 13,106]
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, with exports expected to increase pickup and backed by the effects of various economic policies, household income and investment will increase, leading to expectations for the economic upswing to continue. However, the overseas economic downturn continues to pose the risk of downward pressure on the Japanese economy. In addition, a last-minute surge in demand associated with the consumption tax hike and the rebound thereof are expected.

In light of such an outlook, in the real estate investment market, expectations for investment funds inflow and rent growth, amid low interest rates expected to continue for the foreseeable future, this has led to a forecast that the cap rate will continue to be on a downward trend. In the office leasing market, low supply is expected to continue until around 2015 and a sustainable economic recovery is forecasted to boost office demand, leading to the outlook that the vacancy rate will continue to decrease. The average contracted rent is expected to increase in the second half of 2014 following a decrease in the vacancy rate and improvement in the rent-paying capacity of corporate tenants. In the retail property leasing market, with sales turnover on an upward trend centering on urban retail properties, 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

The following events occurred after the end of the 21st fiscal period at TOKYU REIT.

① Split of Investment Units and Amendment of Articles of Incorporation

a. Split of Investment Units

TOKYU REIT conducted a five-for-one split of its investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date.

i. Purpose of split

TOKYU REIT conducted a five-for-one split of its investment units with an aim to further broaden the investor base and to enhance the liquidity of its investment units by creating an environment that makes it easier for investors to make investments by lowering the amount per unit for investment, this way made to take advantage of the Japanese version of the Individual Savings Account (NISA) being introduced from January 1, 2014.

ii. Method of split

TOKYU REIT conducted a five-for-one split of investment units held by unitholders stated or recorded in the final register of unitholders on January 31, 2014 with the same date as the reference date.

iii. Increase in number of investment units through split, etc.

Number of investment units issued and outstanding before split:	195,520 units
Increase in number of investment units through split:	782,080 units
Number of investment units issued and outstanding after split:	977,600 units

Please refer to '12. Per unit information' of the 'Notes to Financial Statements' for the figures of per unit information when calculated on the basis that the split of investment units was conducted at the beginning of the 20th fiscal period.

b. Amendment of Articles of Incorporation

TOKYU REIT made the following partial amendment of its Articles of Incorporation, effective February 1, 2014, in order to increase the total number of investment units authorized in accordance with the ratio of the split of investment units of 'a. Split of Investment Units' above.

(Underlined portions indicate changes)

Before Amendment	After Amendment
Article 5. (Total Number of Investment Units Authorized)	Article 5. (Total Number of Investment Units Authorized)
1. The total number of investment units authorized shall be <u>two million (2,000,000)</u> .	1. The total number of investment units authorized shall be <u>ten million (10,000,000)</u> .

② Issuance of Investment Corporation Bonds

TOKYU REIT issued investment corporation bonds on February 14, 2014 and March 11, 2014, respectively. Payments for the investment corporation bonds have been completed.

a. 4th Series Unsecured Investment Corporation Bond

Name: TOKYU REIT, Inc. 4th Series Unsecured Investment Corporation Bond
(Ranks *pari passu* in right of payment with certain investment corporation bonds)

Total issue amount: ¥3,500 million

Issue price: Nominal par value of each bond: ¥100 per ¥100

Redemption value: Nominal par value of each bond: ¥100 per ¥100

Annual interest rate: 0.399%

Security/Guarantee: Unsecured and unguaranteed

Maturity date: The entire amount will be redeemed on February 14, 2019.
The investment corporation bonds may be redeemed at any time from the day following the payment date, unless determined otherwise by the book-entry transfer agent.

Interest payment dates: February 14 and August 14 annually

Underwriter: Mizuho Securities Co., Ltd.

Use of funds: The funds will be allocated for repayment of short-term debt due for repayment on August 15, 2014.

b. 5th Series Unsecured Investment Corporation Bond

Name: TOKYU REIT, Inc. 5th Series Unsecured Investment Corporation Bond
(Ranks *pari passu* in right of payment with certain investment corporation bonds)

Total issue amount: ¥3,000 million

Issue price: Nominal par value of each bond: ¥100 per ¥100

Redemption value: Nominal par value of each bond: ¥100 per ¥100

Annual interest rate: 0.682%

Security/Guarantee: Unsecured and unguaranteed

Maturity date: The entire amount will be redeemed on March 11, 2021.
The investment corporation bonds may be redeemed at any time from the day following the payment date, unless determined otherwise by the book-entry transfer agent.

Interest payment dates: March 11 and September 11 annually

Underwriter: Mizuho Securities Co., Ltd.

Use of funds: The funds will be allocated for repayment of short-term debt due for repayment on August 15, 2014.

2. Company Profiles

(1) Summary of Unitholders' Contributions

	21st fiscal period As of January 31, 2014	20th fiscal period As of July 31, 2013	19th fiscal period As of January 31, 2013	18th fiscal period As of July 31, 2012	17th fiscal period As of January 31, 2012
Units authorized (units)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Units issued and outstanding (units)	195,520	169,380	169,380	169,380	169,380
Unitholders' capital (millions of yen)	¥ 110,479	¥ 98,019	¥ 98,019	¥ 98,019	¥ 98,019
Number of unitholders (persons)	11,220	10,464	9,674	9,491	8,993

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of January 31, 2014.

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	54,340	27.79
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	16,404	8.39
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	10,448	5.34
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	10,114	5.17
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	9,800	5.01
MetLife Alico Life Insurance K.K. GA Company JPY (Standing Proxy: Citibank Japan Ltd.)	2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo	3,902	2.00
The Asahi Fire & Marine Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	3,000	1.53
Union Bancaire Privée (Europe) S.A. 497200 (Standing Proxy: Sumitomo Mitsui Banking Corporation)	1-2-3, Otemachi, Chiyoda-ku, Tokyo	2,690	1.38
Nomura Bank (Luxembourg) S.A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	1-2-3, Otemachi, Chiyoda-ku, Tokyo	2,343	1.20
State Street Bank and Trust Company 505223 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	4-16-13, Tsukishima, Chuo-ku, Tokyo	2,251	1.15
Total		115,292	58.97

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, 2014)

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 ¥3,500 thousand for comfort letter services pertaining to the issuance of new investment units 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, 2014.

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	21st fiscal period As of January 31, 2014		20th fiscal period As of July 31, 2013		
			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	¥ 15,598	6.8	¥ 15,627	7.6	
		Other	—	—	—	—	
		Sub total	15,598	6.8	15,627	7.6	
	Office	Central Tokyo and Tokyu Areas	44,387	19.2	23,978	11.6	
		Other	4,772	2.1	4,772	2.3	
		Sub total	49,160	21.3	28,751	13.9	
	Total		64,759	28.0	44,379	21.4	
	Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	60,164	26.0	55,240	26.7
			Other	15,304	6.6	15,384	7.4
Sub total			75,468	32.7	70,624	34.1	
Office		Central Tokyo and Tokyu Areas	73,687	31.9	74,052	35.8	
		Other	4,009	1.7	3,962	1.9	
		Sub total	77,696	33.6	78,015	37.7	
Total		153,164	66.3	148,639	71.8		
Other assets		13,042	5.6	13,968	6.7		
Total assets		¥ 230,966 [¥ 217,923]	100.0 [94.4]	¥ 206,988 [¥ 193,019]	100.0 [93.3]		

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 Counteracted.'

