

Capitalize on Time in Asset Management

TOKYU REIT

TOKYU REIT, Inc. Semiannual Report

22nd Fiscal Period From February 1, 2014 to July 31, 2014

— Value & Contrary —

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



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



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22nd Fiscal Period Cash Distribution per Unit

¥2,517 (Fixed)
(Date of payment: Oct. 15, 2014)

23rd Fiscal Period Cash Distribution per Unit

¥2,500 (Forecast)
(Date of payment: Mid Apr. 2015)

24th Fiscal Period Cash Distribution per Unit

¥2,400 (Forecast)
(Date of payment: Mid Oct. 2015)

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

FINANCIAL SUMMARY

		21st Fiscal Period	22nd Fiscal Period
Balance Sheets	■ Number of Properties	30 properties	30 properties
	■ Total Assets	¥230,966 million	¥230,969 million
	■ Interest-Bearing Debt	¥103,000 million	¥103,000 million
	■ Total Assets Loan-to-Value (LTV) Ratio	44.6%	44.6%
Statements of Income	■ Operating Revenues	¥7,308 million	¥7,302 million
	■ Net Income	¥2,507 million	¥2,461 million
Distributions	■ Cash Distribution per Unit	¥12,823	¥2,517
	■ Average Market Price per Unit ^(Note 2)	¥582,516	¥131,777
	■ Distribution Yield	4.37%	3.85%

(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. Average Market Price per Unit of 21st fiscal period is 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
 - 90.1% of investment in Tokyo's central five wards and areas along Tokyu rail lines as of the end of the 22nd fiscal period
- Control earthquake risk through PML. (Set portfolio PML at 10% or lower)
 - Set portfolio PML of 22nd 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 22nd fiscal period (July 31, 2014)

■ Size of Properties

- Properties worth over ¥4 billion respectively as a rule
- Over 5,000m² of total floor space and over 330m² 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 22nd fiscal period (July 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 22nd fiscal period (July 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.

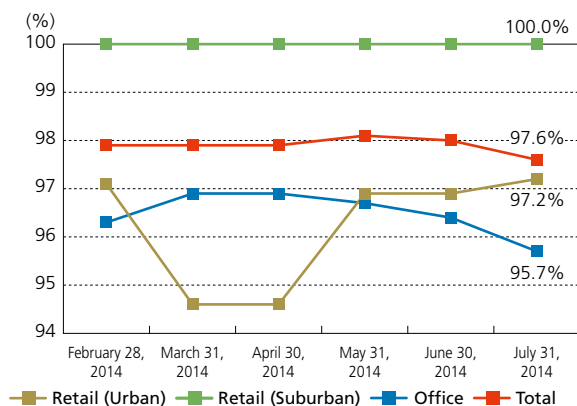
Main Strategy and the Other

- 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

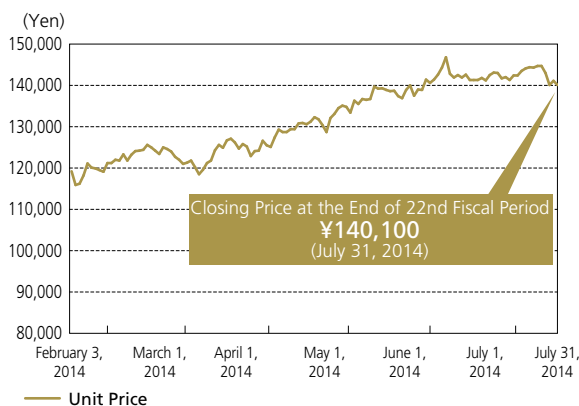
Performance

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 Tokyo's central five wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) and the Tokyu Areas, which refers to the areas serviced by the Tokyu rail network. As of July 31, 2014, the end of TOKYU REIT's 22nd fiscal period, **TOKYU REIT** held 18 office buildings and 12 retail facilities, for a total of 30 properties.

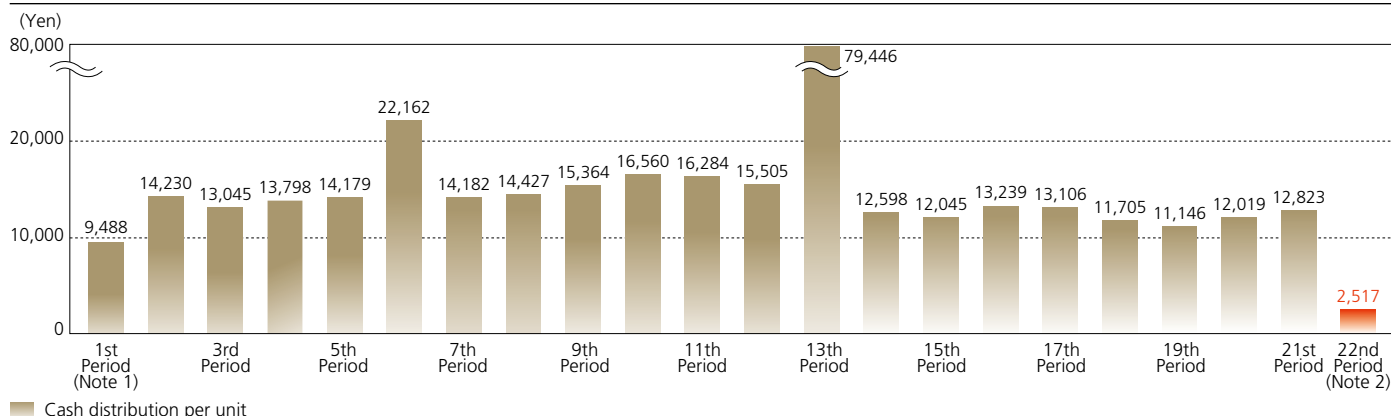
Occupancy Rate



Unit Price

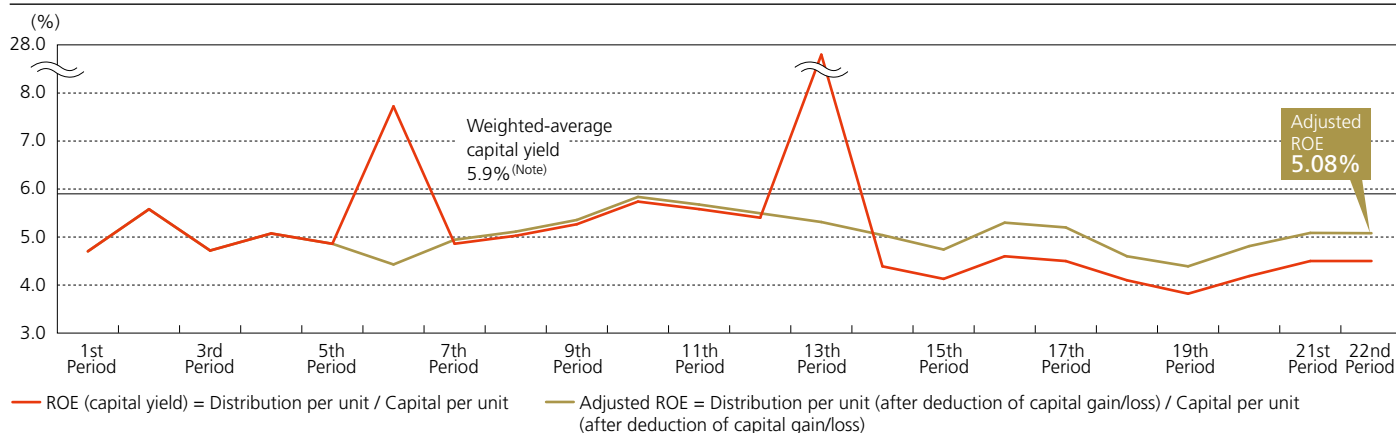


Cash Distribution per Unit



(Notes) 1. Number of actual operating days in the 1st fiscal period was 144 days.
2. **TOKYU REIT** conducted a five-for-one split of investment units with February 1, 2014 as the effective date.

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 22nd fiscal period (February 1, 2014 to July 31, 2014).

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

Masahiro Horie

Market Environment

■ Rising Construction Costs

Due to reconstruction demand following the Great East Japan Earthquake, Abenomics-driven economic recovery and other factors, construction costs are on an upward trend, and it will be necessary to keep a close eye on how this affects new supply of office buildings, retail properties, etc., from 2016 onward.

Since the projected supply of new development properties will decrease if construction of such properties is delayed or stopped due to the rising construction costs, a tight supply and demand situation may be expected in the leasing market. This may lead to a further drop in vacancy rates, resulting in rents increasing at a faster rate, which would be a positive factor for existing building owners. We assume that the completion of constructions will be delayed for 10% of office buildings in Tokyo's central five wards that are scheduled to be completed in 2016. With calculations based on this hypothesis, it is forecast that the vacancy rate will decrease by around 0.4 percentage point.

On the other hand, for existing building owners, rising construction costs for repair and maintenance work and the like to be carried out in future are a cause for concern. The measures **TOKYU REIT** will take to address this are discussed below.

■ Rent Gap

"Rent gap" is a key term that is often encountered in property asset management, conversations with analysts, reports, and the like.

The rent gap refers to the discrepancy between the rent level for leases contracted with existing tenants (existing contracted rent) and the rent level expected to be contracted if a new tenant were to be found (new market rent). Since rent is fixed for several years once a contract has been signed, deviation occurs between the new market rent, which changes over time, and the existing contracted rent. This rent gap serves as a reference index for predicting future trends in existing contracted rents. If

new market rents are below existing contracted rents, existing contracted rents will tend to approach the level of new market rents when existing tenants' leases are renewed in future—i.e., they will decrease. In the opposite case, existing contracted rents will tend to increase. In recent years, as a result of vacancy rates increasing during market stagnation following the global financial crisis and new market rents declining, there continues to be a negative gap, with new market rents below the level of existing market rents, as shown in the image on the right.

While it is strictly a rule of thumb, it is believed that if this gap decreases to around -10%, existing contracted rents will tend to remain unchanged. This is because if rental negotiations should break down and a tenant vacates the building and relocates, the restoration expenses, removal expenses, and other financial burdens incurred will be roughly equivalent to a rent gap value of approximately -10%.

As of the end of the 22nd fiscal period (July 31, 2014), the projected new market rent for 10 of TOKYU REIT's 17 office properties had increased period-on-period, as a result of which the rental gap has become -10.0%—a 19.4 percentage point decline from around three years ago. Therefore, the downward pressure on existing contracted rents has eased considerably. On the other hand, the negative gap for urban retail properties is -7.6% and the recovery has been faster than for office buildings, so there are multiple properties for which existing contracted rents have risen.

Our future policy regarding rental negotiations with tenants is explained below.

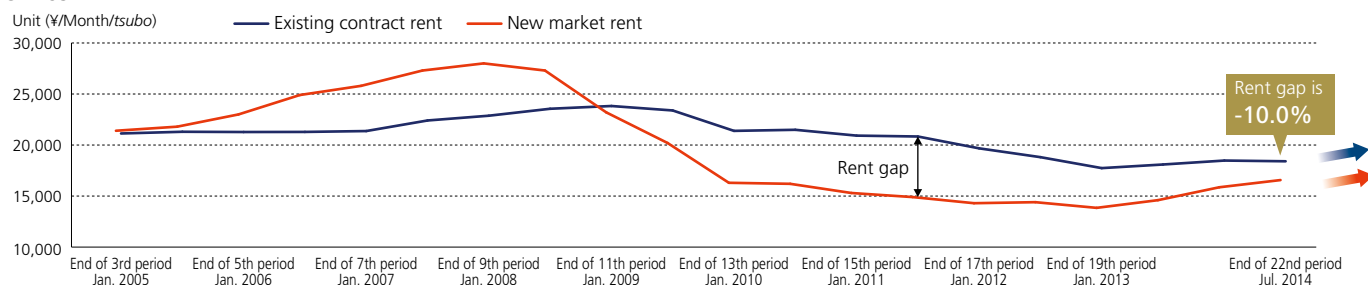
Disposition of Beacon Hill Plaza (Ito-Yokado Noukendai Store)

■ Disposition Background

With June 6, 2014, as the contract date and August 8 of the same year as the disposition date, **TOKYU REIT** transferred

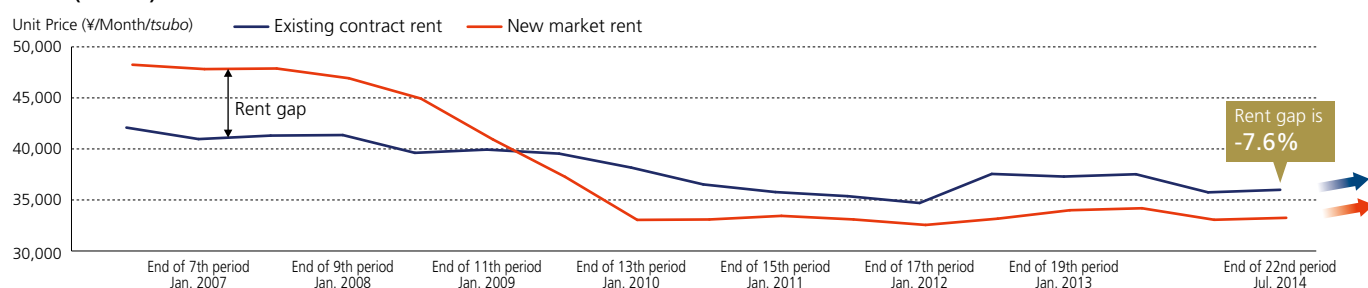
Changes in Rent Gap

Office



* In calculating the existing contract rent, vacant spaces have not been factored in. * Existing contract rent and new market rent include common area charges (excludes income from parking, warehousing and billboards). * Oki System Center (*sokochi*) is excluded both from the existing contracted rent and new market rent. * New market rent is the mean value of rents appraised by CBRE for individual properties.

Retail (Urban)



* In calculating the existing contract rent, vacant spaces have not been factored in. * Existing contract rent and new market rent include common area charges (excludes income from parking, warehousing and billboards). * New market rent is prepared by Tokyu REIM based on various reports and other materials.

Beacon Hill Plaza (Ito-Yokado Noukendai Store) to Ito-Yokado Co., Ltd.

Based on the current long-term investment management strategy (Surf Plan), the investment environment has been deemed an acquisition period; however, property prices are on an upward trend, and some properties have reached a price level where selling them with the purpose of replacement is an option.

The property was acquired on August 3, 2004, its value had been continuously improved through exterior façade renovations conducted in the 20th fiscal period (ended July 31, 2013) and so forth, and it had maintained a 100% occupancy rate since the time it was acquired.

On the other hand, in order to maintain the property's competitiveness in future, additional investment in facilities, repairs and maintenance, and so forth would be required, and furthermore, rent revision was scheduled for 2017 and the existing lease period would end in 2018. It was recognized that addressing these would be an issue in future.

Under these circumstances, TOKYU REIT was approached by a third party about transferring the property, but the existing tenant, Ito-Yokado Co., Ltd., responded that it would exercise its preferential negotiation right, and it was decided that the property would be transferred to Ito-Yokado. The disposition price was ¥8,720 million, approximately 8.2% higher than the

appraisal value at the end of the 21st fiscal period (ended January 31, 2014), immediately prior to the time when the disposition agreement was settled. While Beacon Hill Plaza is a property that was expected to contribute stable income for the time being, it is located outside of TOKYU REIT's target areas (Tokyo's central five wards and Tokyu areas). Taking future population trends into account, it was thought that re-investing the proceeds from the property's disposition and repair and maintenance work ahead of schedule as explained below would improve the portfolio's quality as well as helping to increase unitholder value.

Applying Property Disposition Gains as Funds for Construction Ahead of Schedule

Based on the disposition of Beacon Hill Plaza, gains on property disposition of approximately ¥466 million are forecast for the 23rd fiscal period (ending January 31, 2015).

TOKYU REIT considered various options with regards to the use of these gains on disposition, including cash distributions, balancing profit and loss by also selling off a property with unrealized loss, etc., but in order to address the rising construction costs mentioned previously, it was deemed that addressing the risk of future construction cost increases by not distributing the disposition gains immediately and instead applying them as funds for construction work ahead of schedule would be the most favorable policy for improving unitholder value in the long term.

To Our Unitholders

As a result, it is projected that there will be additional costs for repair and maintenance and so forth due to construction work ahead of schedule in the 23rd fiscal period (ending January 31, 2015). In addition, since it is assumed that some of the construction work will extend into the following period (24th fiscal period, ending July 31, 2015), **TOKYU REIT** plans to hold a portion of the gains on disposition occurring in the 23rd fiscal period (ending January 31, 2015) as an internal reserve, reverse it in the following fiscal period, and allocate it as funds for repair and maintenance costs and the like.

Over the two periods—the 23rd fiscal period (ending January 31, 2015) and 24th fiscal period (ending July 31, 2015)—**TOKYU REIT** plans to perform a total of ¥2.6 billion of work (of which approximately ¥1.7 billion will be for construction work ahead of schedule). This amount is approximately four times the average annual amount for the past 10 years.

If construction costs were to rise by 50%, construction charges would be reduced by approximately ¥850 million due to construction work ahead of schedule, corresponding to about ¥869 per unit.

Operating Results for the 22nd Fiscal Period (Ended July 31, 2014)

For the 22nd fiscal period (ended July 31, 2014), **TOKYU REIT** posted ¥7,302 million in operating revenues and ¥2,461 million in net income. Concerning cash distributions, we decided to declare a cash distribution per unit of ¥2,517 per unit. Compared to the 21st fiscal period ended January 2014 (¥12,823; ¥2,564 if adjusted for after investment unit split), this is a reduction of ¥47 (1.8%) (adjusted after investment unit split) and an increase of ¥17 (0.7%) in comparison with the new performance forecast announced on June 6, 2014.

At multiple properties such as the TOKYU REIT Toranomon Building and Setagaya Business Square, leases have been renewed with higher rents, new tenants have moved in, and so forth, so rental revenues increased. On the other hand, the cash distribution per unit decreased slightly from the previous fiscal period due to the absence of one-off exit penalties received from tenants in the previous fiscal period and property-related taxes starting to be recorded as expenses for four properties acquired the previous year. However, the results exceeded the corresponding forecast. Net assets per unit (after deducting cash distributions) were ¥113,010, and with unrealized gains (the difference between book value and appraisal value at the end of period) taken into account, the NAV (adjusted net asset value) per unit was ¥123,801.

■ Report on Tenant Leasing and Rent Negotiation Activities

During the 22nd fiscal period (ended July 31, 2014), eight tenants vacated or decreased their leased floor space, while 10 tenants moved in or increased their leased floor space. The conditions of the real estate leasing market for retail properties and office

buildings in Tokyo improved, and occupancy conditions at TOKYU REIT's properties also continued to recover. As of the end of the 22nd fiscal period (ended July 31, 2014), the occupancy rate of the entire portfolio was 97.6%, with 97.2% for urban retail properties, 100% for suburban retail properties, and 95.7% for office properties. The figure was down 0.3 percentage point from the end of the 21st fiscal period (ended January 31, 2014), but it met the level of the performance forecast figures published on June 6, 2014, with the disposition of Beacon Hill Plaza (Ito-Yokado Noukendai Store). Furthermore, the level continues to exceed the average office occupancy rate of 94.8% for Tokyo's 23 wards published by CBRE.

As in the 21st fiscal period (ended January 31, 2014), tenant leasing was advanced at Setagaya Business Square for which vigorous leasing activities were focused due to its relatively large number of vacancies. New contracts were obtained for 10 spaces of the approximately 891 *tsubos* (2,945m²; 55% co-ownership interest equivalent) of floor space available for leasing (as of March 14, 2014), so that as of September 12, 2014, the remaining area had decreased to approximately 600 *tsubos* (1,983m²).

During this fiscal period, approximately 23% of new leases or lease renewals were for rents higher than the previous amounts, approximately 12% were lower, and approximately 65% remained unchanged (in the previous period, approximately 13% were higher, 32% lower, and 55% unchanged). In addition, with regard to new leases, contracted rents were higher than new market rents by about 18% on average, so we are feeling the recovery of the market.

■ Appraisal Value of Owned Properties

The portfolio comprised 30 properties as of the end of the 22nd fiscal period (July 31, 2014), with a total of ¥229.6 billion based on acquisition price, ¥217.2 billion in book value, a total of ¥227.7 billion based on appraisal value, and ¥10.5 billion of unrealized gain. The 4.9% ratio of unrealized gain against the book value is a level that exceeded the average for all J-REITs (announced as 2.3% as of July 31, 2014). The appraisal value increased by 1.4%. By use, urban retail properties increased by 1.6% period-on-period, suburban retail facilities increased by 0.6% period-on-period, and office properties increased by 1.4% period-on-period.

Performance Forecasts for the 23rd and 24th Fiscal Periods

Cash distribution per unit is forecast to be ¥2,500 for the 23rd fiscal period (ending January 31, 2015) and ¥2,400 for the 24th fiscal period (ending July 31, 2015). In addition, the occupancy rate at end of period is forecast to be 96.4% for the 23rd fiscal period (ending January 31, 2015) and 95.9% for the 24th fiscal period (ending July 31, 2015). As before, the target cash distribution level for the future remains unchanged at ¥2,600 per unit. The following explains the details of the assumptions based on which TOKYU REIT's performance forecasts are prepared.

