

Capitalize on Time in Asset Management

TOKYU REIT

TOKYU REIT, Inc. Semiannual Report 23rd Fiscal Period From August 1, 2014 to January 31, 2015

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) (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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23rd Fiscal Period Cash Distribution per Unit

¥2,586 (Fixed)
(Date of payment: Apr. 13, 2015)

24th Fiscal Period Cash Distribution per Unit

¥2,420 (Forecast)
(Date of payment: Mid Oct. 2015)

25th Fiscal Period Cash Distribution per Unit

¥2,460 (Forecast)
(Date of payment: Mid Apr. 2016)

FINANCIAL SUMMARY

		22nd Fiscal Period	23rd Fiscal Period
Balance Sheets	■ Number of Properties	30 properties	29 properties
	■ Total Assets	¥230,969 million	¥223,346 million
	■ Interest-Bearing Debt	¥103,000 million	¥97,000 million
	■ Total Assets Loan-to-Value (LTV) Ratio	44.6%	43.4%
Statements of Income	■ Operating Revenues	¥7,302 million	¥7,541 million
	■ Net Income	¥2,461 million	¥2,660 million
Distributions	■ Cash Distribution per Unit	¥2,517	¥2,586
	■ Average Market Price per Unit	¥131,777	¥150,756
	■ Distribution Yield	3.85%	3.40%

(Note) 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%."

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
 - 93.6% of investment in Tokyo's central five wards and areas along Tokyu rail lines as of the end of the 23rd fiscal period
- Control earthquake risk through PML. (Set portfolio PML at 10% or lower)
 - Set portfolio PML of 23rd fiscal period: 4.0%
- 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.

77.9%* of properties lie within 3-min. range today

* Based on acquisition price at end of the 23rd fiscal period (January 31, 2015)

■ 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 ¥7.8 billion* at present

* Based on appraisal value at end of the 23rd fiscal period (January 31, 2015)

■ 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 = 59.0%* : 41.0%* currently

* Based on appraisal value at end of the 23rd fiscal period (January 31, 2015)

(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.

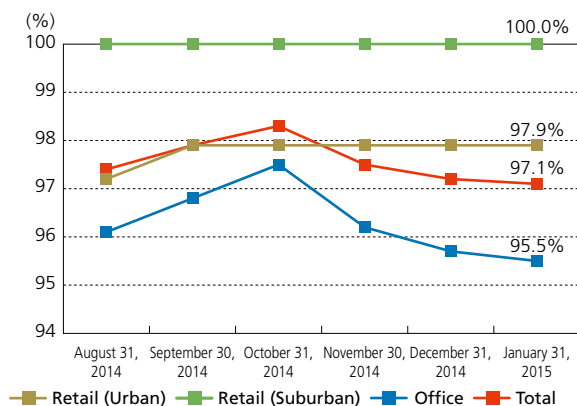
Main Strategy and the Other

- 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

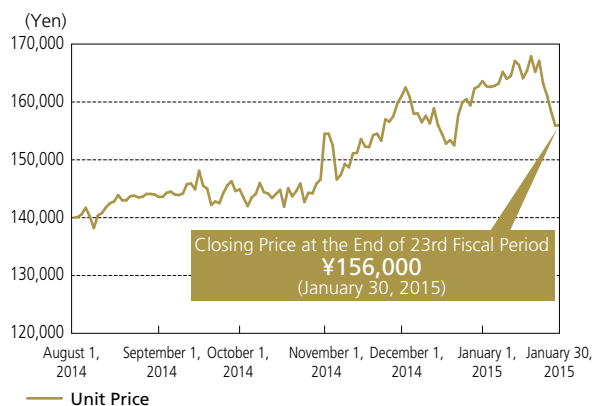
Performance

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 January 31, 2015, the end of TOKYU REIT's 23rd fiscal period, **TOKYU REIT** held 18 office buildings and 11 retail facilities, for a total of 29 properties.