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, 2014 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	¥ 13,971	4,502.93	4,502.93	100.0	8.8	Retail
R	Lexington Aoyama	4,727	2,107.08	2,107.08	100.0	1.6	Retail
R	TOKYU REIT Omotesando Square	5,719	2,648.27	2,648.27	100.0	2.5	Retail
R	Tokyu Saginuma Building	6,712	19,610.06	19,610.06	100.0	4.2	Retail
R	Tokyu Saginuma 2 Building	1,170	1,267.95	1,267.95	100.0	0.9	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,607	1,543.05	1,543.05	100.0	3.4	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	8,278	50,285.89	50,285.89	100.0	4.0	Retail
R	cocoti	22,712	8,330.41	8,067.31	96.8	7.3	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.4	Retail
R	CONZE Ebisu	4,884	2,319.24	1,803.49	77.8	1.6	Retail
R	Daikanyama Forum	4,107	2,477.64	2,477.64	100.0	1.4	Retail
R	KALEIDO Shibuya Miyamasuzaka	5,150	3,399.30	3,399.30	100.0	2.4	Retail
O	Setagaya Business Square	17,999	24,961.05	22,230.03	89.1	13.0	Office
O	Tokyu Nampeidai-cho Building	4,180	7,148.18	7,148.18	100.0	2.0	Office
O	Tokyu Sakuragaoka-cho Building	6,628	4,737.19	4,737.19	100.0	3.0	Office
O	Tokyo Nissan Taito Building	3,770	7,947.24	7,511.45	94.5	2.8	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,476	3,196.69	3,196.69	100.0	1.8	Office
O	TOKYU REIT Kamata Building	4,021	7,337.82	7,337.82	100.0	2.8	Office
O	TOKYU REIT Toranomom Building	9,929	10,145.59	8,962.79	88.3	3.8	Office
O	TOKYU REIT Hatchobori Building	6,808	5,987.85	5,293.63	88.4	2.6	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,117	3,533.03	3,533.03	100.0	2.4	Office
O	Tokyu Ikejiri-ohashi Building	5,434	5,733.23	5,733.23	100.0	2.5	Office
O	Kojimachi Square	8,625	5,409.11	5,409.11	100.0	2.9	Office
O	TOKYU REIT Shinjuku Building	9,089	6,215.17	6,215.17	100.0	3.5	Office
O	Akihabara Sanwa Toyo Building	4,625	4,643.04	4,643.04	100.0	2.3	Office
O	TOKYU REIT Kiba Building	4,009	5,797.79	5,797.79	100.0	2.0	Office
O	Tokyu Ginza 2-chome Building	4,854	3,469.14	3,469.14	100.0	2.3	Office
O	OKI System Center (<i>sokochi</i>)	4,772	17,019.19	17,019.19	100.0	2.0	Office
O	Shibuya R Sankei Building	5,431	5,246.68	5,246.68	100.0	2.7	Office
O	Tokyu Toranomom Building	15,082	9,016.59	9,016.59	100.0	5.0	Office
Total		¥ 217,923	280,114.52	274,291.84	97.9	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, Tokyu Ginza 2-chome Building, OKI System Center (*sokochi*), Shibuya R Sankei Building and Tokyu Toranomom Building (total of 21 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 portion is included when leased). For Tokyu Saginuma Building, Beacon Hill Plaza (Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, the area of parking lots is included. For QFRONT, the area of other compartmentalized owners' exclusive ownership portions 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 co-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 ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For Shibuya R Sankei Building, the area of part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (*sokochi*) and OKI System Center (*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.). For Tokyu Saginuma Building, Beacon Hill Plaza (Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, the area of parking lots is included. For QFRONT, the area of other compartmentalized owners' exclusive ownership portions 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 co-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 ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For Shibuya R Sankei Building, the part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (*sokochi*) and OKI System Center (*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, 2014 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	
Retail Central Tokyo and Tokyo Areas	R	QFRONT	75-8, etc., Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,502.93	¥ 22,700	¥ 13,971
	R	Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,107.08	4,440	4,727
	R	TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,648.27	6,670	5,719
	R	Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	19,610.06	8,530	6,712

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	Central Tokyo and Tokyo Areas	R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	1,267.95	1,490	1,170
		R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	9,950	6,607
		R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,330.41	17,500	22,712
		R CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,319.24	3,950	4,884
		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	3,120	4,107
		R KALEIDO Shibuya Miyamasuzaka	1-12-4, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,399.30	5,430	5,150
	Sub total				48,205.93	83,780	75,762
	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	8,060	8,278
		R Shonan Mall Fill (sokochi)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	5,910	7,026
	Sub total				94,364.01	13,970	15,304
	Total				142,569.94	97,750	91,067
	Office	Central Tokyo and Tokyo Areas	O Setagaya Business Square	4-260-2, etc., Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,961.05	19,000
O Tokyu Nampeidai-cho Building			12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	4,620	4,180
O Tokyu Sakuragaoka-cho Building			109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	7,370	6,628
O Tokyo Nissan Taito Building			2-120-2, etc., Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,947.24	5,260	3,770
O TOKYU REIT Akasaka Hinokicho Building			6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,196.69	3,890	3,476
O TOKYU REIT Kamata Building			5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	4,810	4,021
O TOKYU REIT Toranomom Building			3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,145.59	9,060	9,929
O TOKYU REIT Hatchobori Building			2-104-1, etc., Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	5,987.85	5,220	6,808
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)			4-806 and 4-819, Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,533.03	6,220	8,117

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	
Office	Central Tokyo and Tokyo Areas	○ Tokyu Ikejiri-ohashi Building	3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,733.23	4,530	5,434
		○ Kojimachi Square	3-9 and 3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	7,960	8,625
		○ TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,215.17	9,170	9,089
		○ Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,643.04	5,260	4,625
		○ Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	4,770	4,854
		○ Shibuya R Sankei Building	3-10-2, etc., Shibuya, Shibuya-ku, Tokyo	Real estate	5,246.68	5,550	5,431
		○ Tokyu Toranomom Building	1-216-2, etc., Toranomom, Minato-ku, Tokyo	Real estate	9,016.59	15,700	15,082
	Sub total				114,727.60	118,390	118,074
	Other	○ TOKYU REIT Kiba Building	3-21-5, etc., Toyo, Koto-ku, Tokyo	Trust beneficiary interest in real estate	5,797.79	3,650	4,009
		○ OKI System Center (sokochi)	1-16-20, etc., Chuo, Warabi-shi, Saitama	Real estate	17,019.19	4,860	4,772
Sub total				22,816.98	8,510	8,781	
Total				137,544.58	126,900	126,856	
Grand total				280,114.52	¥ 224,650	¥ 217,923	

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 portion is included when leased). For Tokyu Saginuma Building, Beacon Hill Plaza (Ito-Yokado Noukendai Store) and Tokyu Nampeidai-cho Building, the area of parking lots is included. For QFRONT, the area of other compartmentalized owners' exclusive ownership portions 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 co-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 ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For Shibuya R Sankei Building, the area of part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (sokochi) and OKI System Center (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		21st fiscal period From August 1, 2013 to January 31, 2014				20th fiscal period From February 1, 2013 to July 31, 2013						
		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	8.8	3	100.0	¥ 638	9.8	
		R	Lexington Aoyama	7	100.0	118	1.6	7	100.0	116	1.8	
		R	TOKYU REIT Omotesando Square	4	100.0	184	2.5	4	100.0	184	2.8	
		R	Tokyu Saginuma Building	1	100.0	305	4.2	1	100.0	305	4.7	
		R	Tokyu Saginuma 2 Building	1	100.0	62	0.9	1	100.0	61	1.0	
		R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	250	3.4	2	100.0	250	3.9	
		R	cocoti	14	96.8	531	7.3	15	100.0	513	7.9	
		R	CONZE Ebisu	6	77.8	119	1.6	7	87.6	172	2.7	
		R	Daikanyama Forum	5	100.0	102	1.4	5	100.0	95	1.5	
		R	KALEIDO Shibuya Miyamasuzaka (Note 5)	8	100.0	177	2.4	—	—	—	—	
	Sub total		51	98.4	2,493	34.1	45	99.4	2,337	36.0		
	Other	R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	1	100.0	291	4.0	1	100.0	294	4.5	
		R	Shonan Mall Fill (sokochi)	1	100.0	174	2.4	1	100.0	174	2.7	
	Sub total		2	100.0	465	6.4	2	100.0	468	7.2		
	Total		53	99.5	2,959	40.5	47	99.8	2,806	43.2		
	Office	Central Tokyo and Tokyo Areas	O	Setagaya Business Square	55	89.1	952	13.0	58	93.1	1,011	15.6
			O	Tokyu Nampeidai-cho Building	1	100.0	149	2.0	1	100.0	149	2.3
			O	Tokyu Sakuragaoka-cho Building	2	100.0	215	3.0	2	100.0	215	3.3
			O	Tokyo Nissan Taito Building	11	94.5	207	2.8	11	100.0	202	3.1
O			TOKYU REIT Akasaka Hinokicho Building	3	100.0	133	1.8	3	95.0	133	2.0	
O			TOKYU REIT Kamata Building	6	100.0	203	2.8	5	88.8	218	3.4	
O			TOKYU REIT Toranomon Building	8	88.3	276	3.8	7	76.7	206	3.2	
O			TOKYU REIT Hatchobori Building	10	88.4	186	2.6	10	100.0	195	3.0	
O			Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	177	2.4	1	100.0	176	2.7	
O			Tokyu Ikejiri-ohashi Building	4	100.0	185	2.5	4	100.0	178	2.7	
O			Kojimachi Square	8	100.0	214	2.9	8	100.0	190	2.9	
O			TOKYU REIT Shinjuku Building	11	100.0	253	3.5	11	100.0	252	3.9	
O			Akihabara Sanwa Toyoko Building	6	100.0	171	2.3	6	100.0	169	2.6	
O			Tokyu Ginza 2-chome Building	2	100.0	165	2.3	2	100.0	164	2.5	
O			Shibuya R Sankei Building (Note 5)	12	100.0	196	2.7	—	—	—	—	
O			Tokyu Toranomon Building (Note 5)	4	100.0	365	5.0	—	—	—	—	
Sub total			144	95.6	4,054	55.5	129	95.0	3,462	53.3		
Other		O	TOKYU REIT Kiba Building	6	100.0	146	2.0	6	100.0	126	1.9	
		O	OKI System Center (sokochi) (Note 4)	1	100.0	145	2.0	1	100.0	100	1.6	
Sub total		7	100.0	291	4.0	7	100.0	227	3.5			
Total		151	96.3	4,345	59.5	136	95.9	3,689	56.8			
Grand total		204	97.9	¥ 7,304	100.0	183	98.0	¥ 6,495	100.0			