First, for the forecast occupancy rates, we took ongoing lease agreements effective as of August 31, 2014, and calculated the rate assuming that no new tenants will move into spaces that were vacant as of that date and spaces for which we have received notification that the lease will be cancelled. Next, with regard to rental revenues, in the same manner as the vacancy rate, we calculated rental revenues for leases contracted with tenants as of August 31, 2014 (here referred to as the "contracted base"), factoring in a certain downward buffer. The downward revision buffer is an item subtracted from revenues specified with the aim of covering the risk of a future performance downturn and is constructed by adding factors that impact revenue positively (based on rental increase projections and new tenant projections) to factors that impact revenue negatively (based on rental decrease projections and tenant exit projections). As a rule, due to its nature as a means of covering for revenue downturns, the downward buffer's upper limit is set as zero. In performance forecasts to date, since future factors that would impact revenues negatively surpassed factors that would impact revenues positively, a certain negative amount was factored into the contracted base. In preparing the performance forecasts for the 23rd and 24th fiscal periods for this report, due to the upturn in the economic environment, the positive factors now surpass the negative factors, but in keeping with the general rule, the net positive amount was not included in the performance forecasts. Please refer to the figure below, which shows the thinking behind the above performance forecast preparation assumptions.

In addition, excluding the disposition of Beacon Hill Plaza (Ito-Yokado Noukendai Store) in the 23rd fiscal period (ending January 31, 2015), it is assumed that no properties will be additionally acquired or disposed.

Chart of Image in the Event that Buffer for Decrease in Amount is Negative (Note)

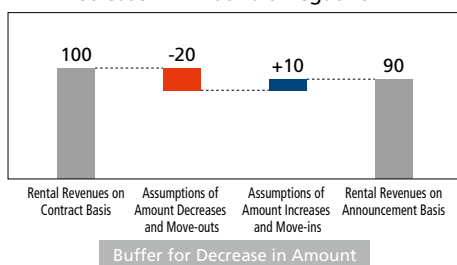
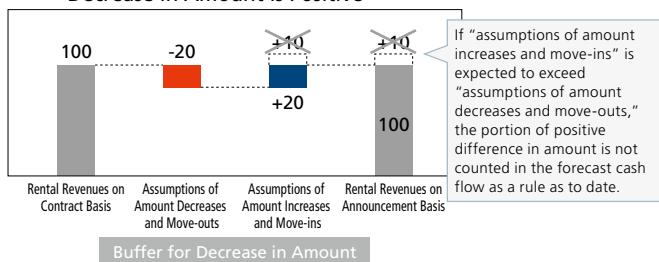


Chart of Image in the Event that Buffer for Decrease in Amount is Positive (Note)



(Note) The figures in the charts are provisional figures for the purpose of illustration and differ from actual figures.

Policy for Tenant Leasing and Rent Negotiation Activities

In the 23rd and 24th fiscal periods, we will also conduct business activities by making it a priority to attract tenants to vacant spaces. Specifically, we will hasten efforts to attract new tenants to the Tokyo Nissan Taito Building, in which there is a relatively large amount of vacant space. As of September 12, 2014, we are seeking tenants for approximately 957 *tsubos* of space (3,163m²). With regard to Setagaya Business Square, in collaboration with the co-owner Tokyu Group companies, we are proceeding with efforts to attract new tenants to multiple spaces, and we will also consider and implement leasing promotion measures in partnership with the co-owners for the approximately 600 *tsubos* (1,983m²; 55% co-ownership interest equivalent) of remaining available space. 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 10 properties out of 17 (with seven properties remaining unchanged). The increase rate was 4.5% (simple average). Consequently, the rent gap for the entire office property portfolio has decreased to -10.0%. With rents being revised upward at some office properties, the downward pressure on rent for existing contracts has eased considerably, so going forward we would like to gradually negotiate for increased rents. Through these activities, we will work to maximize the cash flows produced by the portfolio, with the aim of achieving internal growth.

Policy for Property Acquisition and Disposition Activities

During the period under review, as mentioned previously, it was decided to transfer Beacon Hill Plaza (Ito-Yokado Noukendai Store) on June 6 (disposition date: 23rd fiscal period, ending January 31, 2015). On the other hand, no properties were acquired. We will continue to proactively consider property acquisitions based on use of proceeds from property dispositions and the like. In considering acquisitions, we will bear in mind not just income (rental revenues, etc.) but also terminal value (future disposition price) and stick to our total return-focused approach. Specifically, we wish to acquire favorably located properties that will ensure liquidity even when disposed after 10 years or more.

In addition, as we have done to date, we will secure financial soundness by keeping our loan-to-value (LTV) based on appraisal value under control within a range no higher than 50%. The LTV at the end of the period was 46.7%. If the LTV ceiling is set at 50%, our remaining property acquisition capacity through borrowings combined with cash and deposits is ¥16.8 billion, an increase of ¥5.2 billion compared to the end of the previous period. Moreover, the acquisition capacity at the end of the 23rd fiscal period (January 31, 2015) following the disposition of Beacon Hill Plaza (Ito-Yokado Noukendai Store) is projected to be ¥24.8 billion.

One of the reasons that the acquisition capacity increased is that the appraisal value increased. Recently, both the leasing and trading markets centering on properties in central Tokyo have

To Our Unitholders

been improving. It can be said that **TOKYU REIT**, which limits its investment target area to the Tokyo Metropolitan Area and has 87.3% of its portfolio (based on acquisition price) 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.

Partial Modification of Investment Management Fee

Taking the stance that **TOKYU REIT** and unitholders are "in the same boat," the fee that investors pay to the investment management company (investment management fee) is based on three indicators showing unitholder value performance: Base 1, which is linked to valuation prices of invested assets, Base 2, which is linked to cash flow produced by managed assets, and an Incentive Fee linked to investment unit price. (Please refer to p.13 for details of the investment management fee structure).

In addition, based on a change to TOKYU REIT's Articles of Incorporation approved at the sixth Unitholders' General Meeting held in April 2013, Base 1 was reduced by 15% as a limited-time measure from the 20th fiscal period (ended July 31, 2013) to the 23rd fiscal period (ending January 31, 2015).

In September 2014, the investment management company proposed to **TOKYU REIT** that, considering the management conditions since **TOKYU REIT** was established, the external environment, etc., the investment management fee should be partially modified after the above limited-time reduction ends. The essentials of the proposal are as follows:

- (1) The investment management fee shall be partially modified from the 24th fiscal period (ending July 31, 2015) onward.
- (2) The aim is to further strengthen the investment management company's incentive with respect to growing the valuation and cash flow of TOKYU REIT's managed assets and improving the investment unit price.
- (3) Taking the current management conditions as a given, the investment management fee shall be set so that the level

calculated using the method following the modification is the same as the existing level (after implementation of the limited-time investment management fee reduction from the 20th fiscal period ended July 31, 2013, to the 23rd fiscal period ending January 31, 2015).

The specific details of the partial modification of the investment management fee (fee calculation rate, etc.) shall be discussed by **TOKYU REIT** and the investment management company hereafter, with the idea of including this issue as a matter to be resolved at the seventh **TOKYU REIT** Unitholders' General Meeting scheduled to take place in April 2015. The specifics of the partial modification of the investment management fee, details of the seventh Unitholders' General Meeting, and so forth will be announced in early March 2015.

Management Status Meeting (Sapporo)

Management status meetings limited to unitholders were held in Nagoya and Fukuoka in the 21st fiscal period (ended January 31, 2014) and in Tokyo and Hiroshima in the 22nd fiscal period (ended July 31, 2014). Many of our unitholders attended and we truly appreciated the opportunity to obtain their valuable opinions. We would like to express our sincere gratitude. Going forward, we will continue to work to meet the expectations of our unitholders.

In the 23rd fiscal period (ending January 31, 2015), we plan to hold a management status meeting in Sapporo on December 1, 2014. We have enclosed an invitation letter with this asset management report for unitholders residing in Hokkaido, where the event will be held, and we would greatly appreciate it if you could take time out of your busy schedule to attend.

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).

Sale of Beacon Hill Plaza (Ito-Yokado Noukendai Store)

Generated capital gains of ¥466 million and IRR ^(Note 1) of investment in the Property is approx. 6.6%.

1. Details of Property for Sale

(1) Location	: 3-1, Noukendai-Higashi, Kanazawa-ku, Yokohama City
(2) Area	: Area not in "primary targeted areas" (area accounting for no more than 15% of investment)
(3) Sale price	: ¥8,720 million ^(Note 2)
(4) Appraisal value as of sale (as of May 1, 2014)	: ¥8,650 million (CBRE K.K.)
(5) Appraisal value as of period end (as of end of Jan. 2014)	: ¥8,060 million (Japan Valuers Co., Ltd.)
(6) Book value (expected value as of sale date)	: ¥8,189 million
(7) Amount of difference from sale price and book value (expected value as of sale date)	: ¥530 million
(8) Capital gains (gain on sale) (expected value as of sale date)	: ¥466 million ^(Note 3)
(9) Acquisition price (acquired in August 2004)	: ¥9,520 million
(10) Buyer	: Ito-Yokado Co., Ltd. (exercise of preferential negotiation right)
(11) Tenant	: Ito-Yokado Co., Ltd.
(12) Schedule	: Sale contracted on June 6, 2014 and closed on August 8, 2014
(13) Internal rate of return (IRR)	: Approx. 6.6%

(Notes) 1. Internal Rate of Return (IRR) is one of the indexes for assessing total profitability taking into consideration not only the incomes during the period of the investment but also the sales value at the end of the investment, and is a discount rate that equalize the current value of cash flow earned from the investment and the amount invested. IRR figures grow as profitability rises.

2. Sale price of ¥8,720 million, less tenant leasehold and security deposits and sale-related costs, arriving at proceeds from sale of ¥6,507 million

3. Calculated as amount of difference (of book value) from sale price (¥530 million), less sale-related costs



2. Background of the Sale

- The investment environmental analysis based on the current Long-Term Investment Management Strategy (Surf Plan) is in the "Acquisition Phase." Although property prices are on an upward trend, TOKYU REIT decided that the price level is sufficient to consider possible sales of some properties for replacement.
- Continuous value-enhancing measures have been taken for the Property, such as the renovation of external walls during the 20th period (ended July 2013), contributing to the 100% occupancy rate.
- Being approached for possible sale with conditions that exceed the market value level (surpassing the appraisal value at the end of the 21st period (ended January 2014) by around 8.2%), TOKYU REIT discussed actions including approaching the tenant as to its interest in exercising the preferential negotiation right.
- TOKYU REIT's investment policy is to concentrate investments in the Tokyo's central five wards and Tokyu Areas. Although the Property is expected to contribute to stable earnings for the time being, it is not situated in TOKYU REIT's primary investment targeted areas (rather in an area with investment ratio of 15% or less). Furthermore, taking into consideration the sale price, the agreement terms with the tenant (the planned rent revision in June 2017, the current agreement expiring in June 2018), etc. comprehensively, TOKYU REIT has judged that conducting the sale of the Property will best contribute to maximizing the unitholder value from the point of total return, and thus made the decision.
- While the NCF cap rate of the entire portfolio based on the appraisal value at the end of the 21st period (ended January 2014), which indicates the quality of the portfolio, is 4.49%, the NCF cap rate of the Property based on the appraisal value at the end of the same period is 5.40%. Therefore, the enhancement of portfolio quality can be expected from the sale of the Property.

Capital gains on sale of Beacon Hill Plaza (Ito-Yokado Noukendai Store) will be used as the source of funds for implementing construction ahead of schedule.

Construction Size

- Total amount of construction scheduled for the 23rd period (ending Jan. 2015) and 24th period (ending July 2015): Approx. ¥2.6 billion ^(Note 1)
- Of the above, amount of construction ahead of schedule: Approx. ¥1.7 billion ^(Note 2)

Major Construction Scheduled to be Implemented

Name of Property	Construction Content	Construction Amount (approx.)
Setagaya Business Square	Renewal of disaster prevention monitoring panel	102
Setagaya Business Square	Renewal of central monitoring controller	95
Setagaya Business Square	Renovation of external walls	59
Setagaya Business Square	Renewal of air-conditioning equipment	55
Tokyo Nissan Taito Building	Renovation of external walls	178
Tokyo Nissan Taito Building	Renovation of restrooms	80
Tokyu Ikejiri-ohashi Building	Renewal of air-conditioning equipment	130
Tokyu Sakuragaoka-cho Building	Renovation of restrooms	96
TOKYU REIT Kamata Building	Renewal of disaster prevention monitoring panel	79
Tokyu Saginuma 2 Building	Renewal of supply/exhaust water/gas pipe, etc.	65

■ Preparation for future soaring construction costs

Relatively flat facilities and equipment construction prices

■ Enhancement of property competitiveness and tenant satisfaction

- Seek to enhance property competitiveness and tenant satisfaction by conducting renovation of restrooms and renewal of air-conditioning equipment (shorten vacancy period, and boost level or prevent decrease in amount of new contract rent / continued rent)

- Promote energy saving and environmental consideration and control utility expenses, such as switching to LED

■ Enhancement of asset value

Enhance future NCF and asset value through implementation of construction ahead of schedule

■ Value enhancement for future selling phase

(Notes) 1. Construction size of approx. four times the average construction amount in the past 10 years and approx. three times the simple average of the 15-year total estimated amount of long-term repair and maintenance costs stated in engineering reports.

2. Construction ahead of schedule is calculated by taking the total amount of construction scheduled to be implemented in the 23rd period and 24th period, which is approx. ¥2.6 billion, and subtracting two periods' simple average amount of the estimated amount of long-term repair and maintenance costs (excluding Beacon Hill Plaza (Ito-Yokado Noukendai Store)).

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 22nd 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

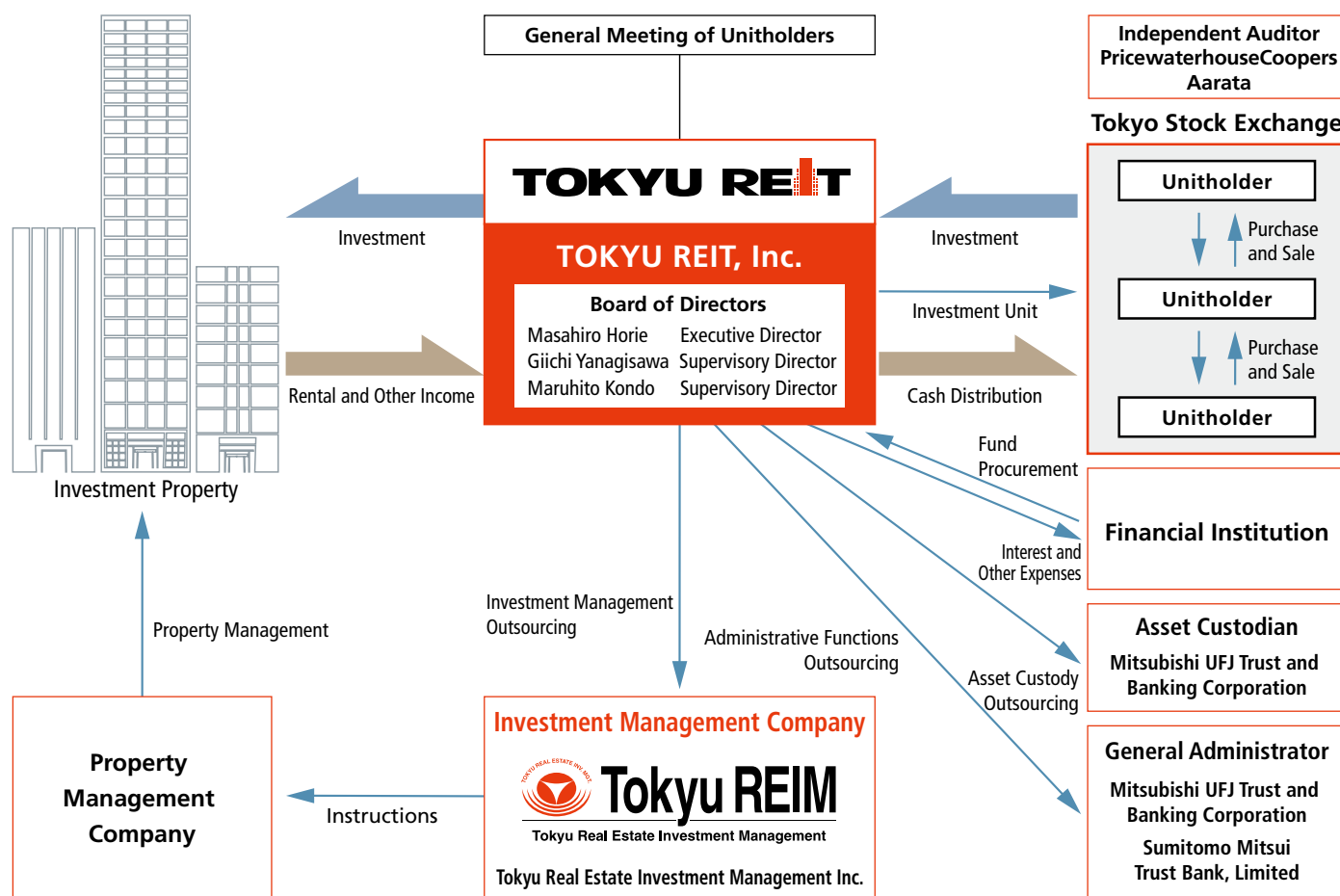
- 1 Involvement of independent outside board members**
- 2 Optimal balance between sponsor collaboration and independence**
- 3 Strict focus on fiduciary duty for investment management company and the others**
- 4 Management fee set to "being in the same boat as unitholders"**

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 38 minutes (since establishment) 	<ul style="list-style-type: none"> ■ Average board members' involvement besides board meetings: 1.7 times per member per month (22nd 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.
 * TOKYU REIT received a request from the investment management company on September 12, 2014 for partial amendments to investment management fees for fiscal periods, starting from the 24th fiscal period (ending July 31, 2015). Investment management fees on the request is so that the level calculated by the amended calculation method is on par with the current level after implementing the time-limited reduction of investment management fees.

The above fees are all booked as expenses. TOKYU REIT does not adopt an acquisition incentive fee, which is capitalized on the balance sheet.

Management

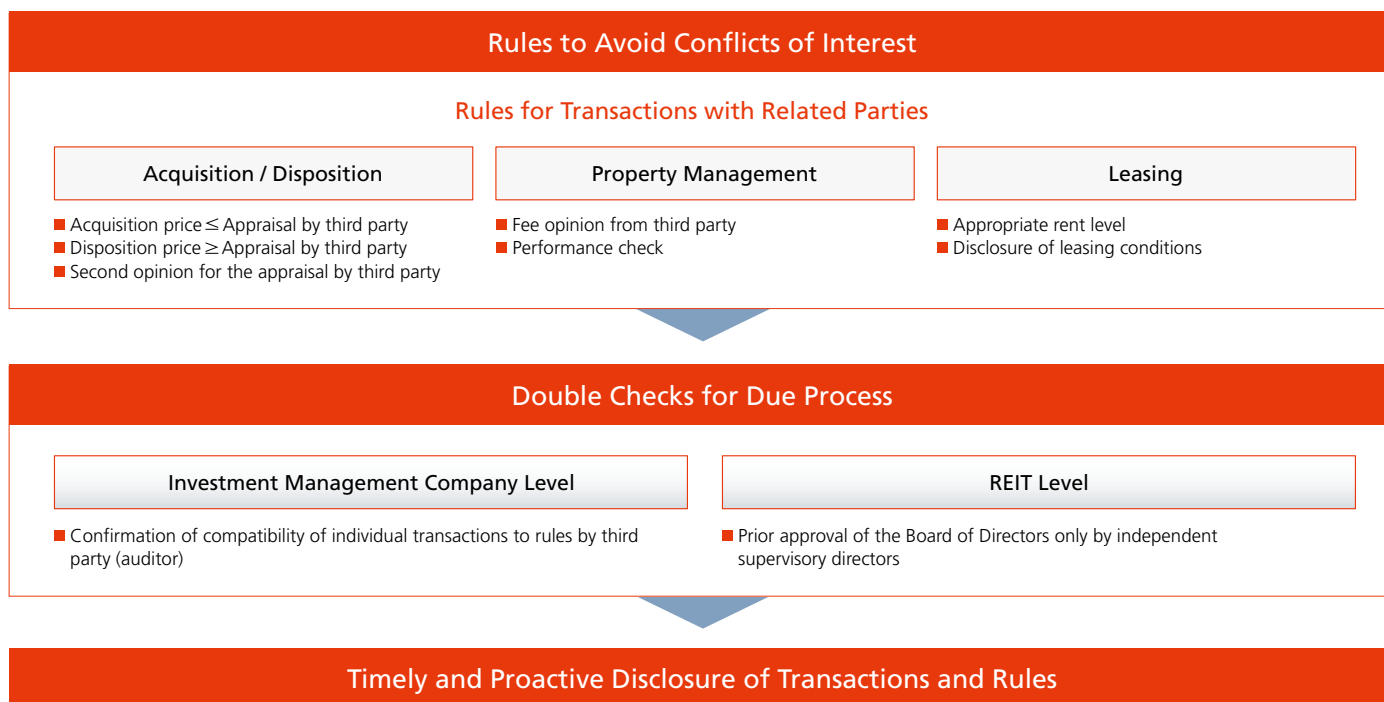
Collaboration with Tokyu Corporation and Its Subsidiaries

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 49,000 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