- Note 1. 'Number of tenants' is counted cumulatively, i.e., when one tenant leases plural rooms for rent in the same property, it is regarded as one tenant, and when in plural properties, it is regarded as plural tenants.
- Note 2. 'Occupancy rate' is the leased area expressed as a percentage of total leasable area at the end of the period.
- Note 3. 'Occupancy rate' and '(Revenue from property leasing) As a percentage of revenue from property leasing' are rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.
- Note 4. OKI System Center (*sokochi*) was acquired on March 27, 2013. In the table, the property's 'Revenue from property leasing' and 'As a percentage of revenue from property leasing' for the 20th fiscal period show the figures for the period from the acquisition date to the end of the fiscal period.
- Note 5. KALEIDO Shibuya Miyamasuzaka, Shibuya R Sankei Building and Tokyu Toranomon Building were acquired on August 16, 2013. In the table, the properties' 'Revenue from property leasing' and 'As a percentage of revenue from property leasing' for the 21st fiscal period show the figures for the period from the acquisition date to the end of the fiscal period.

(4) Other Assets

As of January 31, 2014, 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, 2014. The estimated construction costs shown below include those charged to expenses in accounting.

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

Name of property	Location	Objective	Estimated period	Estimated construction cost			
				Millions of yen			
				Total	Amount paid during period	Amount paid by end of period	
R	Lexington Aoyama	Minato-ku, Tokyo	Renewal of air-conditioning equipment on 3F and 4F	From March 2014 to May 2014	¥ 30	—	—
R	Tokyu Saginuma Building	Kawasaki-shi, Kanagawa	Renewal of power distribution board in EPS	From April 2014 to July 2014	¥ 50	—	—
R	CONZE Ebisu	Shibuya-ku, Tokyo	Renewal, etc.	From July 2013 to May 2014	¥ 147	¥ 2	¥ 2
O	Setagaya Business Square	Setagaya-ku, Tokyo	Partial renewal of central monitoring equipment	From April 2014 to July 2014	¥ 27	—	—
O	Setagaya Business Square	Setagaya-ku, Tokyo	Switching to LED in exclusive-use areas and common-use areas	From April 2014 to July 2014	¥ 27	—	—

(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 21st fiscal period amounted to ¥228 million and ¥171 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥399 million spent for such work.

Name of property		Location	Objective	Period	Construction cost
					Millions of yen
R	QFRONT	Shibuya-ku, Tokyo	Renewal of chiller overhaul on 7F and 8F	From December 2013 to January 2014	¥ 14
R	TOKYU REIT Omotesando Square	Shibuya-ku, Tokyo	Commercialization of 1F	From July 2013 to October 2013	25
O	TOKYU REIT Kiba Building	Koto-ku, Tokyo	Renewal of air-conditioning equipment on 3F to 5F	From October 2013 to January 2014	61
Other					127
Total					¥ 228

(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:

	21st fiscal period From August 1, 2013 to January 31, 2014	20th fiscal period From February 1, 2013 to July 31, 2013	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
	Millions of yen				
Reserve at beginning of period	¥ 301	¥ 372	¥ 454	¥ 340	¥ 531
Amount transferred to reserve during period	212	446	607	520	226
Reversal from reserve during period	364	516	690	406	417
Reserve at end of period	¥ 150	¥ 301	¥ 372	¥ 454	¥ 340

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

	21st fiscal period		20th fiscal period	
	From August 1, 2013 to January 31, 2014		From February 1, 2013 to July 31, 2013	
Millions of yen				
Asset management fees				
Asset-based fees	¥ 248		¥ 241	
Cash-based fees	246		208	
Unit price-based fees	-	¥ 494	-	¥ 449
Asset custodian fees		16		16
General administration fees		42		41
Directors' fees		6		6
Other operating expenses		58		75
Total		¥ 618		¥ 589

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

Short-term debt and long-term debt from each financial institution as of January 31, 2014 are as follows:

Category	Lender	Draw-down date	Balance as of	Balance as of	Average interest rate	Maturity date	Re-payment method	Use of funds	Remark
			January 31, 2014	July 31, 2013	(Note 1)				
			Millions of yen	Millions of yen	%				
Short-term debt	Sumitomo Mitsui Trust Bank, Limited	August 15, 2013	¥ 4,600	¥ -	0.52385	August 15, 2014	Bullet payment	(Note 2)	Unsecured and Unguaranteed (Note 3)
	Mitsubishi UFJ Trust and Banking Corporation		2,300	-					
	Mizuho Bank, Ltd.		2,300	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,300	-					
Sub total			11,500	-					
Long-term debt	Development Bank of Japan Inc.	January 25, 2006	5,000	5,000	1.95000	January 25, 2018	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	The Dai-ichi Mutual Life Insurance Company	January 25, 2007	-	1,000	1.93073	January 25, 2014			
	The National Mutual Insurance Federation of Agricultural Cooperatives		-	3,000	1.92000				
	Daido Life Insurance Company	March 10, 2008	3,000	3,000	1.76625	March 10, 2016			
	Development Bank of Japan Inc.	June 25, 2008	5,000	5,000	2.21100	June 25, 2015			
	Mitsubishi UFJ Trust and Banking Corporation		-	1,000	2.10187	December 25, 2013			
	Development Bank of Japan Inc.	February 25, 2009	5,000	5,000	1.79000	February 25, 2014			
	Sumitomo Mitsui Trust Bank, Limited	June 25, 2009	-	2,500	1.78812	December 25, 2013			
Mitsubishi UFJ Trust and Banking Corporation	-		2,500						

Category	Draw-down date	Balance as of January 31, 2014	Balance as of July 31, 2013	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
		Millions of yen	Millions of yen	%				
Mitsui Sumitomo Insurance Co., Ltd.	June 25, 2010	1,000	1,000	1.31250	June 25, 2014	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 3 and 4)
Mizuho 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 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 Bank, Ltd.	November 11, 2011	1,700	1,700	1.03500	November 11, 2015			
Mizuho 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	1,400	1.32250	August 29, 2019			
Mitsubishi UFJ Trust and Banking Corporation	November 19, 2012	2,000	2,000	1.24625	November 19, 2019			
Daido Life Insurance Company	December 25, 2012	500	500	0.68125	December 25, 2015			
Mizuho Bank, Ltd.		500	500	1.23375	December 25, 2019			
Sumitomo Mitsui Trust Bank, Limited	June 25, 2013	2,900	2,900	1.53375	December 25, 2020			
Mitsubishi UFJ Trust and Banking Corporation		1,500	1,500	1.45125	June 25, 2020			
Mitsubishi UFJ Trust and Banking Corporation		500	500	1.07500	June 25, 2018			
Mitsubishi UFJ Trust and Banking Corporation		500	500	0.77500	June 25, 2016			

Category	Draw-down date	Balance as of January 31, 2014	Balance as of July 31, 2013	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
		Millions of yen	Millions of yen	%				
Long-term debt	Mizuho Trust & Banking Co., Ltd.	1,500	1,500	1.91375	June 27, 2023	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	Development Bank of Japan Inc.	1,000	1,000					
	Mitsui Sumitomo Insurance Co., Ltd.	500	500	1.47250	June 27, 2020			
	The Norinchukin Bank	500	500					
	The Dai-ichi Mutual Life Insurance Company	2,500	2,500	1.51375	July 31, 2021			
	The Dai-ichi Mutual Life Insurance Company	2,000	2,000	0.99125	July 31, 2018			
	Nippon Life Insurance Company	500	500	1.51375	July 31, 2021			
	Sumitomo Mitsui Trust Bank, Limited	2,500	-	1.21000	December 25, 2020			
	Mitsubishi UFJ Trust and Banking Corporation	2,000	-					
	Mitsubishi UFJ Trust and Banking Corporation	1,500	-	0.95625	June 25, 2019			
	The Dai-ichi Mutual Life Insurance Company	1,000	-	1.04624	January 27, 2020			
	The Norinchukin Bank	3,000	-	0.85000	January 27, 2019			
	Sub total		83,500	83,500				
Total		¥ 95,000	¥ 83,500					

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

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

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

Note 4. 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, 2014 is as follows:

Name	Issue date	Balance as of January 31, 2014	Balance as of July 31, 2013	Annual interest rate	Maturity date	Redemption method	Use of proceeds	Remark
		Millions of yen	Millions of yen	(%)				
2nd Series Unsecured Investment Corporation Bond	October 24, 2007	¥ 5,000	¥ 5,000	1.89000	October 24, 2014	Full amount on maturity	Repayment of debt financing	Unsecured/ Unguaranteed (Notes 1 and 2)
3rd Series Unsecured Investment Corporation Bond	October 22, 2012	3,000	3,000	1.47000	October 21, 2022			Unsecured/ Unguaranteed (Note 1)
Total		¥ 8,000	¥ 8,000					

Note 1. These bonds rank pari passu in right of payment with certain investment corporation bonds.

Note 2. As of the end of the fiscal period, the amounts are recorded in the balance sheets as 'Investment corporation bonds due within one year' under 'Current liabilities.'

6. Acquisitions and Dispositions during the 21st fiscal period

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

Asset type	Name of property		Acquisition		Disposition			
			Acquisition date	Acquisition price (Note)	Disposition date	Disposition price	Book value	Gain (Loss) on sale
				Millions of yen				
Trust beneficiary interest in real estate	R	KALEIDO Shibuya Miyamasuzaka	August 16, 2013	¥ 5,150	—	—	—	—
Real estate	O	Shibuya R Sankei Building	August 16, 2013	5,270	—	—	—	—
Real estate	O	Tokyu Toranomom Building	August 16, 2013	15,000	—	—	—	—
Total				¥ 25,420		—	—	—

Note. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the property (brokerage charges, property-related taxes, etc.) and is identical to the acquisition costs, etc. stated in the purchase agreement, etc.

(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

① Property

Acquisition or disposition	Asset type	Name of property		Acquisition date	Acquisition price (Note 1)	Appraisal value	Appraiser	Date of value
					Millions of yen			
Acquisition	Trust beneficiary interest in real estate	R	KALEIDO Shibuya Miyamasuzaka	August 16, 2013	¥ 5,150	¥ 5,280	Japan Valuers Co., Ltd.	May 31, 2013
Acquisition	Real estate	O	Shibuya R Sankei Building	August 16, 2013	5,270	5,430	Japan Valuers Co., Ltd.	May 31, 2013
Acquisition	Real estate	O	Tokyu Toranomom Building	August 16, 2013	15,000	15,100	Japan Real Estate Institute	May 31, 2013
Total					¥ 25,420	¥ 25,810		

Note 1. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the property (brokerage charges, property-related taxes, etc.) and is identical to the acquisition costs, etc. stated in the purchase agreement, etc.

Note 2. The appraisal value above is based on "Real Estate Appraisal Standards; Practical Theory; Chapter 3: Appraisal in respect with Securitizable Subject Property."

② Other

Of those transactions carried out by TOKYU REIT that are required to have the value, etc. investigated pursuant to the provisions of Article 201 of the Investment Trust Law, there are no transactions other than the transactions presented in '① Property' above.

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

① Status of Trading

The status of transactions, including the trading of specified assets, with interested persons, etc. and major shareholders is as follows:

Item	Amount of trading	
	Purchase amount	Sale amount
Millions of yen		
Total trading amount	¥ 25,420	¥ -
	Amount relating to purchases from interested persons, etc. and major shareholders ¥ 15,000 [59.0%]	Amount relating to sales to interested persons, etc. and major shareholders ¥ - [-%]
Breakdown of the total amount relating to trading with interested persons, etc. and major shareholders		
Tokyu Corporation	¥ 15,000 [59.0%]	¥ - [-%]
Total	¥ 15,000 [59.0%]	¥ - [-%]

Note. Figures in brackets indicate the ratio of the amount relating to purchases from or sales to interested persons, etc. and major shareholders to the total trading amount.

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	¥ 643,781	Yoga District Heating and Cooling Co., Ltd.	¥ 109,425	17.0
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 461,577	Tokyu Community Corporation	¥ 260,576	56.5
		Tokyu Facility Service Co., Ltd.	¥ 49,570	10.7
		Kyodo Gijutsu Center Co., Ltd.	¥ 11,097	2.4
		Tokyu Store Corporation	¥ 3,877	0.8
		Tokyu Bldg Maintenance Co., Ltd.	¥ 528	0.1
		Tokyu Security Co., Ltd.	¥ 176	0.0
		Tokyu Green System Co., Ltd.	¥ 100	0.0
		Shibuya Underground Shopping Center, Inc.	¥ 97	0.0
		its communications Inc.	¥ 38	0.0
		Tokyu Linen Supply Co., Ltd.	¥ 36	0.0
Property management fees	¥ 159,256	Tokyu Corporation	¥ 85,175	53.5
		Tokyu Community Corporation	¥ 74,080	46.5
Insurance premium	¥ 13,219	Tokyu Insurance Consulting Co., Ltd.	¥ 12,905	97.6
Other rental service expenses	¥ 231,068	TMD Corporation	¥ 6,203	2.7
		Tokyu Community Corporation	¥ 4,876	2.1
		Tokyu Corporation	¥ 2,266	1.0
		Shibuya Underground Shopping Center, Inc.	¥ 851	0.4
		Tokyu Ad Communications Co., Ltd.	¥ 451	0.2
		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 as 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 ¥73,813 thousand and ¥32,900 thousand, respectively.

In addition to the commissions paid above, for Shibuya R Sankei Building, which was acquired during the 21st fiscal period, TOKYU REIT paid property transaction brokerage charges (¥94,860 thousand) to Tokyu Corporation. The amount is capitalized as part of the acquisition costs of the property. In addition, the amount paid for repair and maintenance work placed to interested persons, etc. and major shareholders during the 21st fiscal period are as follows:

Tokyu Community Corporation	¥ 13,795 thousand
Tokyu Construction Co., Ltd.	¥ 8,294 thousand
Tokyu Facility Service Co., Ltd.	¥ 5,399 thousand
Tokyu Department Store Co., Ltd.	¥ 4,245 thousand
Tokyu Corporation	¥ 2,313 thousand
Tokyu Architects & Engineers Inc.	¥ 800 thousand
Tokyu Renewal Co., Ltd.	¥ 556 thousand
Seikitokyu Kogyo Co., Ltd.	¥ 500 thousand
Kyodo Gijutsu Center Co., Ltd.	¥ 327 thousand
Tokyu Bldg Maintenance Co., Ltd.	¥ 2 thousand

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

There is no item that falls under this category.

7. Accounting

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

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

(2) Change in Depreciation Method

There is no item that falls under this category.

(3) Change in Valuation Methods

There is no item that falls under this category.

8. Other

(1) News

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

Date of meeting	Agenda item	Summary
November 29, 2013	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 bonds, the meeting approved that TOKYU REIT's executive director shall have full authority on the selection, etc. of providers of general administrative services relating to investment corporation bond offerings to be issued in the future.

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

There is no item that falls under this category.

(3) Other

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, etc.

Date of meeting	Agenda item	Summary
January 17, 2014	Signing of memorandum with Tokyu Corporation, etc.	The meeting approved the signing of a memorandum with the property management company Tokyu Corporation and the building management company, confirming both companies' intentions to be jointly and severally liable for loss (¥1,373 thousand) resulting from operational delinquency.

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, 2014, 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, 2014, 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 24, 2014

TOKYU REIT, Inc.
Balance Sheets
As of January 31, 2014 and July 31, 2013

	January 31, 2014	July 31, 2013
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 3,362	¥ 3,093
Cash and deposits with banks held in trust	8,106	9,545
Tenant receivables	135	128
Consumption tax refund receivables	155	-
Lease deposits held in trust due within one year	18	18
Other current assets	44	68
Total current assets	11,822	12,855
 Fixed assets:		
Property and equipment		
Buildings and structures	11,983	7,859
Land	54,439	38,001
Other tangible assets	143	87
Construction in progress	2	-
Buildings and structures held in trust	48,914	47,881
Land held in trust	119,633	115,335
Other tangible assets held in trust	1,314	1,272
Construction in progress held in trust	2	2
Less accumulated depreciation	(18,522)	(17,435)
Total property and equipment	217,911	193,005
Intangible assets		
Intangible assets	0	0
Intangible assets held in trust	11	13
Total intangible assets	12	14
Investments and other assets		
Lease deposits	203	125
Lease deposits held in trust	781	799
Other assets	170	166
Total investments and other assets	1,155	1,091
Total fixed assets	219,079	194,110
 Deferred assets:		
Investment unit issuance expenses	45	-
Investment corporation bond issuance expenses	19	22
Total deferred assets	64	22
Total assets	¥ 230,966	¥ 206,988

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of January 31, 2014 and July 31, 2013