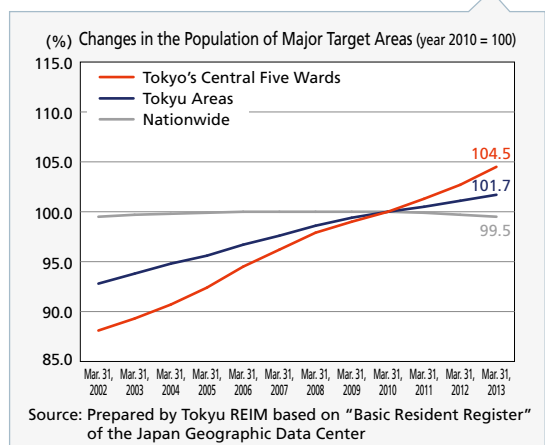
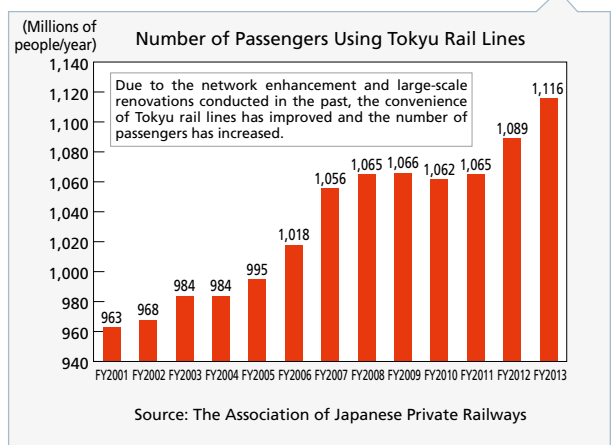
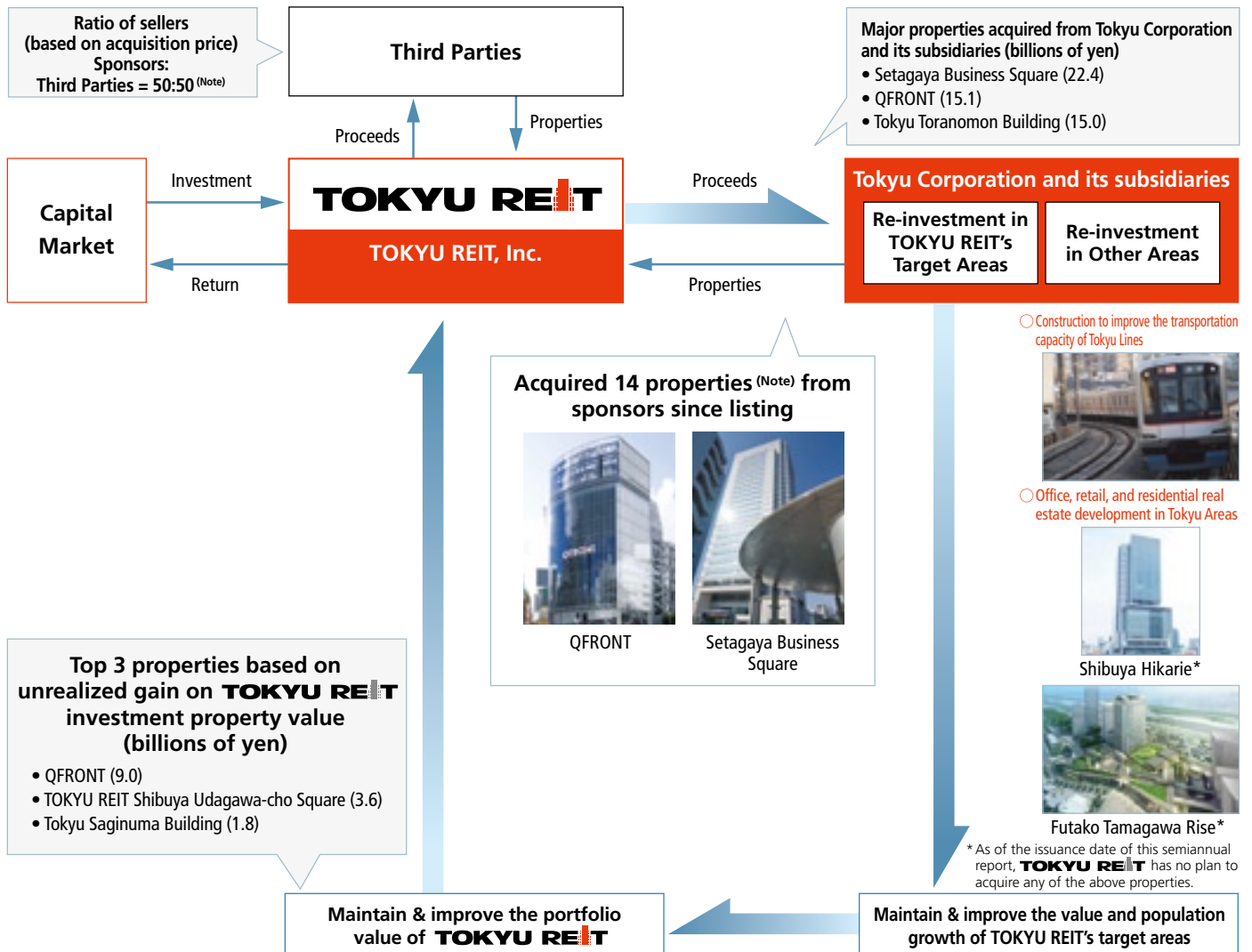
(Note) “Related Parties” is a collective term for “Tokyu Corporation and its subsidiaries,” “Affiliates of Tokyu Corporation except Tokyu Corporation’s subsidiaries,” and “Tokyu Land Corporation and its subsidiaries.”

- “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.

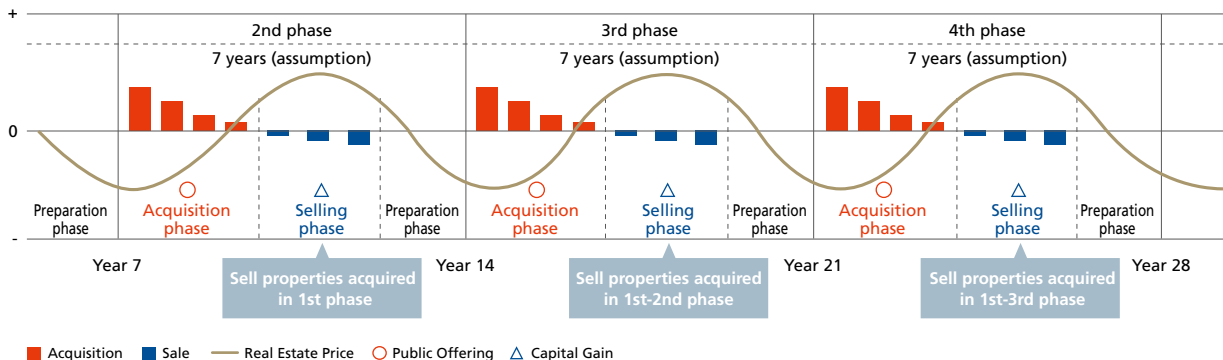


(Note) Includes properties acquired from sponsors which were contributed by Tokyu Land Corporation, a shareholder until June 2011 of Tokyu Real Estate Investment Management Inc. (Tokyu REIM), the asset management company, as well as by Tokyu Corporation.

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.



(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

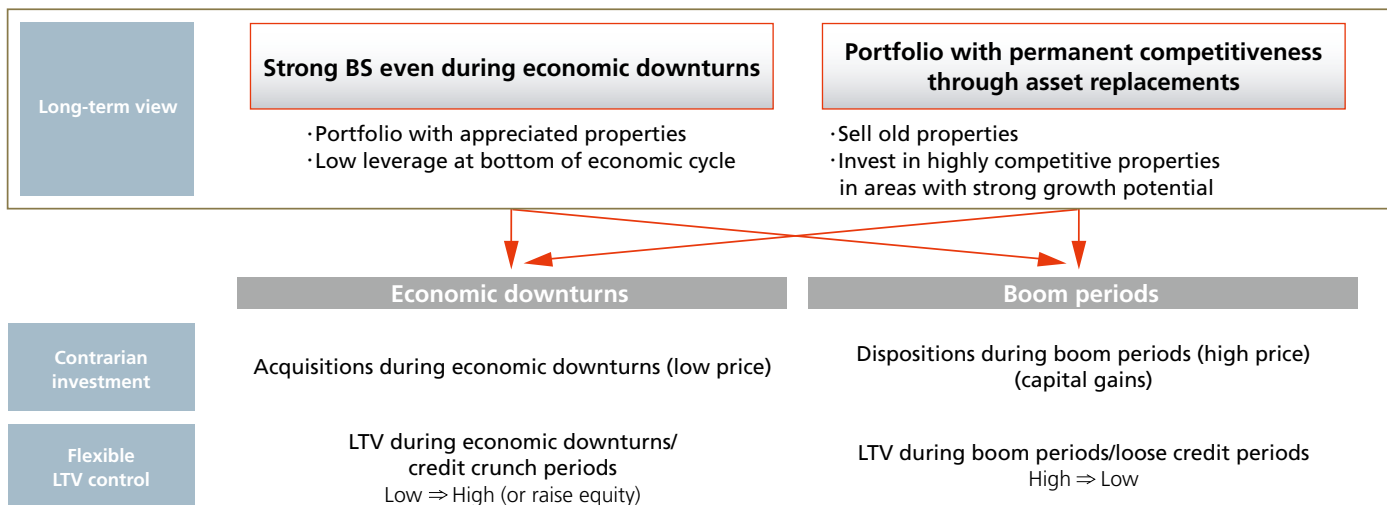
Value

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.

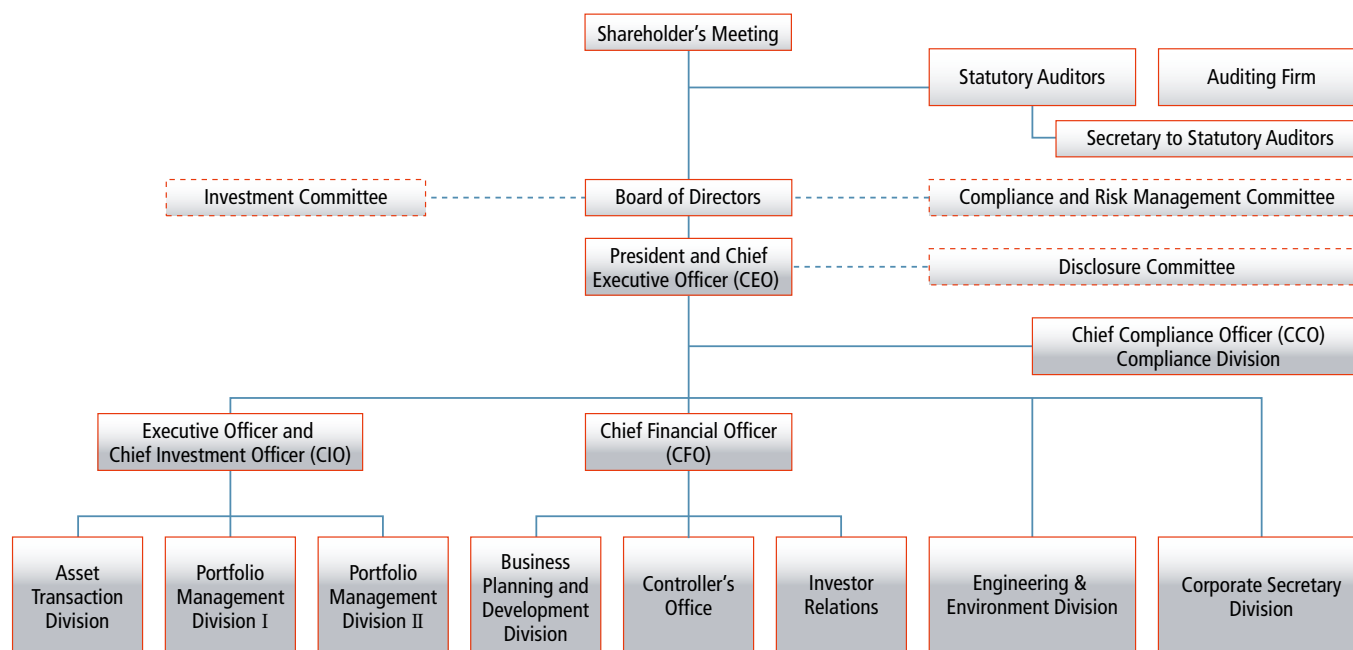
Tokyu REIM is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (*Kin-sho*) No. 360).

Board of Directors	<p>Function : Decision-making on management strategy</p> <p>Members: CEO, two directors (full-time), three 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: Two directors (part-time), two external committee members</p>
Investment Committee	<p>Function : Advisory body to Board of Directors on investment decisions</p> <p>Members: Representative director (chairman), three directors (part-time), one director (full-time), one appraiser</p>

Major Shareholder

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

Organization Chart



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 (LTV). 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	95.1%
Avg. Duration	4.15 years
Committment Line	¥18 billion

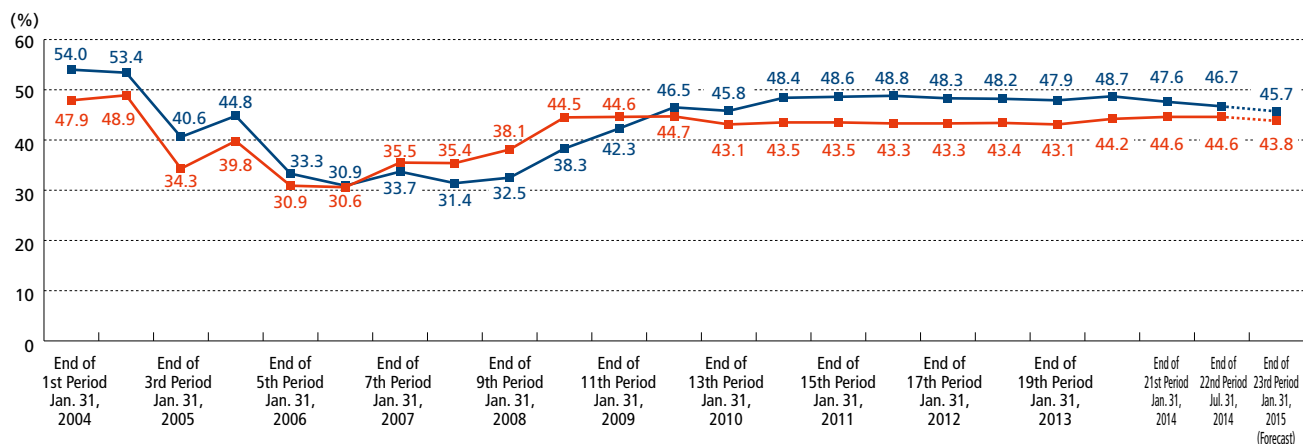
The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured. Moreover, there is no outstanding debt under the commitment line as of July 31, 2014.

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: Stable)
■ Standard & Poor's Ratings Japan K.K. (S&P)	Long-term Issuer Rating	A (Outlook: Stable)
	Short-term Issuer Rating	A-1

Changes in LTV

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



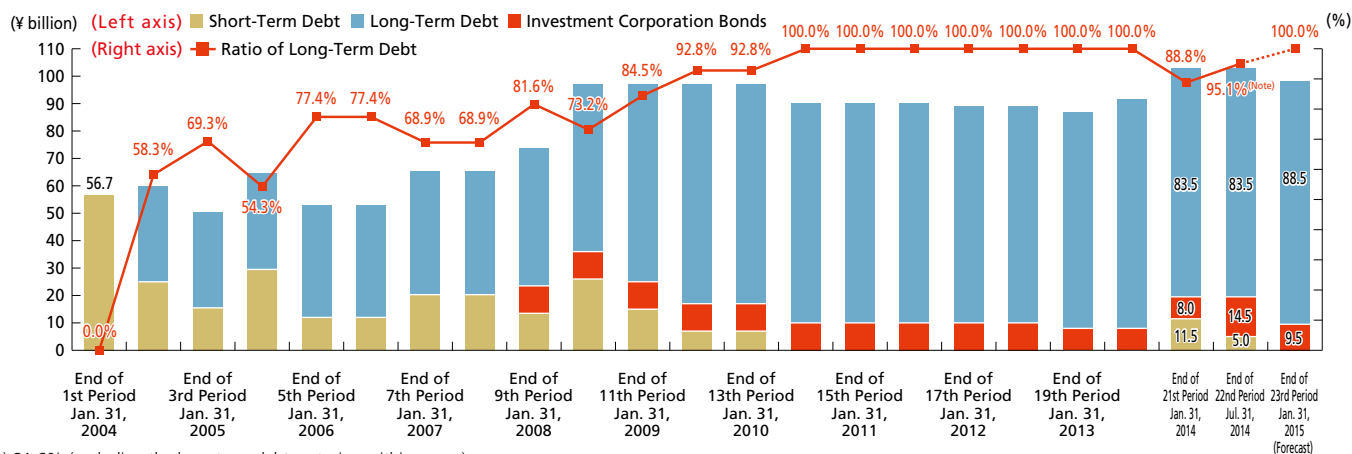
■ LTV / Total assets at end of period = Balance of period end interest-bearing debt / period end total assets

■ 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

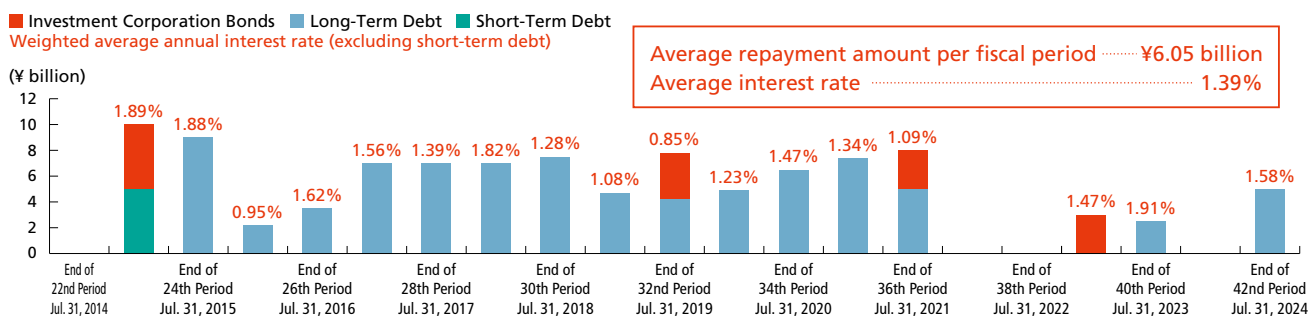
TOKYU REIT conversion to long-term fixed-interest debt financing, as shown below. Long-term debt financing enables TOKYU REIT to curb any excessive burden resulting from increases in interest rates.



(Note) 81.6% (excluding the long-term debt maturing within a year)

Diversification of Repayment and Redemption Dates of Interest-Bearing Debts

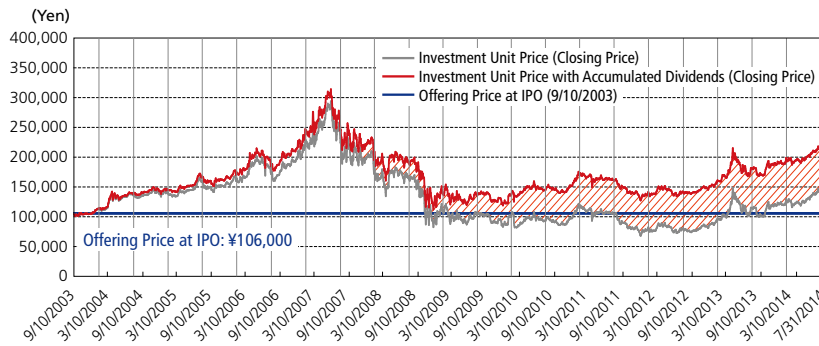
In addition, TOKYU REIT works to diversify repayment dates for its debt financing in order to avoid the risk of large-scale refinancing within a short period of time.