	January 31, 2014	July 31, 2013
	(Millions of yen)	
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	¥ 11,500	¥ -
Investment corporation bonds due within one year	5,000	-
Long-term debt due within one year	7,000	17,000
Accounts payable	1,063	961
Consumption tax payable	-	64
Rent received in advance	1,119	1,007
Tenant leasehold and security deposits held in trust due within one year	624	624
Accrued expenses and other current liabilities	188	179
Total current liabilities	26,497	19,837
Long-term liabilities:		
Investment corporation bonds	3,000	8,000
Long-term debt	76,500	66,500
Tenant leasehold and security deposits	3,255	2,276
Tenant leasehold and security deposits held in trust	8,725	10,315
Other long-term liabilities	2	2
Total long-term liabilities	91,483	87,094
Total liabilities	¥ 117,980	¥ 106,932
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 2,000,000 units		
Units issued and outstanding - 195,520 units as of January 31, 2014 and 169,380 units as of July 31, 2013	¥ 110,479	¥ 98,019
Retained earnings	2,507	2,035
Total net assets	112,986	100,055
Total liabilities and net assets	¥ 230,966	¥ 206,988

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

TOKYU REIT, Inc.
Statements of Income
For the six months ended January 31, 2014 and July 31, 2013

	For the six months ended	
	January 31, 2014	July 31, 2013
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 6,743	¥ 6,028
Other rental revenue	561	467
Contribution for construction	0	-
Revenues from facility acceptance	2	-
Operating expenses:		
Rental service expenses	(3,366)	(3,105)
Asset management fees	(494)	(449)
Other	(124)	(139)
Operating income	3,322	2,801
Non-operating income:		
Interest income	1	1
Other	1	7
Non-operating expenses:		
Interest expense	(692)	(656)
Interest expense on investment corporation bonds	(69)	(68)
Amortization of investment unit issuance expenses	(8)	-
Amortization of investment corporation bond issuance expenses	(2)	(2)
Other	(44)	(45)
Income before income taxes	2,508	2,036
Income taxes:		
Current	(0)	(0)
Deferred	0	(0)
Net income	2,507	2,035
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,507	¥ 2,035

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, 2014 and July 31, 2013

For the six months ended January 31, 2014

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at beginning of period	¥ 98,019	¥ 2,035	¥ 100,055
Changes during the period			
Issuance of new investment units	12,459	-	12,459
Cash distributions declared	-	(2,035)	(2,035)
Net income	-	2,507	2,507
Total changes during the period	12,459	471	12,931
Balance at end of period	¥ 110,479	¥ 2,507	¥ 112,986

For the six months ended July 31, 2013

	Unitholders' capital	Retained earnings	Total
		(Millions of yen)	
Balance at beginning of period	¥ 98,019	¥ 1,887	¥ 99,907
Changes during the period			
Cash distributions declared	-	(1,887)	(1,887)
Net income	-	2,035	2,035
Total changes during the period	-	147	147
Balance at end of period	¥ 98,019	¥ 2,035	¥ 100,055

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, 2014 and July 31, 2013

	For the six months ended	
	January 31, 2014	July 31, 2013
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,508	¥ 2,036
Depreciation and amortization	1,089	983
Amortization of investment unit issuance expenses	8	-
Amortization of investment corporation bond issuance expenses	2	2
Loss on disposal of property and equipment	4	4
Interest income	(1)	(1)
Interest expense	782	747
(Increase) Decrease in tenant receivables	(6)	(18)
Increase (Decrease) in consumption tax refund receivables	(155)	-
Increase (Decrease) in consumption tax payable	(64)	6
Increase (Decrease) in accounts payable	72	82
Increase (Decrease) in rent received in advance	112	27
Other, net	15	(26)
Total	4,368	3,845
Interest received	1	1
Interest paid	(780)	(755)
Income taxes paid	(0)	(0)
Net cash provided by operating activities	3,587	3,090
Cash flows from investing activities:		
Payments for purchases of property and equipment	(20,609)	(4,795)
Payments for purchases of property and equipment held in trust	(5,350)	(310)
Payments for lease deposits	(78)	-
Payments for lease deposits held in trust	(12)	-
Proceeds from lease deposits held in trust	30	5
Proceeds from tenant leasehold and security deposits	1,003	479
Payments for tenant leasehold and security deposits	(24)	(70)
Proceeds from tenant leasehold and security deposits held in trust	335	235
Payments for tenant leasehold and security deposits held in trust	(1,925)	(514)
Payments for restricted deposits with banks held in trust	(353)	(235)
Proceeds from restricted deposits with banks held in trust	1,708	297
Net cash used in investing activities	(25,276)	(4,908)
Cash flows from financing activities:		
Proceeds from short-term debt	12,500	4,500
Repayment of short-term debt	(1,000)	(4,500)
Proceeds from long-term debt	10,000	13,900
Repayment of long-term debt	(10,000)	(9,400)
Proceeds from issuance of investment units	12,406	-
Payment of dividends	(2,034)	(1,886)
Net cash used in financing activities	21,872	2,613
Net change in cash and cash equivalents	184	795
Cash and cash equivalents at beginning of period	5,095	4,300
Cash and cash equivalents at end of period	¥ 5,279	¥ 5,095

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, 2014 and July 31, 2013

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 debt 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.

TOKYU REIT completed its fourth public offering of 23,764 units in August 2013 and third party allotment of 2,376 units in September 2013. Net proceeds totaling ¥12,459 million were utilized in the partial repayments of short-term debt and the acquisition of an additional three properties.

As at January 31, 2014, TOKYU REIT's total capital is ¥110,479 million with 195,520 units issued and outstanding (Note). TOKYU REIT has been operating 30 properties at an occupancy rate of approximately 97.9%. Total acquisition cost of the 30 properties is ¥229,622 million and total rentable area is 280,114.52 m².

Note. TOKYU REIT conducted a five-for-one split of investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date. Please refer to "19. Subsequent events ① Split of investment units and amendment of Articles of Incorporation (a) Split of investment units" for details.

(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, 2014 and July 31, 2013

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, 2014	July 31, 2013
	(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** - Amortization of investment unit issuance expenses is computed by using the straight-line method over three years. Amortization of investment corporation bond issuance expenses is computed by 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, 2014 and July 31, 2013

- (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 ¥47 million for the six months ended January 31, 2014.
- (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, 2014.
- (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, 2014 and July 31, 2013 consisted of the following:

	January 31, 2014	July 31, 2013
	(Millions of yen)	
Cash and deposits with banks	¥ 3,362	¥ 3,093
Cash and deposits with banks held in trust	8,106	9,545
Restricted deposits with banks held in trust	(6,188)	(7,543)
Cash and cash equivalents	<u>¥ 5,279</u>	<u>¥ 5,095</u>

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

4. Schedule of property and equipment and intangible assets

Property and equipment and intangible assets as of January 31, 2014 and July 31, 2013 consisted of the following:

	January 31, 2014			July 31, 2013		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 11,877	¥ (1,738)	¥ 10,138	¥ 7,805	¥ (1,511)	¥ 6,294
Structures	106	(19)	86	54	(16)	37
Land	54,439	-	54,439	38,001	-	38,001
Other tangible assets						
Machinery and equipment	98	(29)	68	52	(22)	30
Tools, furniture and fixtures	45	(22)	22	34	(19)	15
Construction in progress	2	-	2	-	-	-
Property and equipment held in trust						
Buildings and structures						
Buildings	48,082	(15,310)	32,771	47,059	(14,543)	32,515
Structures	831	(398)	432	822	(382)	440
Land	119,633	-	119,633	115,335	-	115,335
Other tangible assets						
Machinery and equipment	985	(755)	230	961	(705)	256
Tools, furniture and fixtures	328	(246)	82	311	(234)	76
Construction in progress	2	-	2	2	-	2
Sub total	<u>236,433</u>	<u>(18,522)</u>	<u>217,911</u>	<u>210,440</u>	<u>(17,435)</u>	<u>193,005</u>
Intangible assets						
Intangible assets	2	(2)	0	2	(1)	0
Intangible assets held in trust	30	(18)	11	30	(16)	13
Sub total	<u>33</u>	<u>(20)</u>	<u>12</u>	<u>33</u>	<u>(18)</u>	<u>14</u>
Total	<u>¥ 236,466</u>	<u>¥ (18,542)</u>	<u>¥ 217,923</u>	<u>¥ 210,473</u>	<u>¥ (17,454)</u>	<u>¥ 193,019</u>

5. Collateral pledged and secured liabilities

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

	January 31, 2014	July 31, 2013
	(Millions of yen)	
Assets pledged as collateral		
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 2,558	¥ 2,634
Structures	126	129
Land	5,585	5,585
Other tangible assets		
Machinery and equipment	6	7
Tools, furniture and fixtures	1	1
Total	<u>¥ 8,278</u>	<u>¥ 8,357</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	1,928	2,145
Total	<u>¥ 2,362</u>	<u>¥ 2,578</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

6. Short-term debt and long-term debt

Short-term debt and long-term debt as of January 31, 2014 and July 31, 2013 consisted of the following:

	Balance as of January 31, 2014	Balance as of July 31, 2013	Average interest rate (Note 1)
	(Millions of yen)		(%)
Short-term debt			
Unsecured loans due on August 15, 2014 with floating rate	¥ 9,200	¥ -	0.52385
Unsecured loans due on August 15, 2014 with floating rate	2,300	-	0.52083
Sub total	11,500	-	
Long-term debt			
Unsecured loans due on December 25, 2013 with fixed rate	-	1,000	2.10187
Unsecured loans due on December 25, 2013 with fixed rate	-	5,000	1.78812
Unsecured loans due on January 25, 2014 with fixed rate	-	1,000	1.93073
Unsecured loans due on January 25, 2014 with fixed rate	-	3,000	1.92000
Unsecured loans due on February 25, 2014 with fixed rate (Note 2)	5,000	5,000	1.79000
Unsecured loans due on June 25, 2014 with fixed rate (Note 2)	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	500	0.68125
Unsecured loans due on March 10, 2016 with fixed rate	3,000	3,000	1.76625
Unsecured loans due on June 25, 2016 with fixed rate	500	500	0.77500
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 June 25, 2018 with fixed rate	500	500	1.07500
Unsecured loans due on July 31, 2018 with fixed rate	2,000	2,000	0.99125
Unsecured loans due on November 11, 2018 with fixed rate	1,700	1,700	1.48875
Unsecured loans due on January 27, 2019 with fixed rate	3,000	-	0.85000
Unsecured loans due on May 25, 2019 with fixed rate	2,000	2,000	1.37250
Unsecured loans due on June 25, 2019 with fixed rate	1,500	-	0.95625
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	1,400	1.32250
Unsecured loans due on November 19, 2019 with fixed rate	2,000	2,000	1.24625
Unsecured loans due on December 25, 2019 with fixed rate	500	500	1.23375
Unsecured loans due on January 27, 2020 with fixed rate	1,000	-	1.04624
Unsecured loans due on June 25, 2020 with fixed rate	4,000	4,000	1.48000
Unsecured loans due on June 25, 2020 with fixed rate	1,500	1,500	1.45125
Unsecured loans due on June 27, 2020 with fixed rate	1,000	1,000	1.47250
Unsecured loans due on December 25, 2020 with fixed rate	2,900	2,900	1.53375
Unsecured loans due on December 25, 2020 with fixed rate	4,500	-	1.21000
Unsecured loans due on July 31, 2021 with fixed rate	3,000	3,000	1.51375
Unsecured loans due on June 27, 2023 with fixed rate	2,500	2,500	1.91375
Sub total	83,500	83,500	
Total	¥ 95,000	¥ 83,500	

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, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

TOKYU REIT has commitment line agreements which provide credit facilities totaling ¥2 billion with one bank, ¥9 billion with one bank and ¥8 billion with four banks. Combined, commitment lines total ¥19 billion with five banks. No amount has been drawn down as of January 31, 2014.

7. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of January 31, 2014 and July 31, 2013 were as follows:

Name	Issue date	Balance as of January 31, 2014	Balance as of July 31, 2013	Annual interest rate	Maturity date
		(Millions of yen)		(%)	
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	3,000	1.47000	October 21, 2022
Total		¥ 8,000	¥ 8,000		

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, 2014 and July 31, 2013 were as follows:

	For the six months ended	
	January 31, 2014	July 31, 2013
	(Millions of yen)	
Revenue from property leasing:		
Rental revenue:		
Rent income	¥ 5,522	¥ 4,897
Common area charges	749	667
Parking lot revenue under monthly contract	155	140
Other rent income	315	323
Sub total	6,743	6,028
Other rental revenue:		
Incidental income	447	369
Other miscellaneous income	113	97
Sub total	561	467
Total revenue from property leasing	(a) 7,304	6,495
Rental service expenses:		
Utilities expenses	643	542
Subcontract expenses	461	413
Property management fees	159	147
Repairs and maintenance expenses	171	214
Property-related taxes	592	599
Insurance premium	13	11
Depreciation and amortization	1,089	983
Loss on disposal of property and equipment	4	4
Other	231	188
Total rental service expenses	(b) 3,366	3,105
Operating income from property leasing activities	(a)-(b) ¥ 3,938	¥ 3,390

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

10. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended January 31, 2014 and July 31, 2013 were as follows: (Unaudited)

For the six months ended January 31, 2014

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	¥ 271	¥ 369	¥ 54	¥ 315
R Lexington Aoyama	118	32	85	8	77
R TOKYU REIT Omotesando Square	184	71	113	11	102
R Tokyu Saginuma Building	305	47	257	34	223
R Tokyu Saginuma 2 Building	62	12	49	8	41
R TOKYU REIT Shibuya Udagawa-cho Square	250	23	226	4	221
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	291	53	238	83	154
R cocoti	531	201	329	165	164
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	119	55	63	18	44
R Daikanyama Forum	102	42	60	8	51
R KALEIDO Shibuya Miyamasuzaka	177	39	137	15	122
O Setagaya Business Square	952	494	457	154	303
O Tokyu Nampeidai-cho Building	149	30	119	20	98
O Tokyu Sakuragaoka-cho Building	215	43	172	29	142
O Tokyo Nissan Taito Building	207	64	142	34	108
O TOKYU REIT Akasaka Hinokicho Building	133	44	89	12	77
O TOKYU REIT Kamata Building	203	85	118	32	85
O TOKYU REIT Toranomom Building	276	127	148	40	107
O TOKYU REIT Hatchobori Building	186	59	127	35	91
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	177	44	132	32	100
O Tokyu Ikejiri-ohashi Building	185	47	137	19	117
O Kojimachi Square	214	49	164	54	109
O TOKYU REIT Shinjuku Building	253	63	189	36	152
O Akihabara Sanwa Toyo Building	171	38	133	13	119
O TOKYU REIT Kiba Building	146	48	97	32	65
O Tokyu Ginza 2-chome Building	165	28	137	36	100
O OKI System Center (<i>sokochi</i>)	145	0	144	-	144
O Shibuya R Sankei Building	196	63	133	20	112
O Tokyu Toranomom Building	365	59	305	74	231
Total	¥ 7,304	¥ 2,272	¥ 5,032	¥ 1,093	¥ 3,938

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

For the six months ended July 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	¥ 638	¥ 272	¥ 366	¥ 53	¥ 312
R Lexington Aoyama	116	31	84	8	75
R TOKYU REIT Omotesando Square	184	36	147	10	136
R Tokyu Saginuma Building	305	53	252	32	219
R Tokyu Saginuma 2 Building	61	19	42	8	33
R TOKYU REIT Shibuya Udagawa-cho Square	250	23	226	4	221
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	294	93	201	82	118
R cocoti	513	194	318	164	153
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	172	38	133	18	114
R Daikanyama Forum	95	38	56	8	47
O Setagaya Business Square	1,011	504	506	149	357
O Tokyu Nampeidai-cho Building	149	31	117	20	96
O Tokyu Sakuragaoka-cho Building	215	77	137	31	106
O Tokyo Nissan Taito Building	202	58	143	33	109
O TOKYU REIT Akasaka Hinokicho Building	133	42	90	11	78
O TOKYU REIT Kamata Building	218	79	139	33	105
O TOKYU REIT Toranomom Building	206	121	84	40	44
O TOKYU REIT Hatchobori Building	195	53	141	35	105
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	176	40	136	32	103
O Tokyu Ikejiri-ohashi Building	178	46	131	19	111
O Kojimachi Square	190	46	144	54	90
O TOKYU REIT Shinjuku Building	252	61	191	36	154
O Akihabara Sanwa Toyo Building	169	40	128	14	113
O TOKYU REIT Kiba Building	126	55	70	42	28
O Tokyu Ginza 2-chome Building	164	27	136	36	99
O OKI System Center (<i>sokochi</i>)	100	0	100	-	100
Total	¥ 6,495	¥ 2,117	¥ 4,378	¥ 987	¥ 3,390

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

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, 2014 and July 31, 2013.

	January 31, 2014	July 31, 2013
Statutory income tax rate	36.59%	36.59%
Deductible cash distributions	(36.58)	(36.58)
Other	0.02	0.03
Effective tax rate	0.04%	0.04%

TOKYU REIT has a policy of making cash distributions in excess of 90% of distributable income as defined in the Special Taxation Measures Law of Japan (“Special Taxation Measures Law”) for the fiscal period to qualify for conditions as set forth in the Special Taxation Measures Law to achieve a deduction of cash distributions for income tax purposes. Based on this policy, TOKYU REIT treated the cash distributions as a tax allowable distribution as defined in the Special Taxation Measures Law.