Performance Against Public Offering Price

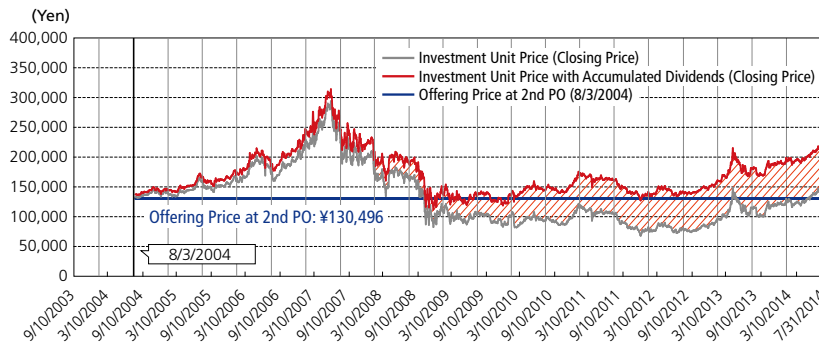
We show the performance of our unit prices and our unit prices with accumulated cash distribution compared to our public offering prices. The graphs also present accumulated cash distributions against the offering price. The red line graphs plot investment unit price inclusive of cash distributions. As at the end of July 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 70% 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)



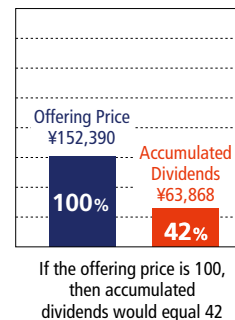
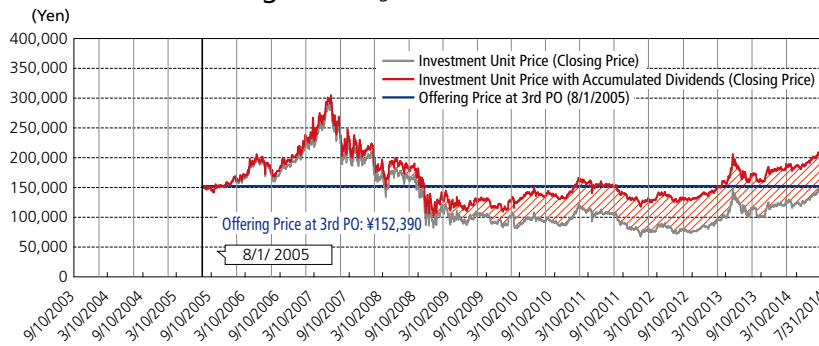
70% of offering price at IPO distributed in approximately 11 years

Second Public Offering (Issued Aug. 3, 2004)



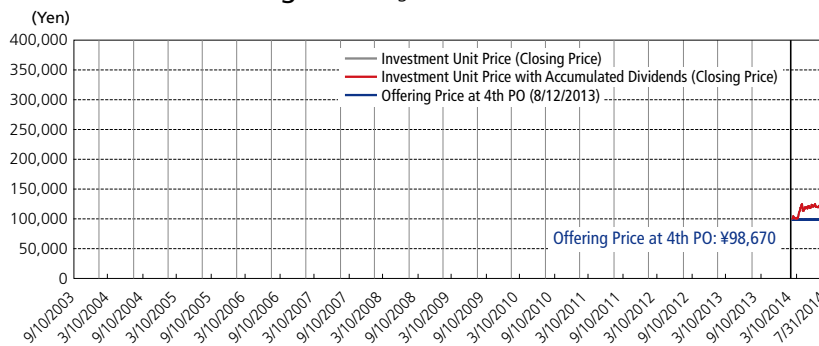
53% of offering price at 2nd PO distributed in approximately 10 years

Third Public Offering (Issued Aug. 1, 2005)



42% of offering price at 3rd PO distributed in approximately nine years

Fourth Public Offering (Issued Aug. 12, 2013)



5% of offering price at 4th PO distributed in approximately one 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.



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

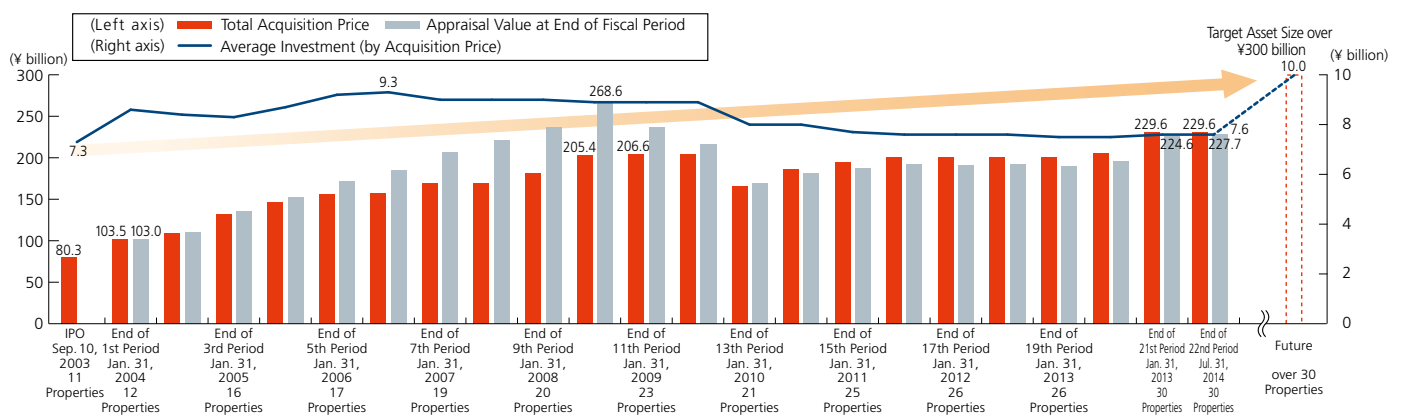
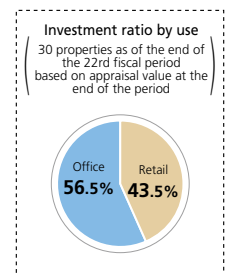
Investment Targeted Areas	<ul style="list-style-type: none"> ■ Focusing on Tokyo's central five wards Wards and Tokyu Areas expecting economic and population growth ■ Limited to Tokyo Metropolitan Area
Investment Criteria	<ul style="list-style-type: none"> ■ Limited to office and retail portfolios with 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 22nd fiscal period ended July 31, 2014, stood at ¥229.6 billion, and appraisal value at the end of the fiscal period stood at ¥227.7 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.

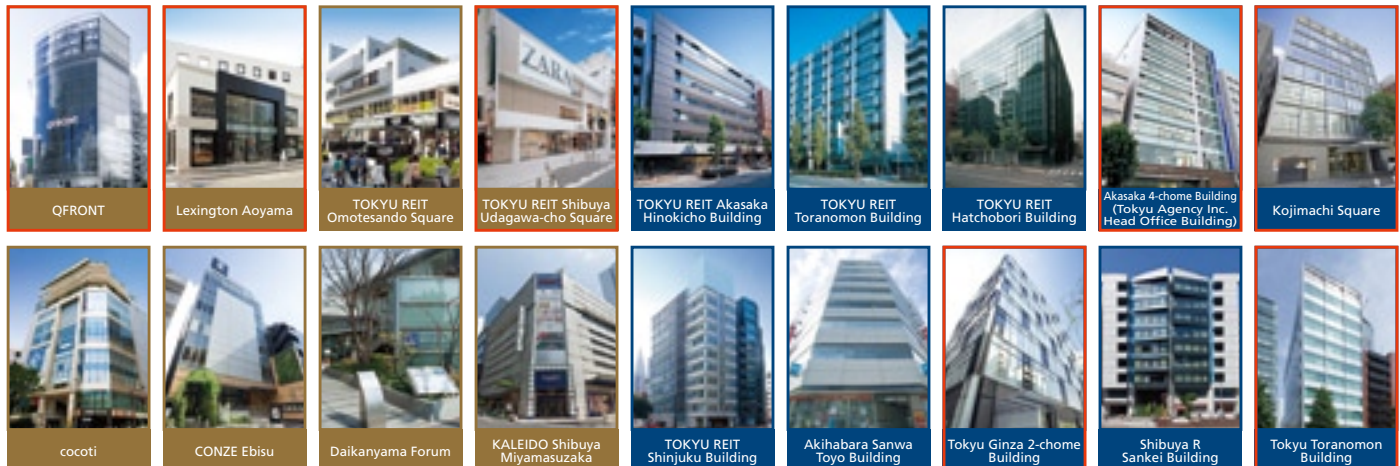
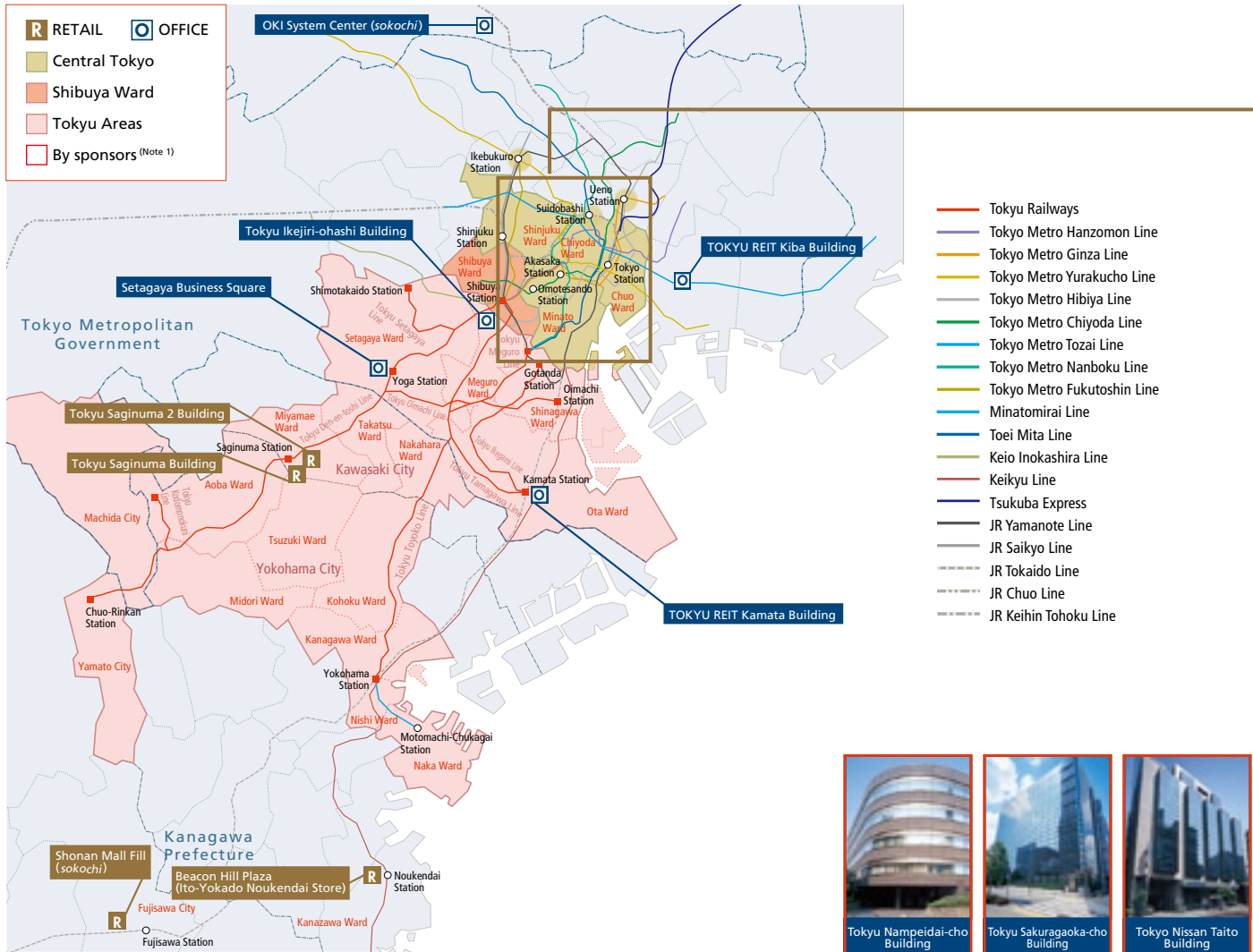
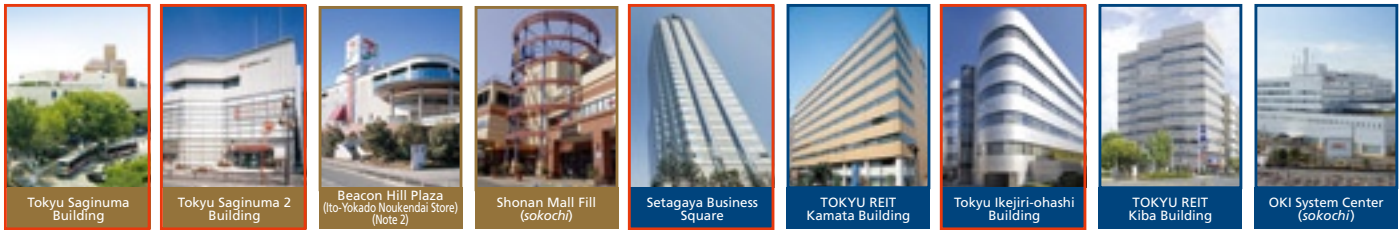
TOKYU REIT focuses on highly competitive office and retail properties and strives to maintain a ratio of 60% in office buildings and 40% in retail properties (based on appraisal value at the end of the fiscal period) over the long term.

As of the end of the 22nd fiscal period (30 properties), investment ratio by use based on appraisal value at the end of the fiscal period is as follows:

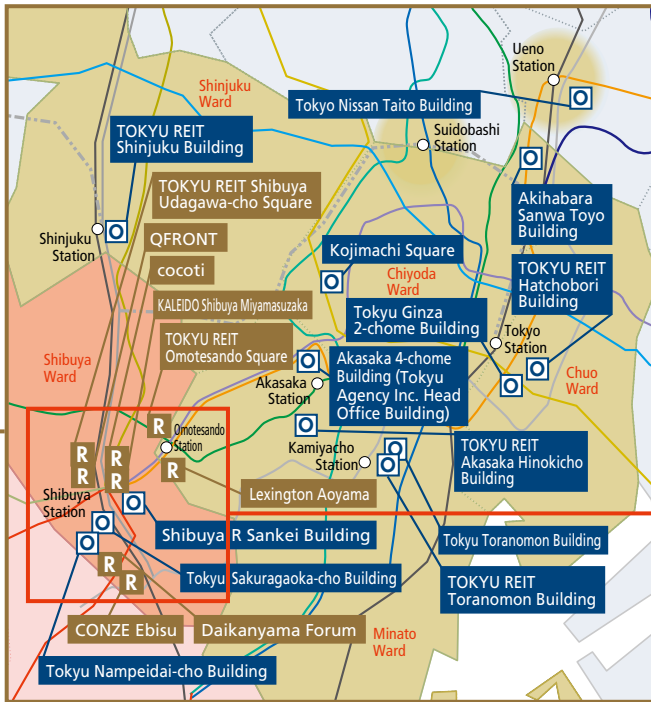


Portfolio

Investment Targeted Areas

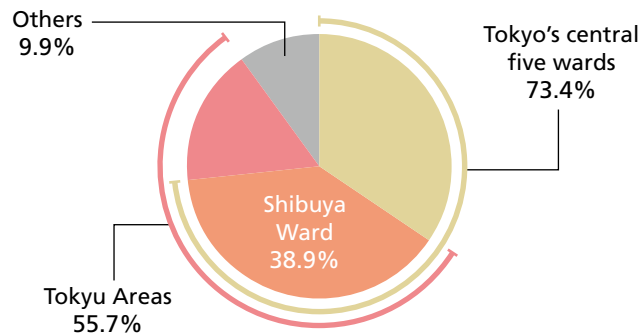


(Notes) 1. The portfolio properties acquired from sponsors include properties contributed by Tokyu Land, which was a shareholder of the Investment Management Company (Tokyu REIM) along with Tokyu Corporation until June 2011.
 2. Beacon Hill Plaza (Ito-Yokado Noukendai Store) was disposed on August 8, 2014.



- * 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 22nd 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	Tokyo's central five 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%

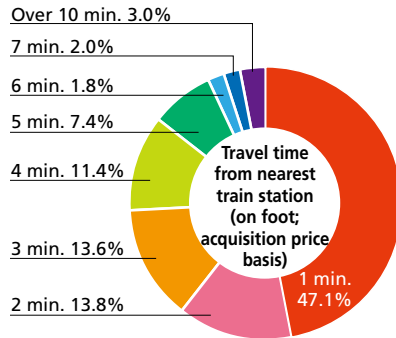
(Notes) 1. Shibuya ward is included in both the Tokyo's central five wards and the Tokyu Areas.
2. Percentage share in total portfolio is calculated based on the appraisal value of properties as of the end of the previous fiscal period and the appraisal value (obtained at the time of intended property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

Portfolio

Data of 22nd 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.

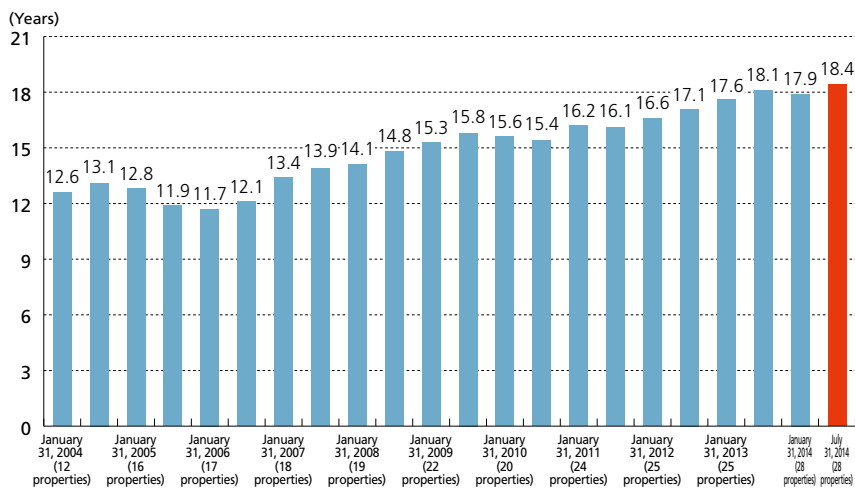
Location



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

Property Age

Weighted-Average Number of Years Since Construction

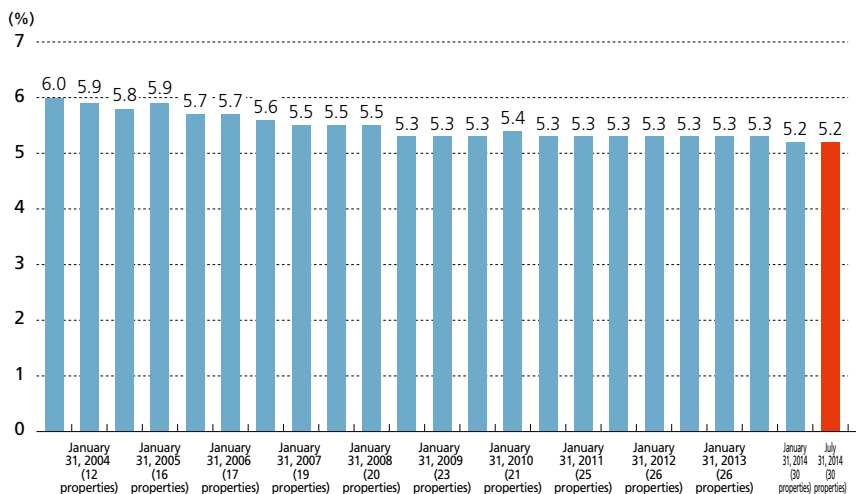


The graph on the left shows the weighted-average age of buildings based on building price at the end of each fiscal period. Based on 28 properties as of the end of the 22nd fiscal period, 18.4 years have passed since construction and the number of years increases only 5.8 years from the point of January 31, 2004 in elapsed 10 and a half 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 22nd 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 July 31, 2014

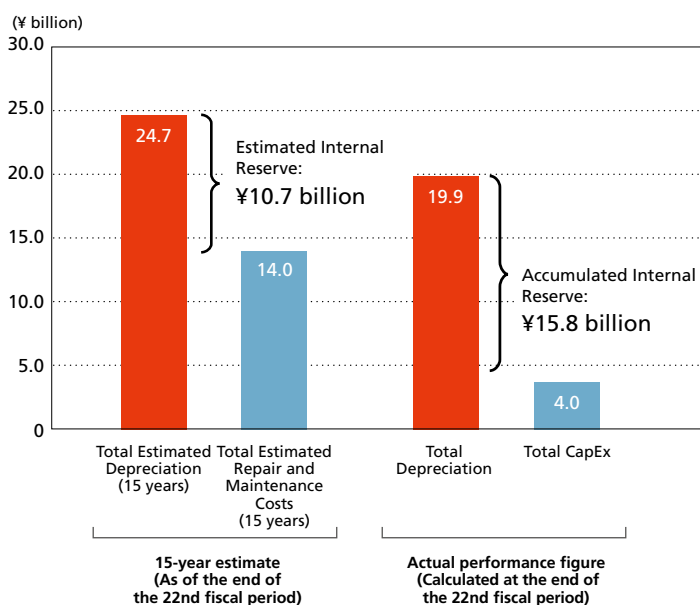
No.	Tenant Name	Business Category	Property Name	Expiration Date	Leased Area (m ²)	Ratio (Note 1)
1	Ito-Yokado Co., Ltd.	Retail	 Beacon Hill Plaza (Ito-Yokado Noukendai Store)	6/17/2018	50,285.89	18.4%
2	DAIWA House Co., Ltd.	Construction	 Shonan Mall Fill (<i>sokochi</i>)	3/19/2023	44,078.12	16.1%
3	Tokyu Store Corporation	Retail	 Tokyu Saginuma Building	6/30/2018	19,610.06	7.2%
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)	8/14/2015 (Note 2)	220.65	0.1%
8	NTT DATA Corporation	Service	 Tokyu Toranomon Building	6/30/2016	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)	5/31/2016 (Note 3)	3,528.87	1.3%
Principal 10 Tenants Total					161,870.85	59.2%
Total leased area of 30 properties at the end of 22nd fiscal period					273,484.19	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 22nd 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 22nd fiscal period and over the next fifteen years, cumulative depreciation for the portfolio will significantly exceed total repair and maintenance cost (¥10.7 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*)

Portfolio

Portfolio Overview (at the End of the Fiscal Period)