12. Content and impact in cases where there is change in income tax rate after the end of the 21st fiscal period

In accordance with the Act for Partial Revision of the Income Tax Act, etc. (Act No. 10 of 2014) promulgated on March 31, 2014, the statutory income tax rate used in the calculation of deferred tax assets and deferred tax liabilities pertaining to the temporary difference, etc. that is expected to clear for the six months ended January 31, 2015 and July 31, 2015 has been changed from 36.59% to 34.16%.

This change has no impact on deferred tax assets and deferred tax liabilities, as well as deferred income taxes.

13. Per unit information

The following table summarizes the net income per unit for the six months ended January 31, 2014 and July 31, 2013 and the unitholders’ equity per unit as of January 31, 2014 and July 31, 2013.

	For the six months ended	
	January 31, 2014	July 31, 2013
Net income per unit	¥ 2,590	¥ 12,018
Weighted-average number of units ※1	967,914 units	169,380 units
※1 Average number of units weighed by days in each fiscal period.		
	As of January 31, 2014 As of July 31, 2013	
Unitholders’ equity per unit	¥ 115,575	¥ 590,716

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended January 31, 2014 and July 31, 2013.

Note. TOKYU REIT conducted a five-for-one split of investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date. Net income per unit for the six months ended January 31, 2014 and unitholders’ equity per unit as of January 31, 2014 in the table above are calculated on the basis that the split of investment units was conducted at the beginning of the six months ended January 31, 2014. When calculated on the basis that the split of investment units was conducted at the beginning of the six months ended July 31, 2013, net income per unit for the six months ended July 31, 2013 is ¥2,403 and unitholders’ equity per unit as of July 31, 2013 is ¥118,143.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

14. Distribution information

The Board of Directors of TOKYU REIT resolved on March 14, 2014 and September 13, 2013 to effect payment of cash distributions of ¥12,823 and ¥12,019 per unit to unitholders of record on January 31, 2014 and July 31, 2013, respectively. Retained earnings carried forward after the distributions are as follows:

	January 31, 2014	July 31, 2013
	(Millions of yen)	
Retained earnings at end of period	¥ 2,507	¥ 2,035
Cash distributions declared	2,507	2,035
Retained earnings carried forward	¥ 0	¥ 0

15. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of January 31, 2014 and July 31, 2013, the future lease revenues under the non-cancelable operating leases were as follows:

	January 31, 2014	July 31, 2013
	(Millions of yen)	
Due within one year	¥ 5,836	¥ 5,694
Due after one year	21,191	22,766
Total	¥ 27,027	¥ 28,461

As of January 31, 2014 and July 31, 2013, the future lease payments under the non-cancelable operating leases were as follows:

	January 31, 2014	July 31, 2013
	(Millions of yen)	
Due within one year	¥ 218	¥ 208
Due after one year	2,480	2,577
Total	¥ 2,699	¥ 2,786

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

16. Fair value of financial instruments

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

(a) Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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 ¥19 billion with TOKYU REIT’s main banks (no amount has been drawn down as of January 31, 2014 and July 31, 2013), and also preparing monthly fund management plans.

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

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

(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, 2014			July 31, 2013		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 3,362	¥ 3,362	¥ -	¥ 3,093	¥ 3,093	¥ -
(2) Cash and deposits with banks held in trust	8,106	8,106	-	9,545	9,545	-
Assets total	11,468	11,468	-	12,639	12,639	-
(1) Short-term debt	11,500	11,500	-	-	-	-
(2) Investment corporation bonds due within one year	5,000	5,076	76	-	-	-
(3) Long-term debt due within one year	7,000	7,006	6	17,000	17,119	119
(4) Tenant leasehold and security deposits held in trust due within one year	624	654	30	624	660	35
(5) Investment corporation bonds	3,000	3,077	77	8,000	8,070	70
(6) Long-term debt	76,500	78,116	1,616	66,500	67,909	1,409
(7) Tenant leasehold and security deposits held in trust	2,209	2,200	(9)	2,617	2,606	(11)
Liabilities total	¥ 105,834	¥ 107,631	¥ 1,796	¥ 94,742	¥ 96,365	¥ 1,623

Note 1. Method of calculation of fair value of financial instruments

Assets

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

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

Liabilities

(1) Short-term debt

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

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

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

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

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

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

(7) Tenant leasehold and security deposits held in trust

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

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

	January 31, 2014	July 31, 2013
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 3,255	¥ 2,276
(ii) Tenant leasehold and security deposits held in trust	6,515	7,697

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, 2014			July 31, 2013		
	Cash and deposits with banks	Cash and deposits with banks held in trust	Total	Cash and deposits with banks	Cash and deposits with banks held in trust	Total
	(Millions of yen)					
Within one year	¥ 3,362	¥ 8,106	¥ 11,468	¥ 3,093	¥ 9,545	¥ 12,639
Within two years, but over one year	-	-	-	-	-	-
Within three years, but over two years	-	-	-	-	-	-
Within four years, but over three years	-	-	-	-	-	-
Within five years, but over four years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-

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

	January 31, 2014				July 31, 2013			
	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	¥ 11,500	¥ 5,000	¥ 7,000	¥ 23,500	¥ -	¥ -	¥ 17,000	¥ 17,000
Within two years, but over one year	-	-	11,200	11,200	-	5,000	9,000	14,000
Within three years, but over two years	-	-	10,500	10,500	-	-	5,700	5,700
Within four years, but over three years	-	-	14,000	14,000	-	-	14,000	14,000
Within five years, but over four years	-	-	12,200	12,200	-	-	14,500	14,500
Over five years	-	3,000	28,600	31,600	-	3,000	23,300	26,300

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

17. Related party transactions

Masahiro Horie, who holds no voting units of TOKYU REIT, is executive director of TOKYU REIT and Representative Director & President and Chief Executive Officer of Tokyu REIM, has entered into an asset management agreement subject to the conditions set forth in TOKYU REIT's Articles of Incorporation with TOKYU REIT. The amount of management fees incurred for the six months ended January 31, 2014 and July 31, 2013 and payable due to asset manager as of then were as follows:

	<u>January 31, 2014</u>	<u>July 31, 2013</u>
	(Millions of yen)	
Asset management fees for the period	¥ 494	¥ 449
Management fees payable due to asset manager	258	218

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

18. Fair value of investment and rental properties

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

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

	For the six months ended	
	January 31, 2014	July 31, 2013
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 193,019	¥ 188,853
Change during the period (Note 3)	24,904	4,165
Balance at end of period	¥ 217,923	¥ 193,019
	As of January 31, 2014	As of July 31, 2013
	(Millions of yen)	
Fair value at end of period (Note 4)	¥ 224,650	¥ 194,860

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, 2014, the amount of increase is mainly attributable to acquisition of KALEIDO Shibuya Miyamasuzaka (¥5,164 million), Shibuya R Sankei Building (¥5,444 million) and Tokyu Toranomom Building (¥15,156 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥1,089 million).

Of the change during the six months ended July 31, 2013, the amount of increase is mainly attributable to acquisition of OKI System Center (*sokochi*) (¥4,772 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥983 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, 2014 and July 31, 2013 for investment and rental properties are as presented in “Rental revenue and expense” of the “Notes to Financial Statements.”

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

19. Segment and related information

The “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Guidance No. 20 issued on March 21, 2008) are applied as of the six months ended January 31, 2011. In accordance with the Accounting Standard and Guidance, the segment and related information for the six months ended January 31, 2014 is accompanied by segment and related information for the six months ended July 31, 2013.

[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, 2014				July 31, 2013			
	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)	¥ 2,959	¥ 4,345	¥ 3	¥ 7,308	¥ 2,806	¥ 3,689	¥ -	¥ 6,495
Segment income	1,667	2,270	(615)	3,322	1,582	1,807	(589)	2,801
Segment assets	91,067	126,856	13,042	230,966	86,252	106,766	13,968	206,988
Other items								
Depreciation and amortization	411	678	-	1,089	393	590	-	983
Increase in property and equipment and intangible assets	5,227	20,770	-	25,998	110	5,143	-	5,253

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

Note 2. The breakdown of the ¥3 million amount of reconciliation of operating revenues is ¥0 million in contribution for construction and ¥2 million in revenues from facility acceptance.

The breakdown of the -¥615 million amount of reconciliation of segment income is ¥0 million in contribution for construction, ¥2 million in revenues from facility acceptance and ¥618 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.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

The breakdown of the ¥13,042 million amount of reconciliation of segment assets is ¥11,822 million in current assets, ¥1,155 million in investments and other assets and ¥64 million in deferred assets.

Note 3. The breakdown of the -¥589 million amount of reconciliation of segment income is 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 ¥13,968 million amount of reconciliation of segment assets is ¥12,855 million in current assets, ¥1,091 million in investments and other assets and ¥22 million in deferred assets.

[Related information]

(a) Information about each product and service

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

(b) Information about each geographical area

(1) Operating revenues

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

(2) Property and equipment

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

(c) Information about each major customer

For the six months ended January 31, 2014

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,200	Retail Property Leasing Business Office Property Leasing Business

For the six months ended July 31, 2013

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,216	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 Fudosan Holdings Corporation ("Tokyu Fudosan Holdings")
- (vi) A consolidated subsidiary of Tokyu Fudosan Holdings
- (vii) A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

20. Subsequent events

① Split of investment units and amendment of Articles of Incorporation

(a) Split of investment units

TOKYU REIT conducted a five-for-one split of its investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date.

(1) Purpose of split

TOKYU REIT conducted a five-for-one split of its investment units with an aim to further broaden the investor base and to enhance the liquidity of its investment units by creating an environment that makes it easier for investors to make investments by lowering the amount per unit for investment, this way made to take advantage of the Japanese version of the Individual Savings Account (NISA) being introduced from January 1, 2014.

(2) Method of split

TOKYU REIT conducted a five-for-one split of investment units held by unitholders stated or recorded in the final register of unitholders on January 31, 2014 with the same date as the reference date.

(3) Increase in number of investment units through split, etc.

Number of investment units issued and outstanding before split:	195,520 units
Increase in number of investment units through split:	782,080 units
Number of investment units issued and outstanding after split:	977,600 units

Please refer to “12. Per unit information” for the figures of per unit information when calculated on the basis that the split of investment units was conducted at the beginning of the six months ended July 31, 2013.

(b) Amendment of Articles of Incorporation

TOKYU REIT made the following partial amendment of its Articles of Incorporation, effective February 1, 2014, in order to increase the total number of investment units authorized in accordance with the ratio of the split of investment units of “(a) Split of investment units” above.

(Underlined portions indicate changes)

Before Amendment	After Amendment
Article 5. (Total Number of Investment Units Authorized)	Article 5. (Total Number of Investment Units Authorized)
1. The total number of investment units authorized shall be <u>two million (2,000,000)</u> .	1. The total number of investment units authorized shall be <u>ten million (10,000,000)</u> .

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2014 and July 31, 2013

② Issuance of investment corporation bonds

TOKYU REIT issued investment corporation bonds on February 14, 2014 and March 11, 2014, respectively. Payments for the investment corporation bonds have been completed.

(a) 4th Series Unsecured Investment Corporation Bond

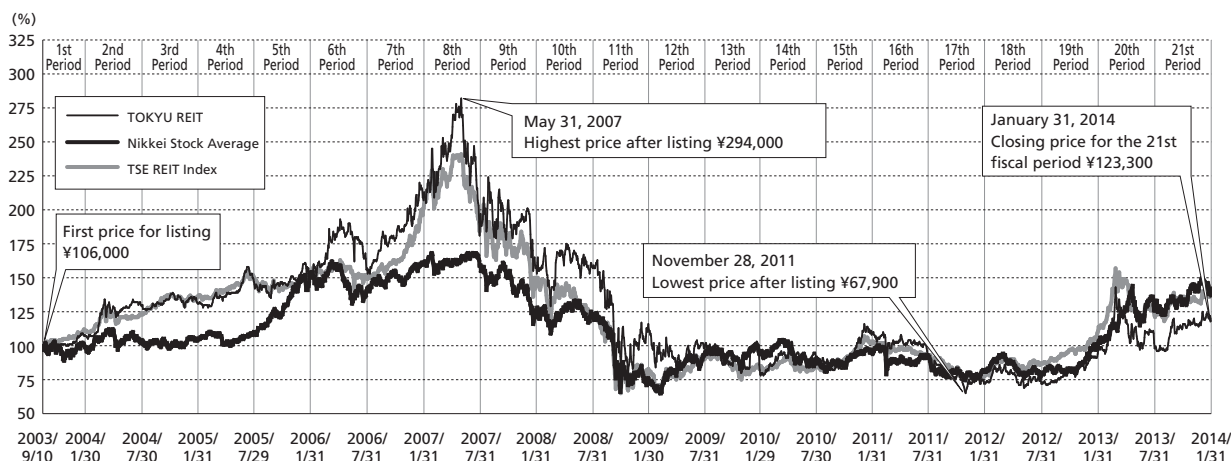
Name:	TOKYU REIT, Inc. 4th Series Unsecured Investment Corporation Bond (Ranks <i>pari passu</i> in right of payment with certain investment corporation bonds)
Total issue amount:	¥3,500 million
Issue price:	Nominal par value of each bond: ¥100 per ¥100
Redemption value:	Nominal par value of each bond: ¥100 per ¥100
Annual interest rate:	0.399%
Security/Guarantee:	Unsecured and unguaranteed
Maturity date:	The entire amount will be redeemed on February 14, 2019. The investment corporation bonds may be redeemed at any time from the day following the payment date, unless determined otherwise by the book-entry transfer agent.
Interest payment dates:	February 14 and August 14 annually
Underwriter:	Mizuho Securities Co., Ltd.
Use of funds:	The funds will be allocated for repayment of short-term debt due for repayment on August 15, 2014.

(b) 5th Series Unsecured Investment Corporation Bond

Name:	TOKYU REIT, Inc. 5th Series Unsecured Investment Corporation Bond (Ranks <i>pari passu</i> in right of payment with certain investment corporation bonds)
Total issue amount:	¥3,000 million
Issue price:	Nominal par value of each bond: ¥100 per ¥100
Redemption value:	Nominal par value of each bond: ¥100 per ¥100
Annual interest rate:	0.682%
Security/Guarantee:	Unsecured and unguaranteed
Maturity date:	The entire amount will be redeemed on March 11, 2021. The investment corporation bonds may be redeemed at any time from the day following the payment date, unless determined otherwise by the book-entry transfer agent.
Interest payment dates:	March 11 and September 11 annually
Underwriter:	Mizuho Securities Co., Ltd.
Use of funds:	The funds will be allocated for repayment of short-term debt due for repayment on August 15, 2014.

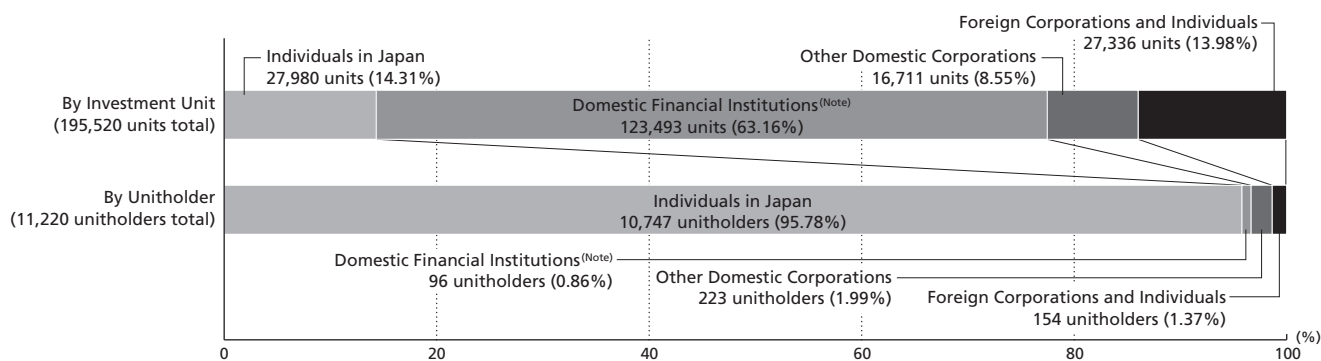
Unitholder Information

Unit Price Chart (Note)



(Note) Investment unit prices prior to February 1, 2014, on which a five-for-one split of investment units was implemented, have been changed in consideration of the split.

Unitholder Composition



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

Results Reporting Schedule

	21st Period	22nd Period
Date of settlement	Jan. 31, 2014	Jul. 31, 2014
Announcement of financial results	Mar. 14, 2014	Mid Sep. 2014
Delivery of investment management report (Japanese only)	Apr. 11, 2014	Mid Oct. 2014
Payment of cash distributions	Apr. 14, 2014	Mid Oct. 2014

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 21st 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 15th fiscal period (ended January 31, 2011) is on April 11, 2011 and for the 16th fiscal period (ended July 31, 2011) is on October 13, 2011.

■ 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, 2014.

TOKYU REIT

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