Use	Name of Property	Acquisition Date	Acquisition Price (¥ million)	Location	Total Leasable Area (m ²)	Occupancy Ratio	Ratio (Based on Acquisition Price) ^(Note 1)	Probable Maximum Loss (PML) in Earthquake Risk Analysis ^(Note 2)
R	QFRONT	Sep. 10, 2003	15,100	Shibuya Ward, Tokyo	4,502.93	100.0%	6.6%	4.2%
R	Lexington Aoyama	Sep. 11, 2003	4,800	Minato Ward, Tokyo	2,107.08	100.0%	2.1%	2.3%
R	TOKYU REIT Omotesando Square	Sep. 10, 2003	5,770	Shibuya Ward, Tokyo	2,648.27	100.0%	2.5%	9.5%
R	Tokyu Saginuma Building	Sep. 10, 2003	6,920	Miyamae Ward, Kawasaki City, Kanagawa Prefecture	19,610.06	100.0%	3.0%	9.9%
R	Tokyu Saginuma 2 Building	Sep. 11, 2003	1,290	Miyamae Ward, Kawasaki City, Kanagawa Prefecture	1,267.95	100.0%	0.6%	9.3%
R	TOKYU REIT Shibuya Udagawa-cho Square	Mar. 1, 2004	6,600	Shibuya Ward, Tokyo	1,543.05	100.0%	2.9%	7.3%
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store) ^(Note 3)	Aug. 3, 2004	9,520	Kanazawa Ward, Yokohama City, Kanagawa Prefecture	50,285.89	100.0%	4.1%	9.6%
R	cocoti	Apr. 6, 2005	14,700	Shibuya Ward, Tokyo	8,330.41	97.9%	10.7%	6.2%
		Aug. 2, 2005	9,800					
R	Shonan Mall Fill (<i>sokochi</i>)	Apr. 28, 2006	6,810	Fujisawa City, Kanagawa Prefecture	44,078.12	100.0%	3.0%	—
R	CONZE Ebisu	Oct. 31, 2006	5,116	Shibuya Ward, Tokyo	2,326.91	75.3%	2.2%	4.1%
R	Daikanyama Forum	Apr. 22, 2008	4,136	Shibuya Ward, Tokyo	2,477.64	100.0%	1.8%	8.0%
R	KALEIDO Shibuya Miyamasuzaka	Aug. 16, 2013	5,150	Shibuya Ward, Tokyo	3,399.30	100.0%	2.2%	4.4%
⊙	Setagaya Business Square	Sep. 11, 2003	22,400	Setagaya Ward, Tokyo	24,961.05	88.0%	9.8%	2.9%
⊙	Tokyu Nampocho Building	Sep. 11, 2003	4,660	Shibuya Ward, Tokyo	7,148.18	100.0%	2.0%	7.9%
⊙	Tokyu Sakuragaoka-cho Building	Sep. 11, 2003	6,620	Shibuya Ward, Tokyo	4,737.19	100.0%	2.9%	11.1%
⊙	Tokyo Nissan Taito Building	Sep. 11, 2003	4,450	Taito Ward, Tokyo	7,947.24	94.5%	1.9%	7.4%
⊙	TOKYU REIT Akasaka Hinokicho Building	Sep. 10, 2003	3,570	Minato Ward, Tokyo	3,196.69	100.0%	1.6%	11.2%
⊙	TOKYU REIT Kamata Building	Sep. 10, 2003	4,720	Ota Ward, Tokyo	7,337.82	100.0%	2.1%	7.7%
⊙	TOKYU REIT Toranomon Building	Dec. 15, 2004	8,630	Minato Ward, Tokyo	10,145.59	88.3%	4.4%	7.2%
		Sep. 21, 2007	1,100					
		Sep. 21, 2007	200					
		Oct. 26, 2007	140					
⊙	TOKYU REIT Hatchobori Building	Sep. 29, 2006	7,000	Chuo Ward, Tokyo	5,997.55	84.5%	3.0%	4.0%
⊙	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Jan. 31, 2008	8,500	Minato Ward, Tokyo	3,533.03	100.0%	3.7%	3.9%
⊙	Tokyu Ikejiri-ohashi Building	Mar. 28, 2008	5,480	Meguro Ward, Tokyo	5,733.23	100.0%	2.4%	5.8%
⊙	Kojimachi Square	Mar. 19, 2010	9,030	Chiyoda Ward, Tokyo	5,409.11	100.0%	3.9%	4.8%
⊙	TOKYU REIT Shinjuku Building	Mar. 26, 2010	9,000	Shinjuku Ward, Tokyo	6,215.17	100.0%	3.9%	4.2%
⊙	Akihabara Sanwa Toyo Building	Oct. 29, 2010	4,600	Chiyoda Ward, Tokyo	4,643.04	100.0%	2.0%	11.8%
⊙	TOKYU REIT Kiba Building	Oct. 29, 2010	4,000	Koto Ward, Tokyo	5,797.79	100.0%	1.7%	7.4%
⊙	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5,010	Chuo Ward, Tokyo	3,469.14	100.0%	2.2%	4.4%
⊙	OKI System Center (<i>sokochi</i>)	Mar. 27, 2013	4,530	Warabi City, Saitama Prefecture	17,019.19	100.0%	2.0%	—
⊙	Shibuya R Sankei Building	Aug. 16, 2013	5,270	Shibuya Ward, Tokyo	5,246.68	93.2%	2.3%	5.9%
⊙	Tokyu Toranomon Building	Aug. 16, 2013	15,000	Minato Ward, Tokyo	9,016.59	100.0%	6.5%	5.4%
Total			229,622		280,131.88	97.6%	100.0%	4.2%

Creation of Portfolio Resilient to Earthquakes

Structural status (earthquake resistance)

Investment Criteria	Properties that are compliant with the new earthquake resistance standards ^(Note 4) , that completed antiseismic reinforcement work, or that has PML of less than 15%	Manage properties with a portfolio PML of 10% or less; examine purchasing earthquake insurance if PML of any property surpasses the figure.
Portfolio	<ul style="list-style-type: none"> 30 out of 27 properties either comply with the new earthquake resistance standards, or have completed anti-seismic reinforcement work or seismic isolation work. (Two of the three remaining properties are <i>sokochi</i> only, and the other one is based on the previous standards.) Tokyu Saginuma 2 Building conforms to the previous earthquake resistance standards, but has sufficient anti-seismic performance with PML at 9.3%. 	<ul style="list-style-type: none"> Portfolio PML: 4.2% Although the merit of geographical diversification in terms of earthquake risks is small, the value of the portfolio PML for properties which have high earthquake resistance ratings is kept at a fairly low level as individual properties have high earthquake resistant ratings.

(Notes) 1. Ratio is rounded to one decimal place. Accordingly, the subtotal and total may not exactly match the sum of relevant items.

2. 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.

3. Beacon Hill Plaza (Ito-Yokado Noukendai Store) was disposed on August 8, 2014.

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

R QFRONT



QFRONT is a specialty store 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 rental and retail store of videos, CDs and DVDs/a retail store of books, game software, etc. 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./Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 784.26m²
 (Land included in the property trust totals 728.30m²)
 Total Floor Space: 6,692.14m²
 (Exclusive area 4,821.09m²)
 Structure/Floors: SRC/S, B3/8F
 Completed: October 1999
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership
 Tenant: Culture Convenience Club Co., Ltd.;
 Tokyu Corporation;
 Punraku Co., Ltd.



R Lexington Aoyama



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

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



R TOKYU REIT Omotesando Square



TOKYU REIT Omotesando Square is a multi-faceted retail property located in Shibuya Ward within a 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.;
 Wondertable, Ltd.;
 etc.



R Tokyu Saginuma Building



Tokyu Saginuma Building is located in Miyamae Ward, Kawasaki City, approximately 15 kilometers southwest of Shibuya. The area is a residential suburb of Tokyo.

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 Fuller 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 three 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 2,008 stores (as of April 30, 2014). 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

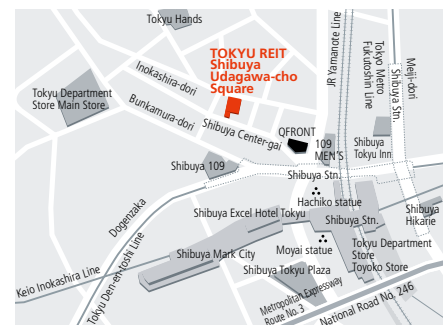
[Bldg. 2] S, 2F

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.

*Beacon Hill Plaza (Ito-Yokado Noukendai Store) was disposed on August 8, 2014.



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

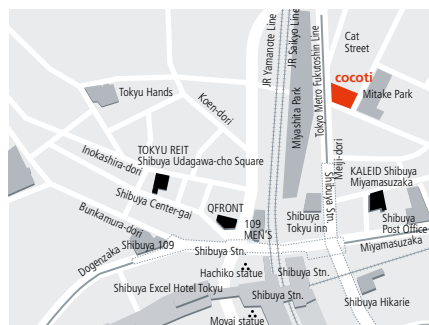
Building—Proprietary ownership

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.

The population in the trade zone of the property is anticipated to increase due to the 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

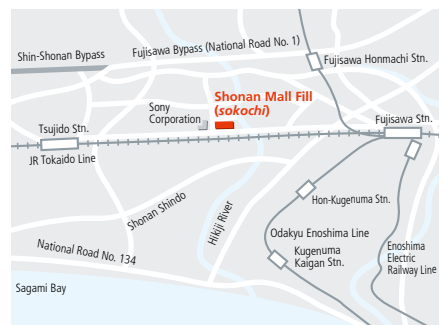
Approximately five minutes by bus from Fujisawa Station—JR Tokaido Line/Odakyu

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 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. Renewal work centering on the first floor entrance was implemented in July 2014.

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: MERCER OFFICE INC.;
 MYU PLANNING & OPERATORS Inc.;
 Diamond Dining International Corporation;
 etc.



R Daikanyama Forum



Daikanyama Forum has two buildings—namely, East Wing and West Wing—that have been designed to harmonize with the sensibility of Kyu Yamate Dori avenue and accommodate luxury apparel shops, a French restaurant and other tenants.

TOKYU REIT acquired a 100% interest in the East Wing and an approximately 64% interest in the West Wing.

Address: 17-16, Sarugaku-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a six-minute walk from Daikanyama Station—Tokyu Toyoko Line
 Total Land Space: Building 1 (East): Site rights area 942.30m²
 Interest 10,000/10,000
 Building 2 (West): Site rights area 1,108.01m²
 Interest 6,413/10,000
 Total Floor Space: Building 1 (East): 1,441.57m²
 Building 2 (West): Site rights area 2,388.70m²
 (Exclusive area 1,182.62m²)
 Structure/Floors: Building 1 (East): RC, B1/2F
 Building 2 (West): RC, B1/5F
 Completed: February 1993
 Type of Ownership:
 Land—Building 1 (East): Proprietary ownership
 Building 2 (West): Proprietary ownership
 (Co-ownership ratio 64.13%)
 Building—Building 1 (East): Compartmentalized ownership
 Building 2 (West): Compartmentalized ownership
 Tenant: Jun Ashida Co., Ltd.;
 Hiramatsu Inc.;
 IL PLEUT SUR LA SEINE Kikaku Co., Ltd.;
 etc.



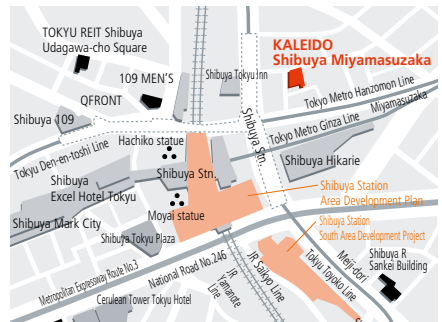
R KALEIDO Shibuya Miyamasuzaka



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
 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.;
 etc.



Setagaya Business Square

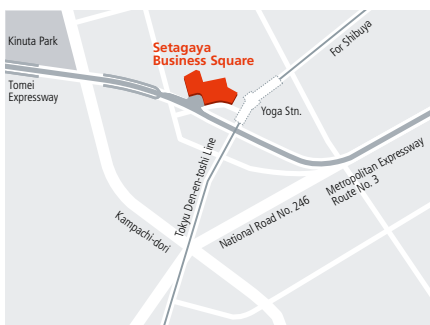


Setagaya Business Square is a large complex situated above Yoga Station on the Tokyu Den-en-toshi Line, consisting of a 28-story high-rise connected to the station.

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

The 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 Otomachi 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: Tokyu Community Corp.; Covidien Japan Inc.; System Engineering Consultants Co., LTD. etc.



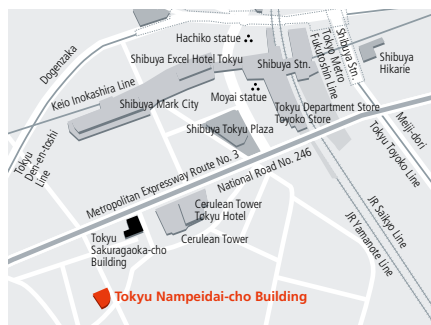
Tokyu Nampeidai-cho Building



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: Hitachi Zosen Co., Ltd.;
 Nissan Network Holdings Co., Ltd.;
 AMADA MIYACHI Co., Ltd.;
 etc.



 TOKYU REIT Akasaka Hinokicho Building



TOKYU REIT Akasaka Hinokicho Building is a seven-story office building situated along Akasaka-dori.

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

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

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

Total Land Space: 866.61m²

Total Floor Space: 4,058.92m²

Structure/Floors: RC, 7F

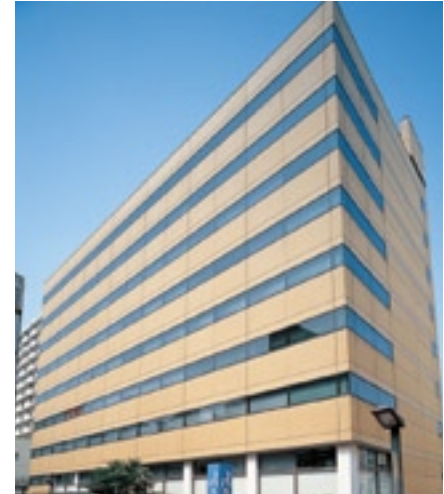
Completed: August 1984

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

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



 TOKYU REIT Kamata Building



TOKYU REIT Kamata Building is a nine-story office building adjacent to the Ota Ward Office. Kamata is an area in the center of Ota Ward, the third most populous district in Tokyo, while Kamata Station is a convenient terminal served by two Tokyu railway lines and one JR line. A proposed railway link between the Tokyu Tamagawa Line and the 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 Toryo Co., Ltd.;
 etc.



TOKYU REIT
Toranomon Building



TOKYU REIT Toranomon Building is a one-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line and faces National Route 1 (Sakurada-dori).

We are maintaining the property's competitiveness within the area where office buildings have concentrated since 2009 with renovation work of the elevator hall, restroom and entrance, renewal of air-conditioning and lighting equipment, and installation of OA-compatible floors. Also, large-scale redevelopments are underway nearby, and the area can be expected to become more vibrant.

Address: 3-17-1, Toranomon, Minato-ku, Tokyo

Nearest Station: Approximately a one-minute walk from Kamiyacho Station—Tokyo Metro Hibiya Line
Approximately a nine-minute walk from Toranomon Station—Tokyo Metro Ginza Line
Approximately a nine-minute walk from Onarimon Station—Toei Mita Line

Total Land Space: 1,728.38m²
(Co-ownership ratio 84.652%)

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

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.;
MEISEI CORPORATION;
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, 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/R C B1/7F

Completed: January 2003

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

Tenant: Business Breakthrough, Inc.;
Japan Safe Driving Center;
Construction Industry Engineers Center; etc.



☐ TOKYU REIT Shinjuku Building



The Shinjuku 3-chome area where TOKYU REIT Shinjuku Building is situated is one of Tokyo's most vibrant commercial areas, and there are many large commercial buildings near Shinjuku Station.

With such regional characteristics, demand can be expected from sales and services related companies.

Address: 4-3-25, Shinjuku, Shinjuku-ku, Tokyo

Nearest Station: Approximately a one-minute walk from Shinjuku-Sanchome Station—Tokyo Metro Marunouchi and Fukutoshin Lines

Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.

Approximately a six-minute walk from Shinjuku Station—Toei Shinjuku and Oedo Lines/Keio Line

Approximately a seven-minute walk from Shinjuku Station—Odakyu Odawara Line

Total Land Area: 1,113.87m²

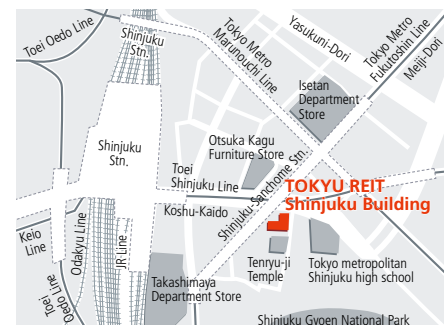
Total Floor Area: 8,720.09m²

Structure/Floors: SRC 10F

Completed: May 2003

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

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



Akihabara Sanwa Toyo Building



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

The 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 Toyocho 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 have 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
 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/R, 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., thus long-term stable cash flow is expected from the property.

Warabi City, Saitama Prefecture, where the property is located, has high accessibility to central Tokyo and high potential as a residential area. In particular, the sizable land of approximately 5,000 *tsubos* (16,528m²) with proximity of an approx. four-minute walk from Warabi Station makes it a rare property.

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: 17,019.18m²
 Total Floor Space: —
 Structure/Floors: —
 Completed: —
 Type of Ownership: Land—Proprietary ownership
 Tenant: Oki Electric Industry Co., Ltd.

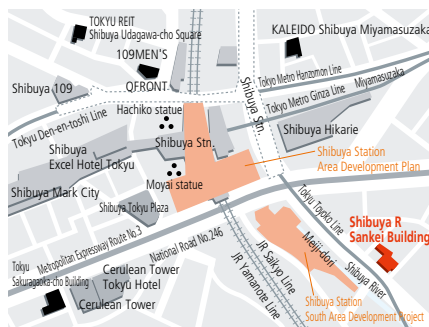


Shibuya R Sankei Building



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 645.86m² 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) Including parking (41.18m²)
 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.; etc.



Tokyu Toranomon Building

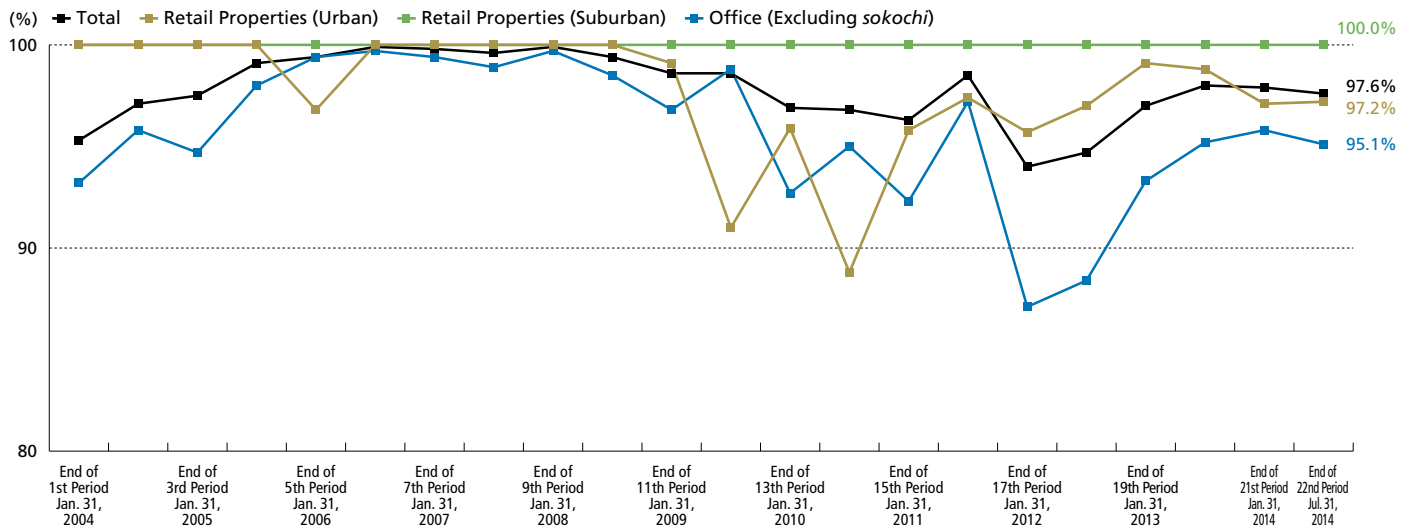


Tokyu Toranomon Building is an office building completed about four years ago and located a three-minute walk from Toranomon Station. The property is highly visible as it is situated along National Route 1 (Sakurada-dori), and further flourishing can be expected with the opening of the Loop Road No. 2 (Shinbashi-Toranomon, Shintora-dori) and the completion of Toranomon Hills. Completed in April 2010, the property is the youngest property in TOKYU REIT's portfolio. It is a large-scale property with 984.55m² per standard floor featuring the latest office specifications such as 2,800mm ceiling height, 100mm raised flooring, individually controlled air-conditioning equipment and IC card key.

Address: 1-21-19, Toranomon, Minato-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Toranomon 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: 1,764.92m²
 Total Floor Space: 11,983.09m²
 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

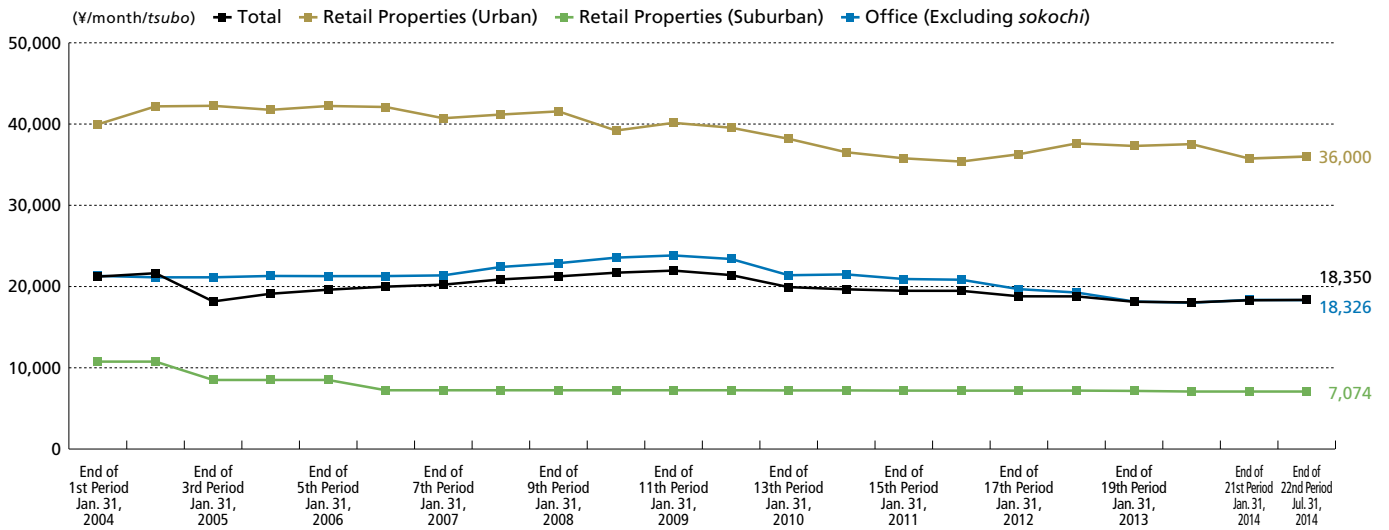


Changes in Occupancy Rate



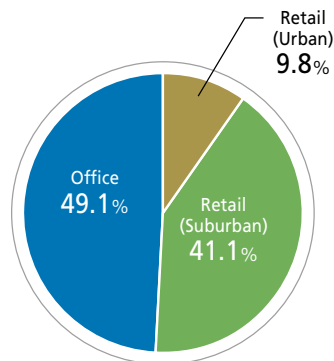
(Note) OKI System Center (*sokochi*) is not included in office properties when calculating the occupancy rate. Furthermore, the occupancy rate of OKI System Center (*sokochi*) was 100% as of the end of the 22nd period.

Changes in Average Rent

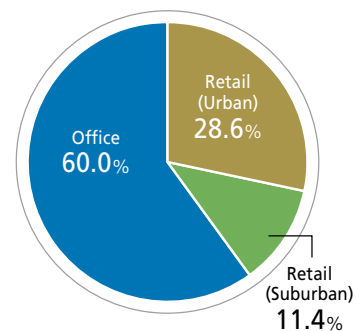


(Note) Shonan Mall Fill (*sokochi*) and OKI System Center (*sokochi*) are not included in the calculation of the changes in rents.

Total Leasable Area by Segment (As of end of Jul. 2014)



Rent Revenues by Segment (As of end of Jul. 2014)



I . Asset Management Report

1. Financial Highlights

(1) Result of Operation and Financial Position

			22nd fiscal period From February 1, 2014 to July 31, 2014 (181 days)	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)	
			Millions of yen, except per unit data or where otherwise indicated					
Result of operation	Statement of income	Operating revenues	¥ 7,302	¥ 7,308	¥ 6,495	¥ 6,334	¥ 6,360	
		Operating income	¥ 3,225	¥ 3,322	¥ 2,801	¥ 2,665	¥ 2,771	
		Net income	¥ 2,461	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982	
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 7,300	¥ 7,304	¥ 6,495	¥ 6,334	¥ 6,360	
		Rental service expenses (b)	¥ 3,420	¥ 3,366	¥ 3,105	¥ 3,083	¥ 3,009	
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	¥ [1,078]	¥ [1,093]	¥ [987]	¥ [1,001]	¥ [1,026]	
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 4,957	¥ 5,032	¥ 4,378	¥ 4,252	¥ 4,377	
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,539	¥ 3,598	¥ 3,023	¥ 2,888	¥ 3,008	
		Capital expenditures (e)	¥ 343	¥ 228	¥ 479	¥ 303	¥ 441	
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 3,195	¥ 3,370	¥ 2,543	¥ 2,585	¥ 2,567	
Financial position	Balance sheet	Total assets (f)	¥ 230,969	¥ 230,966	¥ 206,988	¥ 202,061	¥ 204,879	
		[Change from the preceding period]	[0.0%]	[11.6%]	[2.4%]	[-1.4%]	[-0.3%]	
		Interest-bearing liabilities (g) (Note 5)	¥ 103,000	¥ 103,000	¥ 91,500	¥ 87,000	¥ 89,000	
		Total unitholders' equity (Net assets) (h)	¥ 112,940	¥ 112,986	¥ 100,055	¥ 99,907	¥ 100,002	
		[Change from the preceding period]	[-0.0%]	[12.9%]	[0.1%]	[-0.1%]	[-0.2%]	
	Portfolio	Unitholders' capital	¥ 110,479	¥ 110,479	¥ 98,019	¥ 98,019	¥ 98,019	
		Acquisition costs of properties (Note 6)	¥ 229,622	¥ 229,622	¥ 204,202	¥ 199,672	¥ 199,672	
		Book value of properties (Note 6)	¥ 217,190	¥ 217,923	¥ 193,019	¥ 188,853	¥ 189,452	
		Appraisal value of properties at end of period (i) (Note 6)	¥ 227,740	¥ 224,650	¥ 194,860	¥ 189,320	¥ 190,820	
		Number of properties at end of period	30 properties	30 properties	27 properties	26 properties	26 properties	
		Total leasable area (Note 7)	280,131.88 m ²	280,114.52 m ²	262,516.83 m ²	245,500.63 m ²	245,417.58 m ²	
	Other	Distri- bution	Cash distribution	¥ 2,460	¥ 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	977,600 units	195,520 units	169,380 units	169,380 units	169,380 units	
		Total unitholders' equity per unit (base value) (Note 8)	¥ 115,528	¥ 115,575	¥ 590,716	¥ 589,843	¥ 590,402	
		Cash distribution per unit	¥ 2,517	¥ 12,823	¥ 12,019	¥ 11,146	¥ 11,705	
Management index		Return on total unitholders' equity (annualized) (Note 9)	4.4%	4.7%	4.1%	3.7%	4.0%	
		Equity ratio (h)÷(f)	48.9%	48.9%	48.3%	49.4%	48.8%	
		[Change from the preceding period]	[-0.0%]	[0.6%]	[-1.1%]	[0.6%]	[0.0%]	
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	44.6%	44.6%	44.2%	43.1%	43.4%	
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	45.2%	45.8%	47.0%	46.0%	46.6%	
Average market price per unit during period (Note 10) (Note 11)	¥ 131,777	¥ 116,503	¥ 575,341	¥ 422,792	¥ 401,664			

- 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; 22nd fiscal period: ¥2 million).
- Note 3. 'Depreciation and amortization' includes loss on disposal of property and equipment (18th fiscal period: ¥29 million; 19th fiscal period: ¥8 million; 20th fiscal period: ¥4 million; 21st fiscal period: ¥4 million; 22nd fiscal period: ¥11 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 is 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 (22nd fiscal period: six-month period ended July 31, 2014), the Japanese economy continued to be on a moderate recovery trend, with rebound of the last-minute surge in demand associated with the consumption tax hike also showing signs of easing.

Specifically, in the Tokyo metropolitan area's economy, despite a temporary slowdown due in part to a decline in consumption associated with the consumption tax hike, an optimistic outlook is strong for business sentiment and the sense of tightening is heightening for employment, leading to an improvement in the income environment and expectations for consumption to improve. In addition, there is marked increase in the number of foreigners visiting Japan, leading to expectations that it is likely to also further boost consumption. With regard to population movements, over 90,000 people migrated to the Tokyo metropolitan area from other regions of the country between January and June 2014. This has further exacerbated the disparity between the area and other regions of the country.

Under these circumstances, the average advertised rent for June 2014 in the Tokyo 23 ward's office leasing market increased by 5.3% over the six-month period and by 3.6% over the one-year period. On the other hand, the vacancy rate improved by 1.1 percentage points over the six-month period and by 1.6 percentage points over the one-year period to 5.2%. This decrease in the vacancy rate is attributable to increase in demand backed by the supply control since 2013 and an improvement in employment, and rent also took an upward turn with the shortening of the free-rent period as the rent-paying capacity of corporate tenants increased due to recovery in corporate earnings. In addition to the trend hitherto of existing corporate tenants increasing their floor area, tenant relocations for the purpose of moving to a property with larger floor area is on the rise and newly-built buildings, too, tend to have full occupancy upon completion of construction. These, among other factors, are increasing also contracted floor area. In the retail property leasing market, there were concerns of decrease on the rebound of the last-minute surge in demand associated with the consumption tax hike, but the impact of the tax hike was limited as evident by sales turnover trending towards to nearly the previous year levels. Demand for neighborhood shopping centers (NSCs) is thought to grow in light of the neighborhood consumption orientation and the preference to eat at home due to the population returning to urban areas and the aging of the population.

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. Consequently, TOKYU REIT did not acquire properties during the 22nd fiscal period as there were no properties that would serve to maintain or enhance portfolio quality. As of July 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 280,131.88 m². The period-end appraisal value for TOKYU REIT's entire portfolio amounted to ¥227,740 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 ¥10,549 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 22nd fiscal period increased by 0.35% compared with the end of the 21st fiscal period. In addition, the vacancy rate worsened from the 2.1% at the end of the 21st fiscal period by 0.3 percentage points to 2.4%.

b. Countering Conflicts of Interest

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

Moreover, TOKYU REIT has received an opinion report from Urban Research Institute Corporation stating that fees paid to related parties (see Note below) for property management services pertaining to 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 Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. During the 22nd fiscal period, for the purpose of securing interest-bearing liabilities with fixed long-term interest rates and diversifying repayment dates, TOKYU REIT issued investment corporation bonds (4th Series and 5th Series) on February 14, 2014 and March 11, 2014 totaling ¥6,500 million and then made a partial advance repayment of short-term debt. TOKYU REIT also refinanced long-term debt in the amount of ¥7,000 million. In addition, TOKYU REIT has established commitment lines which provide credit facilities totaling ¥18,000 million with five banks to secure financial credibility through the enhancement of liquidity on hand. The balance of interest-bearing liabilities as of July 31, 2014 was ¥103,000 million, consisting of ¥14,500 million in investment corporation bonds, ¥5,000 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 ¥9,000 million is the current portion of long-term debt). The weighted-average interest rate for the 22nd fiscal period was 1.39% (calculated based on the annualized amount of interest payable for the 22nd fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of July 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 Short-term corporate credit rating: A-1	Outlook: Stable

(3) Issuance of New Investment Units

During the fiscal period under review, 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. 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)
February 1, 2014	Split of units	782,080	977,600	—	¥ 110,479	(Note 9)

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 a 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 a 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 a public offering at an offer price of ¥761,950 (issue price: ¥736,292) per unit for the purpose of acquiring new properties and the repayment 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 a 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 a 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.

【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:

	22nd fiscal period From February 1, 2014 to July 31, 2014	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
	Yen				
Highest	¥ 146,800	¥ 130,000	¥ 744,000	¥ 518,000	¥ 450,000
Lowest	¥ 115,900	¥ 99,800	¥ 492,000	¥ 369,000	¥ 362,500

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 22nd 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 22nd fiscal period was ¥2,517.

	22nd fiscal period From February 1, 2014 to July 31, 2014	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
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 2,461	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 2,460	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982
[Cash distribution per unit]	[¥ 2,517]	[¥ 12,823]	[¥ 12,019]	[¥ 11,146]	[¥ 11,705]
Distribution of accumulated earnings	¥ 2,460	¥ 2,507	¥ 2,035	¥ 1,887	¥ 1,982
[Distribution of accumulated earnings per unit]	[¥ 2,517]	[¥ 12,823]	[¥ 12,019]	[¥ 11,146]	[¥ 11,705]
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 weakness remaining in certain aspects in the foreseeable future due to rebound on the last-minute surge in demand associated with the consumption tax hike but that impact then gradually weakening and amid the onset of the effects of various measures and policies, expectations are for the moderate recovery to continue. However, the overseas economic downturn continues to pose the risk of downward pressure on the Japanese economy.

In light of such an outlook, in the real estate investment market, with expectations for investment funds inflow and rent growth amid low interest rates continuing in the foreseeable future, the forecast is 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 forecast to boost office demand, leading to the outlook that the vacancy rate will continue to decrease. The average contracted rent is thought to be on a relatively strong increase until 2015 following a decrease in the vacancy rate and improvement in the rent-paying capacity of corporate tenants and, although becoming moderate from 2016 when the decrease in the vacancy rate will bottom out once due to the second consumption tax hike, the average contracted rent is thought to keep increasing in the medium term. In the retail property leasing market, with sales turnover on an upward trend centering on urban retail properties, and 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

① Disposition of Asset

TOKYU REIT sold the following asset on August 8, 2014.

- a. Type of disposition: Trust beneficiary interest in domestic real estate
- b. Property name: Beacon Hill Plaza (Ito-Yokado Noukendai Store)
- c. Disposition price (Note): ¥8,720 million
- d. Agreement date: June 6, 2014
- e. Settlement date: August 8, 2014
- f. Purchaser: Ito-Yokado Co., Ltd.
- g. Impact on income (loss): Gain on sale of approximately ¥466 million is scheduled to be recorded in the 23rd fiscal period (six-month period ending January 31, 2015)

Note. 'Disposition price' is the amount exclusive of the expenses required for disposition of the asset (brokerage charges, property-related taxes, etc.) and is identical to the disposition costs, etc. stated in the beneficiary interest sale agreement.

2. Company Profiles

(1) Summary of Unitholders' Contributions

	22nd fiscal period As of July 31, 2014	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
Units authorized (units)	10,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Units issued and outstanding (units)	977,600	195,520	169,380	169,380	169,380
Unitholders' capital (millions of yen)	¥ 110,479	¥ 110,479	¥ 98,019	¥ 98,019	¥ 98,019
Number of unitholders (persons)	12,348	11,220	10,464	9,674	9,491

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of July 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	281,307	28.78
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	69,479	7.11
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	52,005	5.32
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	49,000	5.01
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	43,864	4.49
Union Bancaire Privée (Europe) S.A. 497201 (Standing Proxy: Sumitomo Mitsui Banking Corporation)	1-2-3, Otemachi, Chiyoda-ku, Tokyo	20,065	2.05
MetLife Insurance K.K. (Standing Proxy: Citibank Japan Ltd.)	2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo	19,510	2.00
The Asahi Fire & Marine Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	15,000	1.53
State Street Bank and Trust Company 505223 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	4-16-13, Tsukishima, Chuo-ku, Tokyo	12,225	1.25
Trust & Custody Services Bank, Ltd. (money trust tax account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	10,795	1.10
Total		573,250	58.64

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

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

① Name of Directors and Auditor (as of July 31, 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 investment corporation bonds 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 July 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	22nd fiscal period As of July 31, 2014		21st fiscal period As of January 31, 2014		
			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	¥ 15,686	6.8	¥ 15,598	6.8	
		Other	—	—	—	—	
		Sub total	15,686	6.8	15,598	6.8	
	Office	Central Tokyo and Tokyu Areas	44,235	19.2	44,387	19.2	
		Other	4,774	2.1	4,772	2.1	
		Sub total	49,009	21.2	49,160	21.3	
	Total		64,695	28.0	64,759	28.0	
	Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	59,923	25.9	60,164	26.0
			Other	15,229	6.6	15,304	6.6
Sub total			75,152	32.5	75,468	32.7	
Office		Central Tokyo and Tokyu Areas	73,355	31.8	73,687	31.9	
		Other	3,987	1.7	4,009	1.7	
		Sub total	77,342	33.5	77,696	33.6	
Total		152,495	66.0	153,164	66.3		
Other assets		13,778	6.0	13,042	5.6		
Total assets		¥ 230,969 [¥ 217,190]	100.0 [94.0]	¥ 230,966 [¥ 217,923]	100.0 [94.4]		

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

Note 2. 'Total amount held' is the amount allocated in the balance sheet at the end of the period (as to properties, figures are net book value after deducting depreciation).

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

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

(2) Major Portfolio

Major portfolios held by TOKYU REIT as of July 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	¥ 13,919	4,502.93	4,502.93	100.0	8.8	Retail
R	Lexington Aoyama	4,726	2,107.08	2,107.08	100.0	1.7	Retail
R	TOKYU REIT Omotesando Square	5,708	2,648.27	2,648.27	100.0	2.5	Retail
R	Tokyu Saginuma Building	6,704	19,610.06	19,610.06	100.0	4.2	Retail
R	Tokyu Saginuma 2 Building	1,164	1,267.95	1,267.95	100.0	0.9	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,603	1,543.05	1,543.05	100.0	3.4	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	8,202	50,285.89	50,285.89	100.0	4.0	Retail
R	cocoti	22,554	8,330.41	8,151.41	97.9	7.0	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.4	Retail
R	CONZE Ebisu	4,984	2,326.91	1,752.61	75.3	1.3	Retail
R	Daikanyama Forum	4,098	2,477.64	2,477.64	100.0	1.5	Retail
R	KALEIDO Shibuya Miyamasuzaka	5,144	3,399.30	3,399.30	100.0	2.5	Retail
O	Setagaya Business Square	17,875	24,961.05	21,970.42	88.0	12.9	Office
O	Tokyu Nampeidai-cho Building	4,169	7,148.18	7,148.18	100.0	2.0	Office
O	Tokyu Sakuragaoka-cho Building	6,600	4,737.19	4,737.19	100.0	3.0	Office
O	Tokyo Nissan Taito Building	3,737	7,947.24	7,511.45	94.5	2.6	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,466	3,196.69	3,196.69	100.0	1.9	Office
O	TOKYU REIT Kamata Building	3,990	7,337.82	7,337.82	100.0	2.9	Office
O	TOKYU REIT Toranomom Building	9,894	10,145.59	8,962.79	88.3	4.0	Office
O	TOKYU REIT Hatchobori Building	6,817	5,997.55	5,069.27	84.5	2.3	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,089	3,533.03	3,533.03	100.0	2.4	Office
O	Tokyu Ikejiri-ohashi Building	5,414	5,733.23	5,733.23	100.0	2.5	Office
O	Kojimachi Square	8,579	5,409.11	5,409.11	100.0	2.9	Office
O	TOKYU REIT Shinjuku Building	9,054	6,215.17	6,215.17	100.0	3.4	Office
O	Akihabara Sanwa Toyo Building	4,613	4,643.04	4,643.04	100.0	2.4	Office
O	TOKYU REIT Kiba Building	3,987	5,797.79	5,797.79	100.0	2.0	Office
O	Tokyu Ginza 2-chome Building	4,824	3,469.14	3,469.14	100.0	2.4	Office
O	OKI System Center (<i>sokochi</i>)	4,774	17,019.19	17,019.19	100.0	2.0	Office
O	Shibuya R Sankei Building (Note 6)	5,453	5,246.68	4,889.78	93.2	2.9	Office
O	Tokyu Toranomom Building	15,008	9,016.59	9,016.59	100.0	5.5	Office
Total		¥ 217,190	280,131.88	273,484.19	97.6	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. The name of Shibuya R Sankei Building is scheduled to be changed to TOKYU REIT Shibuya R Building on April 1, 2015 (the same hereafter).
- Note 7. 'R' and 'O' in the table are a classification of TOKYU REIT's portfolio properties into R (retail properties) and O (office properties) (the same hereafter).

(3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of July 31, 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	¥ 23,000	¥ 13,919
	R	Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,107.08	4,570	4,726
	R	TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,648.27	6,790	5,708
	R	Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	19,610.06	8,540	6,704

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	1,520	1,164
		R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	10,300	6,603
		R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,330.41	17,500	22,554
		R CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,326.91	3,960	4,984
		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	3,220	4,098
		R KALEIDO Shibuya Miyamasuzaka	1-12-4, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,399.30	5,610	5,144
	Sub total				48,213.60	85,010	75,609
	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	8,150	8,202
		R Shonan Mall Fill (sokochi)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	5,920	7,026
	Sub total				94,364.01	14,070	15,229
	Total				142,577.61	99,080	90,838
	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	18,600
O Tokyu Nampeidai-cho Building			12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	4,720	4,169
O Tokyu Sakuragaoka-cho Building			109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	7,590	6,600
O Tokyo Nissan Taito Building			2-120-2, etc., Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,947.24	5,200	3,737
O TOKYU REIT Akasaka Hinokicho Building			6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,196.69	3,980	3,466
O TOKYU REIT Kamata Building			5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	4,830	3,990
O TOKYU REIT Toranomom Building			3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,145.59	9,220	9,894
O TOKYU REIT Hatchobori Building			2-104-1, etc., Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	5,997.55	5,240	6,817
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	6,380	8,089

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	4,630	5,414
		○ Kojimachi Square	3-9 and 3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	8,080	8,579
		○ TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,215.17	9,390	9,054
		○ Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,643.04	5,310	4,613
		○ Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	4,790	4,824
		○ Shibuya R Sankei Building	3-10-2, etc., Shibuya, Shibuya-ku, Tokyo	Real estate	5,246.68	6,000	5,453
		○ Tokyu Toranomom Building	1-216-2, etc., Toranomom, Minato-ku, Tokyo	Real estate	9,016.59	16,200	15,008
	Sub total				114,737.29	120,160	117,590
	Other	○ TOKYU REIT Kiba Building	3-21-5, etc., Toyo, Koto-ku, Tokyo	Trust beneficiary interest in real estate	5,797.79	3,630	3,987
		○ OKI System Center (sokochi)	1-16-20, etc., Chuo, Warabi-shi, Saitama	Real estate	17,019.19	4,870	4,774
Sub total				22,816.98	8,500	8,761	
Total				137,554.27	128,660	126,352	
Grand total				280,131.88	¥ 227,740	¥ 217,190	

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		22nd fiscal period From February 1, 2014 to July 31, 2014				21st fiscal period From August 1, 2013 to January 31, 2014						
		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	¥ 639	8.8	3	100.0	¥ 641	8.8	
		R	Lexington Aoyama	7	100.0	122	1.7	7	100.0	118	1.6	
		R	TOKYU REIT Omotesando Square	4	100.0	179	2.5	4	100.0	184	2.5	
		R	Tokyu Saginuma Building	1	100.0	305	4.2	1	100.0	305	4.2	
		R	Tokyu Saginuma 2 Building	1	100.0	62	0.9	1	100.0	62	0.9	
		R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	250	3.4	2	100.0	250	3.4	
		R	cocoti	15	97.9	508	7.0	14	96.8	531	7.3	
		R	CONZE Ebisu	6	75.3	96	1.3	6	77.8	119	1.6	
		R	Daikanyama Forum	5	100.0	106	1.5	5	100.0	102	1.4	
		R	KALEIDO Shibuya Miyamasuzaka (Note 4)	8	100.0	182	2.5	8	100.0	177	2.4	
		Sub total	52	98.4	2,453	33.6	51	98.4	2,493	34.1		
	Other	R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	1	100.0	291	4.0	1	100.0	291	4.0	
		R	Shonan Mall Fill (sokochi)	1	100.0	174	2.4	1	100.0	174	2.4	
			Sub total	2	100.0	465	6.4	2	100.0	465	6.4	
		Total	54	99.5	2,918	40.0	53	99.5	2,959	40.5		
	Office	Central Tokyo and Tokyo Areas	O	Setagaya Business Square	55	88.0	944	12.9	55	89.1	952	13.0
			O	Tokyu Nampeidai-cho Building	1	100.0	149	2.0	1	100.0	149	2.0
			O	Tokyu Sakuragaoka-cho Building	2	100.0	215	3.0	2	100.0	215	3.0
			O	Tokyo Nissan Taito Building	11	94.5	186	2.6	11	94.5	207	2.8
O			TOKYU REIT Akasaka Hinokicho Building	3	100.0	136	1.9	3	100.0	133	1.8	
O			TOKYU REIT Kamata Building	6	100.0	210	2.9	6	100.0	203	2.8	
O			TOKYU REIT Toranomon Building	8	88.3	293	4.0	8	88.3	276	3.8	
O			TOKYU REIT Hatchobori Building	10	84.5	169	2.3	10	88.4	186	2.6	
O			Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	177	2.4	1	100.0	177	2.4	
O			Tokyu Ikejiri-ohashi Building	4	100.0	184	2.5	4	100.0	185	2.5	
O			Kojimachi Square	8	100.0	214	2.9	8	100.0	214	2.9	
O			TOKYU REIT Shinjuku Building	11	100.0	249	3.4	11	100.0	253	3.5	
O			Akihabara Sanwa Toyoko Building	6	100.0	172	2.4	6	100.0	171	2.3	
O			Tokyu Ginza 2-chome Building	2	100.0	171	2.4	2	100.0	165	2.3	
O			Shibuya R Sankei Building (Note 4)	11	93.2	212	2.9	12	100.0	196	2.7	
O			Tokyu Toranomon Building (Note 4)	4	100.0	398	5.5	4	100.0	365	5.0	
			Sub total	143	94.9	4,087	56.0	144	95.6	4,054	55.5	
Other		O	TOKYU REIT Kiba Building	6	100.0	148	2.0	6	100.0	146	2.0	
		O	OKI System Center (sokochi)	1	100.0	145	2.0	1	100.0	145	2.0	
			Sub total	7	100.0	293	4.0	7	100.0	291	4.0	
	Total	150	95.7	4,381	60.0	151	96.3	4,345	59.5			
	Grand total	204	97.6	¥ 7,300	100.0	204	97.9	¥ 7,304	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. KALEIDO Shibuya Miyamasuzaka, Shibuya R Sankei Building and Tokyu Toranomom 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 July 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 July 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
○ Setagaya Business Square	Setagaya-ku, Tokyo	Renewal of air-conditioning equipment in Tower and Hills I and III	From October 2014 to January 2015	¥ 55	—	—
○ Setagaya Business Square	Setagaya-ku, Tokyo	Partial renewal of central monitoring equipment	From August 2014 to January 2015	¥ 54	—	—
○ Tokyu Sakuragaoka-cho Building	Shibuya-ku, Tokyo	Renovation of restroom and kitchen on 2F to 8F	From August 2014 to January 2015	¥ 96	—	—
○ Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renovation of external walls (into panels)	From May 2014 to January 2015	¥ 179	—	¥ 1
○ TOKYU REIT Kiba Building	Koto-ku, Tokyo	Renewal of air-conditioning equipment on 2F and 10F	From October 2014 to November 2014	¥ 76	—	—

(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 22nd fiscal period amounted to ¥343 million and ¥169 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥512 million spent for such work.

Name of property		Location	Objective	Period	Construction cost
					Millions of yen
R	Tokyu Saginuma Building	Kawasaki-shi, Kanagawa	Renovation of elevator/escalator	From February 2014 to February 2014	¥ 17
R	CONZE Ebisu	Shibuya-ku, Tokyo	Renewal, etc.	From July 2013 to July 2014	123
O	TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Installation of individually controlled air-conditioning equipment on and commercialization of 4F	From January 2014 to March 2014	21
O	Shibuya R Sankei Building	Shibuya-ku, Tokyo	Renewal of restroom and drain pipe on 2F to 7F	From February 2014 to July 2014	43
Other					137
Total					¥ 343

(3) Reserve for Long-Term Repair and Maintenance Plan (Reserve for Repairs and Maintenance)

Based on long-term repair and maintenance plans decided for each property, TOKYU REIT accounted for reserves for repairs and maintenance from cash flows made during the period in order to pay for significant repairs and maintenance scheduled in the medium to long term future as follows:

	22nd fiscal period From February 1, 2014 to July 31, 2014	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
	Millions of yen				
Reserve at beginning of period	¥ 150	¥ 301	¥ 372	¥ 454	¥ 340
Amount transferred to reserve during period	436	212	446	607	520
Reversal from reserve during period	413	364	516	690	406
Reserve at end of period	¥ 172	¥ 150	¥ 301	¥ 372	¥ 454

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

	22nd fiscal period From February 1, 2014 to July 31, 2014		21st fiscal period From August 1, 2013 to January 31, 2014	
	Millions of yen			
Asset management fees				
Asset-based fees	¥ 281		¥ 248	
Cash-based fees	244		246	
Unit price-based fees	-	¥ 525	-	¥ 494
Asset custodian fees		18		16
General administration fees		45		42
Directors' fees		6		6
Other operating expenses		61		58
Total		¥ 656		¥ 618

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

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

Category	Lender	Draw-down date	Balance as of July 31, 2014	Balance as of January 31, 2014	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
			Millions of yen	Millions of yen	%				
Short-term debt	Sumitomo Mitsui Trust Bank, Limited	August 15, 2013	¥ 2,000	¥ 4,600	0.52199	August 15, 2014	Bullet payment	(Note 2)	Unsecured and Unguaranteed (Note 3)
	Mitsubishi UFJ Trust and Banking Corporation		1,000	2,300					
	Mizuho Bank, Ltd.		1,000	2,300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,000	2,300	0.52488				
Sub total			5,000	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)
	Daido Life Insurance Company	March 10, 2008	3,000	3,000	1.76625	March 10, 2016			Unsecured and Unguaranteed (Notes 3 and 4)
	Development Bank of Japan Inc.	June 25, 2008	5,000	5,000	2.21100	June 25, 2015			Unsecured and Unguaranteed (Note 3)
	Development Bank of Japan Inc.	February 25, 2009	-	5,000	1.86458	February 25, 2014			Unsecured and Unguaranteed (Note 3)
	Mitsui Sumitomo Insurance Co., Ltd.	June 25, 2010	-	1,000	1.31250	June 25, 2014			Unsecured and Unguaranteed (Notes 3 and 4)
	Mizuho Bank, Ltd.		-	1,000					
	Sumitomo Mitsui Trust Bank, Limited	July 26, 2010	1,000	1,000	1.46250	July 26, 2015			Unsecured and Unguaranteed (Note 3)
	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	Unsecured and Unguaranteed (Note 3)			

Category	Draw-down date	Balance as of July 31, 2014	Balance as of January 31, 2014	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark	
		Millions of yen	Millions of yen	%					
Long-term debt	Sumitomo Mitsui Trust Bank, Limited	May 18, 2011	2,000	2,000	1.47625	May 18, 2017	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	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			
	Mizuho Trust & Banking Co., Ltd.	June 27, 2013	1,500	1,500	1.91375	June 27, 2023			
	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 Life Insurance Company, Limited	July 31, 2013	2,500	2,500	1.51375	July 31, 2021			
The Dai-ichi Life Insurance Company, Limited	2,000		2,000	0.99125	July 31, 2018				
Nippon Life Insurance Company	500		500	1.51375	July 31, 2021				

Category	Draw-down date	Balance as of July 31, 2014	Balance as of January 31, 2014	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark	
		Millions of yen	Millions of yen	%					
Long-term debt	Sumitomo Mitsui Trust Bank, Limited	December 25, 2013	2,500	2,500	1.21000	December 25, 2020	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	Mitsubishi UFJ Trust and Banking Corporation		2,000	2,000					
	Mitsubishi UFJ Trust and Banking Corporation	January 27, 2014	1,500	1,500	0.95625	June 25, 2019			
	The Dai-ichi Life Insurance Company, Limited	January 27, 2014	1,000	1,000	1.04625	January 27, 2020			
	The Norinchukin Bank	January 27, 2014	3,000	3,000	0.85000	January 27, 2019			
	Development Bank of Japan Inc.	February 25, 2014	5,000	-	1.57750	February 25, 2024			
	Mizuho Bank, Ltd.	June 25, 2014	1,000	-	1.05250	June 25, 2021			
	Mitsui Sumitomo Insurance Co., Ltd.	June 25, 2014	1,000	-					
Sub total			83,500	83,500					
Total			¥ 88,500	¥ 95,000					

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 July 31, 2014 is as follows:

Name	Issue date	Balance as of July 31, 2014	Balance as of January 31, 2014	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			
4th Series Unsecured Investment Corporation Bond	February 14, 2014	3,500	-	0.39900	February 14, 2019			
5th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	-	0.68200	March 11, 2021			
Total		¥ 14,500	¥ 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 22nd Fiscal Period

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

There is no item that falls under this category.

(2) Sales and Purchases of Other Assets

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

(3) Research on Prices of Specified Assets

① Property

There is no item that falls under this category.

② Other

There is no item that falls under this category.

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

① Status of Trading

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

② Amounts of Commissions Paid

Item	Total amounts of commissions paid (A)	Paid to interested persons, etc. and major shareholders		B/A (%)
		Payee	Amount of payment (B)	
	Thousands of yen		Thousands of yen	
Utilities expenses	¥ 652,252	Yoga District Heating and Cooling Co., Ltd.	¥ 108,245	16.6
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 460,771	Tokyu Community Corporation	¥ 264,084	57.3
		Tokyu Facility Service Co., Ltd.	¥ 51,020	11.1
		Kyodo Gijutsu Center Co., Ltd.	¥ 11,097	2.4
		Tokyu Store Corporation	¥ 3,877	0.8
		Tokyu Department Store Co., Ltd.	¥ 1,756	0.4
		Tokyu Linen Supply Co., Ltd.	¥ 18	0.0
		Tokyu Renewal Co., Ltd.	¥ 3	0.0
Property management fees	¥ 152,289	Tokyu Corporation	¥ 87,141	57.2
		Tokyu Community Corporation	¥ 65,147	42.8
Insurance premium	¥ 13,425	Tokyu Insurance Consulting Co., Ltd.	¥ 13,131	97.8
Other rental service expenses	¥ 216,418	Tokyu Malls Development Corporation	¥ 4,249	2.0
		Tokyu Corporation	¥ 3,121	1.4
		Tokyu Ad Communications Co., Ltd.	¥ 2,706	1.3
		Tokyu Community Corporation	¥ 2,003	0.9
		Shibuya Underground Shopping Center, Inc.	¥ 840	0.4
		its communications Inc.	¥ 62	0.0

Note 1. Pursuant to Article 123 of the Investment Trust Law Enforcement Order, interested persons, etc. are defined as having interests in Tokyu REIT 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 REIT. 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 ¥75,989 thousand and ¥31,145 thousand, respectively. In addition to the commissions paid as described above, the amount paid for repair and maintenance work placed to interested persons, etc. and major shareholders during the 22nd fiscal period are as follows:

Tokyu Renewal Co., Ltd.	¥ 20,195 thousand
Tokyu Construction Co., Ltd.	¥ 14,942 thousand
Tokyu Community Corporation	¥ 9,549 thousand
Tokyu Corporation	¥ 8,064 thousand
Tokyu Facility Service Co., Ltd.	¥ 3,691 thousand
Kyodo Gijutsu Center Co., Ltd.	¥ 847 thousand
Tokyu Department Store Co., Ltd.	¥ 210 thousand
Tokyu Architects & Engineers Inc.	¥ 110 thousand
Ishikatsu Exterior, Inc.	¥ 15 thousand
Tokyu Hands Inc.	¥ 5 thousand
Tokyu Bldg Maintenance Co., Ltd.	¥ 5 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, Statements of Cash Flows and Notes to Financial Statements.

(2) Change in Depreciation Method

There is no item that falls under this category.

(3) Change in Valuation Methods

There is no item that falls under this category.

8. Other

(1) News

There is no item that falls under this category.

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

There is no item that falls under this category.

(3) Other

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

Date of meeting	Agenda item	Summary
July 31, 2014	Signing of memorandum with Tokyu Community Corporation	The meeting approved the signing of a memorandum with the property management company Tokyu Community Corporation, confirming Tokyu Community Corporation's intentions to take full responsibility for loss (¥392 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 July 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 July 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

October 29, 2014

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

	July 31, 2014	January 31, 2014
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 4,148	¥ 3,362
Cash and deposits with banks held in trust	8,086	8,106
Tenant receivables	160	135
Consumption tax refund receivables	-	155
Lease deposits held in trust due within one year	18	18
Other current assets	107	44
Total current assets	12,522	11,822
Fixed assets:		
Property and equipment		
Buildings and structures	12,152	11,983
Land	54,441	54,439
Other tangible assets	152	143
Construction in progress	-	2
Buildings and structures held in trust	49,034	48,914
Land held in trust	119,633	119,633
Other tangible assets held in trust	1,341	1,314
Construction in progress held in trust	4	2
Less accumulated depreciation	(19,580)	(18,522)
Total property and equipment	217,180	217,911
Intangible assets		
Intangible assets	0	0
Intangible assets held in trust	10	11
Total intangible assets	10	12
Investments and other assets		
Lease deposits	203	203
Lease deposits held in trust	781	781
Other assets	183	170
Total investments and other assets	1,168	1,155
Total fixed assets	218,359	219,079
Deferred assets:		
Investment unit issuance expenses	36	45
Investment corporation bond issuance expenses	51	19
Total deferred assets	87	64
Total assets	¥ 230,969	¥ 230,966

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

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

	July 31, 2014	January 31, 2014
(Millions of yen)		
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	¥ 5,000	¥ 11,500
Investment corporation bonds due within one year	5,000	5,000
Long-term debt due within one year	9,000	7,000
Accounts payable	1,035	1,063
Consumption tax payable	287	-
Rent received in advance	1,149	1,119
Tenant leasehold and security deposits held in trust due within one year	624	624
Accrued expenses and other current liabilities	192	188
Total current liabilities	22,290	26,497
Long-term liabilities:		
Investment corporation bonds	9,500	3,000
Long-term debt	74,500	76,500
Tenant leasehold and security deposits	3,202	3,255
Tenant leasehold and security deposits held in trust	8,533	8,725
Other long-term liabilities	2	2
Total long-term liabilities	95,738	91,483
Total liabilities	¥ 118,029	¥ 117,980
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 10,000,000 units as of July 31, 2014 and 2,000,000 units as of January 31, 2014		
Units issued and outstanding - 977,600 units as of July 31, 2014 and 195,520 units as of January 31, 2014	¥ 110,479	¥ 110,479
Retained earnings	2,461	2,507
Total net assets	112,940	112,986
Total liabilities and net assets	¥ 230,969	¥ 230,966

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

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

	For the six months ended	
	July 31, 2014	January 31, 2014
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 6,794	¥ 6,743
Other rental revenue	505	561
Contribution for construction	2	0
Revenues from facility acceptance	-	2
Operating expenses:		
Rental service expenses	(3,420)	(3,366)
Asset management fees	(525)	(494)
Other	(131)	(124)
Operating income	3,225	3,322
Non-operating income:		
Interest income	1	1
Other	3	1
Non-operating expenses:		
Interest expense	(628)	(692)
Interest expense on investment corporation bonds	(83)	(69)
Amortization of investment unit issuance expenses	(8)	(8)
Amortization of investment corporation bond issuance expenses	(5)	(2)
Other	(40)	(44)
Income before income taxes	2,462	2,508
Income taxes:		
Current	(1)	(0)
Deferred	0	0
Net income	2,461	2,507
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,461	¥ 2,507

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

TOKYU REIT, Inc.
Statements of Changes in Unitholders' Equity
For the six months ended July 31, 2014 and January 31, 2014

For the six months ended July 31, 2014

	Unitholders' capital	Retained earnings	Total
	(Millions of yen)		
Balance at beginning of period	¥ 110,479	¥ 2,507	¥ 112,986
Changes during the period			
Cash distributions declared	-	(2,507)	(2,507)
Net income	-	2,461	2,461
Total changes during the period	-	(46)	(46)
Balance at end of period	¥ 110,479	¥ 2,461	¥ 112,940

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

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

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

	For the six months ended	
	July 31, 2014	January 31, 2014
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,462	¥ 2,508
Depreciation and amortization	1,066	1,089
Amortization of investment unit issuance expenses	8	8
Amortization of investment corporation bond issuance expenses	5	2
Loss on disposal of property and equipment	11	4
Interest income	(1)	(1)
Interest expense	729	782
(Increase) Decrease in tenant receivables	(25)	(6)
(Increase) Decrease in consumption tax refund receivables	155	(155)
Increase (Decrease) in consumption tax payable	287	(64)
Increase (Decrease) in accounts payable	(8)	72
Increase (Decrease) in rent received in advance	30	112
Other, net	(78)	15
Total	4,644	4,368
Interest received	1	1
Interest paid	(719)	(780)
Income taxes paid	(0)	(0)
Net cash provided by operating activities	3,926	3,587
Cash flows from investing activities:		
Payments for purchases of property and equipment	(130)	(20,609)
Payments for purchases of property and equipment held in trust	(242)	(5,350)
Payments for purchases of intangible assets held in trust	(0)	-
Payments for lease deposits	-	(78)
Payments for lease deposits held in trust	-	(12)
Proceeds from lease deposits held in trust	-	30
Proceeds from tenant leasehold and security deposits	33	1,003
Payments for tenant leasehold and security deposits	(86)	(24)
Proceeds from tenant leasehold and security deposits held in trust	99	335
Payments for tenant leasehold and security deposits held in trust	(291)	(1,925)
Payments for restricted deposits with banks held in trust	(99)	(353)
Proceeds from restricted deposits with banks held in trust	74	1,708
Net cash used in investing activities	(642)	(25,276)
Cash flows from financing activities:		
Proceeds from short-term debt	-	12,500
Repayment of short-term debt	(6,500)	(1,000)
Proceeds from long-term debt	7,000	10,000
Repayment of long-term debt	(7,000)	(10,000)
Proceeds from investment corporation bonds	6,462	-
Proceeds from issuance of investment units	-	12,406
Payment of dividends	(2,504)	(2,034)
Net cash used in financing activities	(2,542)	21,872
Net change in cash and cash equivalents	740	184
Cash and cash equivalents at beginning of period	5,279	5,095
Cash and cash equivalents at end of period	¥ 6,020	¥ 5,279

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

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

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.

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.

As at July 31, 2014, TOKYU REIT's total capital is ¥110,479 million with 977,600 units issued and outstanding. TOKYU REIT has been operating 30 properties at an occupancy rate of approximately 97.6%. Total acquisition cost of the 30 properties is ¥229,622 million and total rentable area is 280,131.88 m².

(b) Basis of presentation

The financial statements of TOKYU REIT, which is incorporated in Japan, have been prepared in accordance with the provisions set forth in the Corporate Law, the Investment Trust Law, the Financial Instruments and Exchange Law and related regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the financial statements for domestic purposes, which were submitted to the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance, have been reclassified in the accompanying financial statements for the convenience of readers outside Japan.

The accompanying financial statements have been reclassified and translated into English from the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by TOKYU REIT and were filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law (in place of the Securities and Exchange Law effective from September 30, 2007). TOKYU REIT does not prepare consolidated financial statements, as TOKYU REIT has no subsidiaries.

TOKYU REIT's first fiscal period began on June 20, 2003, the date of incorporation, and ended on January 31, 2004. TOKYU REIT's fiscal period is a six-month period, which ends respectively at the end of January and July of each year.

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

2. Significant accounting policies

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

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

	July 31, 2014	January 31, 2014
	(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 July 31, 2014 and January 31, 2014

- (h) **Revenue recognition** – TOKYU REIT operates retail and office properties that are rented to tenants. Revenue from leasing the retail and office space is recognized on an accrual basis over the term of each lease. Rental revenue includes fixed rental revenues, recoveries of utility charges and other income.
- (i) **Property-related taxes** – Property-related taxes (property tax, city planning tax and depreciable property tax) are imposed on property on a calendar year basis. The amount of such taxes assessed in the period is charged to income as rental service expenses. In accordance with Japanese business practice, at the time of disposal, the seller of the property is generally liable for property-related taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser of the property for the accrued property-related tax liabilities up to the time of disposal, and the amount of the settlement reflects this adjustment when acquiring a property. TOKYU REIT is allocating the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amount of those allocated portions of the property-related taxes is capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes are nil for the six months ended July 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 ¥27 thousand are included in other current assets as of July 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 July 31, 2014 and January 31, 2014 consisted of the following:

	July 31, 2014	January 31, 2014
	(Millions of yen)	
Cash and deposits with banks	¥ 4,148	¥ 3,362
Cash and deposits with banks held in trust	8,086	8,106
Restricted deposits with banks held in trust	(6,214)	(6,188)
Cash and cash equivalents	¥ 6,020	¥ 5,279

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 July 31, 2014 and January 31, 2014

4. Schedule of property and equipment and intangible assets

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

	July 31, 2014			January 31, 2014		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
(Millions of yen)						
Property and equipment						
Buildings and structures						
Buildings	¥ 12,005	¥ (1,965)	¥ 10,040	¥ 11,877	¥ (1,738)	¥ 10,138
Structures	147	(23)	123	106	(19)	86
Land	54,441	-	54,441	54,439	-	54,439
Other tangible assets						
Machinery and equipment	98	(36)	61	98	(29)	68
Tools, furniture and fixtures	54	(25)	28	45	(22)	22
Construction in progress	-	-	-	2	-	2
Property and equipment held in trust						
Buildings and structures						
Buildings	48,200	(16,062)	32,138	48,082	(15,310)	32,771
Structures	833	(415)	418	831	(398)	432
Land	119,633	-	119,633	119,633	-	119,633
Other tangible assets						
Machinery and equipment	990	(792)	197	985	(755)	230
Tools, furniture and fixtures	351	(258)	92	328	(246)	82
Construction in progress	4	-	4	2	-	2
Sub total	<u>236,760</u>	<u>(19,580)</u>	<u>217,180</u>	<u>236,433</u>	<u>(18,522)</u>	<u>217,911</u>
Intangible assets						
Intangible assets	2	(2)	0	2	(2)	0
Intangible assets held in trust	30	(20)	10	30	(18)	11
Sub total	<u>33</u>	<u>(22)</u>	<u>10</u>	<u>33</u>	<u>(20)</u>	<u>12</u>
Total	<u>¥ 236,793</u>	<u>¥ (19,603)</u>	<u>¥ 217,190</u>	<u>¥ 236,466</u>	<u>¥ (18,542)</u>	<u>¥ 217,923</u>

5. Collateral pledged and secured liabilities

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

	July 31, 2014	January 31, 2014
	(Millions of yen)	
Assets pledged as collateral		
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 2,485	¥ 2,558
Structures	123	126
Land	5,585	5,585
Other tangible assets		
Machinery and equipment	6	6
Tools, furniture and fixtures	0	1
Total	<u>¥ 8,202</u>	<u>¥ 8,278</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	1,711	1,928
Total	<u>¥ 2,145</u>	<u>¥ 2,362</u>

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

6. Short-term debt and long-term debt

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

	Balance as of July 31, 2014	Balance as of January 31, 2014	Average interest rate (Note 1)
	(Millions of yen)		(%)
Short-term debt			
Unsecured loans due on August 15, 2014 with floating rate	¥ 4,000	¥ 9,200	0.52199
Unsecured loans due on August 15, 2014 with floating rate	1,000	2,300	0.52488
Sub total	5,000	11,500	
Long-term debt			
Unsecured loans due on February 25, 2014 with fixed rate	-	5,000	1.86458
Unsecured loans due on June 25, 2014 with fixed rate	-	2,000	1.31250
Unsecured loans due on June 25, 2015 with fixed rate (Note 2)	5,000	5,000	2.21100
Unsecured loans due on July 26, 2015 with fixed rate (Note 2)	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	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	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	1,000	1.04625
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	4,500	1.21000
Unsecured loans due on June 25, 2021 with fixed rate	2,000	-	1.05250
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
Unsecured loans due on February 25, 2024 with fixed rate	5,000	-	1.57750
Sub total	83,500	83,500	
Total	¥ 88,500	¥ 95,000	

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

Note 2. As of the end of the fiscal period, the amounts are recorded in the balance sheets as 'Long-term debt due within one year' under 'Current liabilities.'

TOKYU REIT has commitment line agreements which provide credit facilities totaling ¥2 billion with one bank, ¥8 billion with one bank and ¥8 billion with four banks. Combined, commitment lines total ¥18 billion with five banks. No amount has been drawn down as of July 31, 2014.

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

7. Investment corporation bonds

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

Name	Issue date	Balance as of	Balance as of	Annual	Maturity date
		July 31, 2014	January 31, 2014	interest rate	
		(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
4 th Series Unsecured Investment Corporation Bond	February 14, 2014	3,500	-	0.39900	February 14, 2019
5 th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	-	0.68200	March 11, 2021
Total		¥ 14,500	¥ 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 July 31, 2014 and January 31, 2014 were as follows:

	For the six months ended	
	July 31, 2014	January 31, 2014
(Millions of yen)		
Revenue from property leasing:		
Rental revenue:		
Rent income	¥ 5,574	¥ 5,522
Common area charges	744	749
Parking lot revenue under monthly contract	157	155
Other rent income	317	315
Sub total	6,794	6,743
Other rental revenue:		
Incidental income	439	447
Other miscellaneous income	65	113
Sub total	505	561
Total revenue from property leasing	(a) 7,300	7,304
Rental service expenses:		
Utilities expenses	652	643
Subcontract expenses	460	461
Property management fees	152	159
Repairs and maintenance expenses	169	171
Property-related taxes	678	592
Insurance premium	13	13
Depreciation and amortization	1,066	1,089
Loss on disposal of property and equipment	11	4
Other	216	231
Total rental service expenses	(b) 3,420	3,366
Operating income from property leasing activities	(a)-(b) ¥ 3,879	¥ 3,938

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

10. The financial results of each property (Unaudited)

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

For the six months ended July 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	¥ 639	¥ 263	¥ 376	¥ 53	¥ 322
R Lexington Aoyama	122	47	75	7	68
R TOKYU REIT Omotesando Square	179	36	142	10	131
R Tokyu Saginuma Building	305	45	259	37	222
R Tokyu Saginuma 2 Building	62	12	49	7	41
R TOKYU REIT Shibuya Udagawa-cho Square	250	23	226	4	222
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	291	56	234	83	151
R cocoti	508	201	306	164	142
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	96	68	27	21	6
R Daikanyama Forum	106	41	65	8	56
R KALEIDO Shibuya Miyamasuzaka	182	54	128	15	113
O Setagaya Business Square	944	495	449	148	300
O Tokyu Nampeidai-cho Building	149	31	118	20	97
O Tokyu Sakuragaoka-cho Building	215	44	171	30	140
O Tokyo Nissan Taito Building	186	60	125	34	91
O TOKYU REIT Akasaka Hinokicho Building	136	42	93	12	81
O TOKYU REIT Kamata Building	210	79	131	31	99
O TOKYU REIT Toranomom Building	293	124	168	41	127
O TOKYU REIT Hatchobori Building	169	63	106	37	68
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	177	40	136	28	108
O Tokyu Ikejiri-ohashi Building	184	48	136	19	116
O Kojimachi Square	214	48	165	46	118
O TOKYU REIT Shinjuku Building	249	67	182	35	146
O Akihabara Sanwa Toyo Building	172	40	132	13	118
O TOKYU REIT Kiba Building	148	40	108	30	78
O Tokyu Ginza 2-chome Building	171	38	133	36	96
O OKI System Center (<i>sokochi</i>)	145	16	129	-	129
O Shibuya R Sankei Building	212	84	127	21	105
O Tokyu Toranomom Building	398	97	300	74	226
Total	<u>¥ 7,300</u>	<u>¥ 2,342</u>	<u>¥ 4,957</u>	<u>¥ 1,078</u>	<u>¥ 3,879</u>

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

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

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 July 31, 2014 and January 31, 2014

11. Income taxes

Income taxes in Japan applicable to TOKYU REIT consist of corporate income tax, enterprise tax and inhabitant tax. The following is a reconciliation between the statutory income tax rate in Japan and the effective tax rate reflected in the accompanying financial statements for the six months ended July 31, 2014 and January 31, 2014.

	July 31, 2014	January 31, 2014
Statutory income tax rate	36.59%	36.59%
Deductible cash distributions	(36.57)	(36.58)
Other	0.02	0.02
Effective tax rate	0.05%	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. Adjustment of amount of deferred tax assets and deferred tax liabilities in line with change in income tax rate

In accordance with the Act for Partial Revision of the Income Tax Act, etc. (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 reverse for accounting periods starting on or after August 1, 2014 has been changed from 36.59% to 34.16%.

The impact of this tax rate change is minimal.

13. Per unit information

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

	For the six months ended	
	July 31, 2014	January 31, 2014
Net income per unit	¥ 2,517	¥ 2,590
Weighted-average number of units ※1	977,600 units	967,914 units

※1 Average number of units weighed by days in each fiscal period.

	As of July 31, 2014	As of January 31, 2014
Unitholders’ equity per unit	¥ 115,528	¥ 115,575

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

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.

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

The Board of Directors of TOKYU REIT resolved on September 12, 2014 and March 14, 2014 to effect payment of cash distributions of ¥2,517 and ¥12,823 per unit to unitholders of record on July 31, 2014 and January 31, 2014, respectively. Retained earnings carried forward after the distributions are as follows:

	<u>July 31, 2014</u>	<u>January 31, 2014</u>
	(Millions of yen)	
Retained earnings at end of period	¥ 2,461	¥ 2,507
Cash distributions declared	2,460	2,507
Retained earnings carried forward	<u>¥ 0</u>	<u>¥ 0</u>

15. Leases

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

	<u>July 31, 2014</u>	<u>January 31, 2014</u>
	(Millions of yen)	
Due within one year	¥ 6,001	¥ 5,836
Due after one year	19,373	21,191
Total	<u>¥ 25,375</u>	<u>¥ 27,027</u>

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

	<u>July 31, 2014</u>	<u>January 31, 2014</u>
	(Millions of yen)	
Due within one year	¥ 222	¥ 218
Due after one year	2,368	2,480
Total	<u>¥ 2,590</u>	<u>¥ 2,699</u>

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

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 is 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 ¥18 billion with TOKYU REIT’s main banks (no amount has been drawn down as of July 31, 2014), 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 July 31, 2014 and January 31, 2014

(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).

	July 31, 2014			January 31, 2014		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 4,148	¥ 4,148	¥ -	¥ 3,362	¥ 3,362	¥ -
(2) Cash and deposits with banks held in trust	8,086	8,086	-	8,106	8,106	-
Assets total	12,234	12,234	-	11,468	11,468	-
(1) Short-term debt	5,000	5,000	-	11,500	11,500	-
(2) Investment corporation bonds due within one year	5,000	5,039	39	5,000	5,076	76
(3) Long-term debt due within one year	9,000	9,119	119	7,000	7,006	6
(4) Tenant leasehold and security deposits held in trust due within one year	624	651	26	624	654	30
(5) Investment corporation bonds	9,500	9,649	149	3,000	3,077	77
(6) Long-term debt	74,500	76,346	1,846	76,500	78,116	1,616
(7) Tenant leasehold and security deposits held in trust	1,993	1,993	0	2,209	2,200	(9)
Liabilities total	¥ 105,617	¥ 107,800	¥ 2,182	¥ 105,834	¥ 107,631	¥ 1,796

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

Assets

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

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

Liabilities

(1) Short-term debt

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

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

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

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

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

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

(7) Tenant leasehold and security deposits held in trust

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

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

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

	July 31, 2014	January 31, 2014
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 3,202	¥ 3,255
(ii) Tenant leasehold and security deposits held in trust	6,540	6,515

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

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

	July 31, 2014			January 31, 2014		
	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	¥ 4,148	¥ 8,086	¥ 12,234	¥ 3,362	¥ 8,106	¥ 11,468
Within two years, but over one year	-	-	-	-	-	-
Within three years, but over two years	-	-	-	-	-	-
Within four years, but over three years	-	-	-	-	-	-
Within five years, but over four years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-

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

	July 31, 2014				January 31, 2014			
	Short-term debt	Investment corporation bonds	Long-term debt	Total	Short-term debt	Investment corporation bonds	Long-term debt	Total
	(Millions of yen)							
Within one year	¥ 5,000	¥ 5,000	¥ 9,000	¥ 19,000	¥ 11,500	¥ 5,000	¥ 7,000	¥ 23,500
Within two years, but over one year	-	-	5,700	5,700	-	-	11,200	11,200
Within three years, but over two years	-	-	14,000	14,000	-	-	10,500	10,500
Within four years, but over three years	-	-	14,500	14,500	-	-	14,000	14,000
Within five years, but over four years	-	3,500	9,000	12,500	-	-	12,200	12,200
Over five years	-	6,000	31,300	37,300	-	3,000	28,600	31,600

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

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 July 31, 2014 and January 31, 2014 and payable due to asset manager as of then were as follows:

	<u>July 31, 2014</u>	<u>January 31, 2014</u>
	(Millions of yen)	
Asset management fees for the period	¥ 525	¥ 494
Management fees payable due to asset manager	263	258

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

18. Fair value of investment and rental properties

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

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

	For the six months ended	
	July 31, 2014	January 31, 2014
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 217,923	¥ 193,019
Change during the period (Note 3)	(733)	24,904
Balance at end of period	¥ 217,190	¥ 217,923
	As of July 31, 2014	As of January 31, 2014
	(Millions of yen)	
Fair value at end of period (Note 4)	¥ 228,310	¥ 224,650

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 July 31, 2014, the amount of increase is mainly attributable to renewal of CONZE Ebisu and other capital expenditures (¥343 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥1,066 million).

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 Toranomon Building (¥15,156 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥1,089 million).

Note 4. The fair value as of July 31, 2014 shows the disposition price for Beacon Hill Plaza (Ito-Yokado Noukendai Store), which was sold on August 8, 2014, and the appraisal value as appraised by an independent real estate surveyor for other properties.

The fair value as of January 31, 2014 shows the appraisal value as appraised by an independent real estate surveyor.

The income (loss) in the six months ended July 31, 2014 and January 31, 2014 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 July 31, 2014 and January 31, 2014

19. Segment and related information

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

[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.

	July 31, 2014				January 31, 2014			
	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)	¥ 2,918	¥ 4,381	¥ 2	¥ 7,302	¥ 2,959	¥ 4,345	¥ 3	¥ 7,308
Segment income	1,625	2,253	(654)	3,225	1,667	2,270	(615)	3,322
Segment assets	90,838	126,352	13,778	230,969	91,067	126,856	13,042	230,966
Other items								
Depreciation and amortization	410	656	-	1,066	411	678	-	1,089
Increase in property and equipment and intangible assets	188	158	-	347	5,227	20,770	-	25,998

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

Note 2. The breakdown of the ¥2 million amount of reconciliation of operating revenues is contribution for construction.

The breakdown of the -¥654 million amount of reconciliation of segment income is ¥2 million in contribution for construction and ¥656 million in enterprise-wide expenses that are not allocated to the reportable segments. Enterprise-wide expenses are mainly asset management fees, asset custodian fees, general administration fees, directors’ fees, etc. that are not attributable to the reportable segments.

The breakdown of the ¥13,778 million amount of reconciliation of segment assets is ¥12,522 million in current assets, ¥1,168 million in investments and other assets and ¥87 million in deferred assets.

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

Note 3. 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.

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.

[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 July 31, 2014

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,212	Retail Property Leasing Business Office Property Leasing Business

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

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 July 31, 2014 and January 31, 2014

20. Subsequent events

(a) Disposition of asset

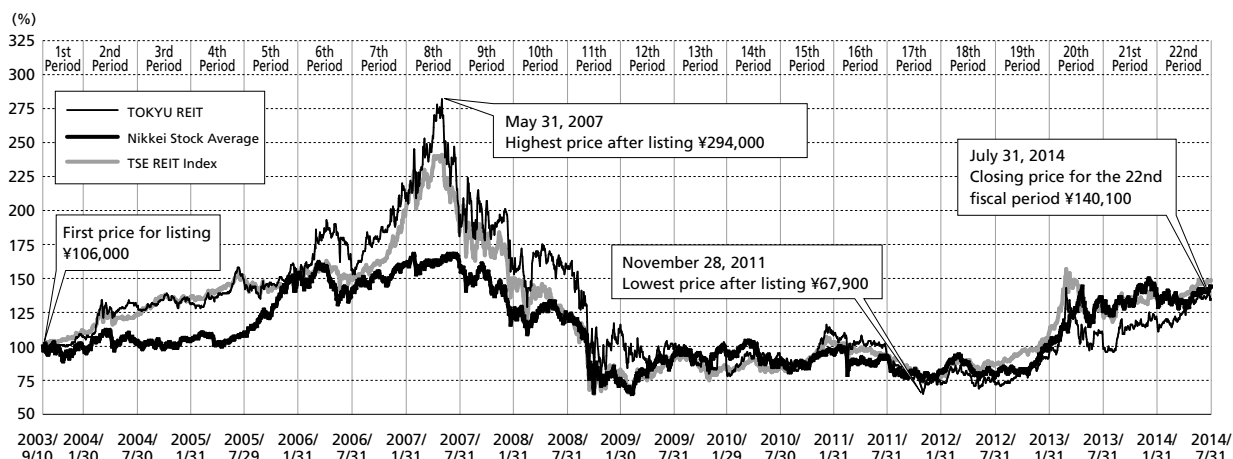
TOKYU REIT sold the following asset on August 8, 2014.

- | | |
|-------------------------------|--|
| (1) Type of disposition: | Trust beneficiary interest in domestic real estate |
| (2) Property name: | Beacon Hill Plaza (Ito-Yokado Noukendai Store) |
| (3) Disposition price (Note): | ¥8,720 million |
| (4) Agreement date: | June 6, 2014 |
| (5) Settlement date: | August 8, 2014 |
| (6) Purchaser: | Ito-Yokado Co., Ltd. |
| (7) Impact on income (loss): | Gain on sale of approximately ¥466 million is scheduled to be recorded in the six months ending January 31, 2015 |

Note. 'Disposition price' is the amount exclusive of the expenses required for disposition of the asset (brokerage charges, property-related taxes, etc.) and is identical to the disposition costs, etc. stated in the beneficiary interest sale and purchase agreement.

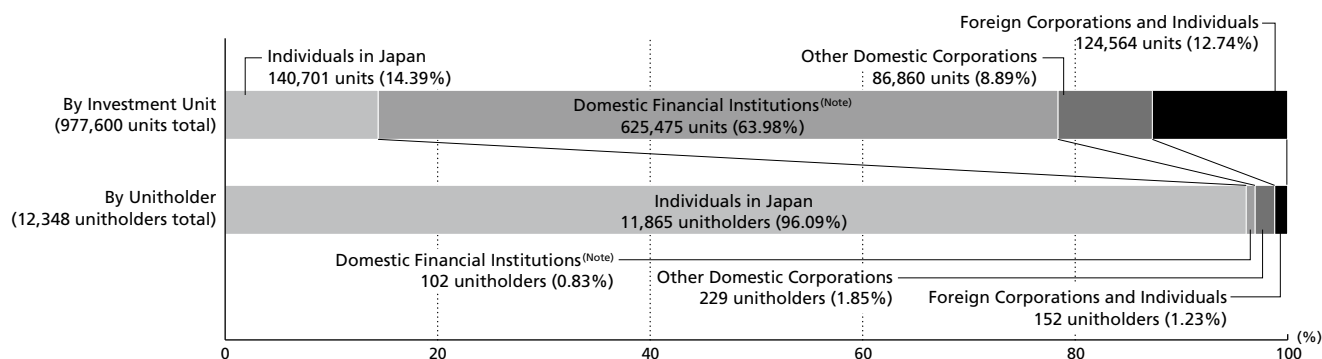
Unitholder Information

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

	22nd Period	23rd Period
Date of settlement	Jul. 31, 2014	Jan. 31, 2015
Announcement of financial results	Sep. 12, 2014	Mid Mar. 2015
Delivery of investment management report (Japanese only)	Oct. 14, 2014	Mid Apr. 2015
Payment of cash distributions	Oct. 15, 2014	Mid Apr. 2015

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 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 17th fiscal period (ended January 31, 2012) is on April 12, 2012 and for the 18th fiscal period (ended July 31, 2012) is on October 12, 2012.

■ Investment Management Company

Tokyu Real Estate Investment Management Inc. TEL: 81-3-5428-5828

Financial Instruments Dealer (Kanto Financial Bureau (*Kin-sho*) No. 360) / Member of the Investment Trusts Association, Japan

■ Disclaimer

This Semiannual Report is, in principle, an English translation of the Japanese report on TOKYU REIT's investment management published every six months.

This translation is prepared and provided for the readers' convenience.

All readers are recommended to refer to the original version in Japanese of the report for complete and accurate information.

■ For further information please visit the **TOKYU REIT** website at (www.tokyu-reit.co.jp/eng/).

■ The information in this report without description of dates is as of July 31, 2014.

TOKYU REIT

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