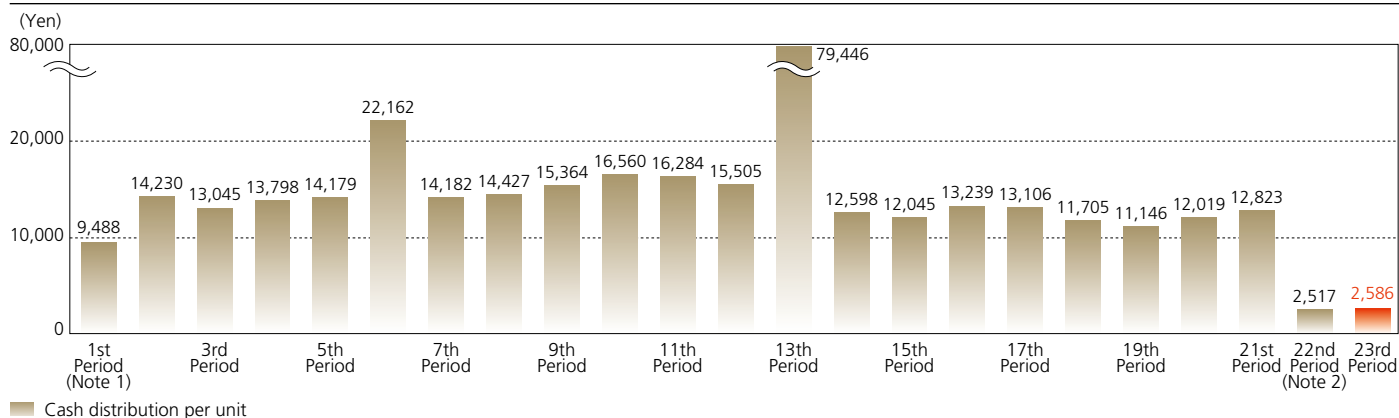
Occupancy Rate



Unit Price

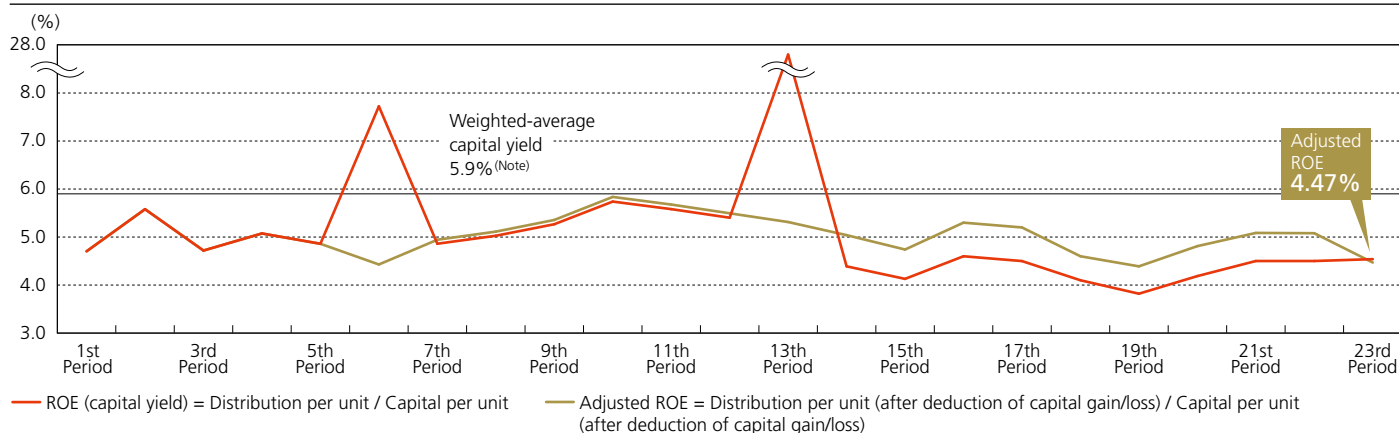


Cash Distribution per Unit



(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 23rd fiscal period (August 1, 2014 to January 31, 2015).

Masahiro Horie

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

Operating Results for the 23rd Fiscal Period (Ended January 31, 2015)

For the 23rd fiscal period, **TOKYU REIT** posted ¥7,541 million in operating revenues and ¥2,660 million in net income. As for cash distributions, we decided to declare a cash distribution per unit of ¥2,586, which increased by ¥69, or up 2.7%, from the previous period's results (¥2,517 per unit) and exceeded the performance forecast announced on September 12, 2014 by ¥86, or up 3.4%.

Rental revenues increased at multiple properties, such as Tokyu Toranomon Building and cocoti, through renewal of lease contracts with higher rents and move-ins by new tenants. In addition, rental service expenses decreased mainly due to utilities expenses falling below what were assumed upon preparing the forecast, while interest paid also decreased. These and other factors contributed to an increase in revenues over the forecast.

Moreover, as a factor particular to the 23rd fiscal period, there was an accrual of gains on sale (¥466 million) from the disposition of Beacon Hill Plaza (Ito-Yokado Noukendai Store) on August 8, 2014. **TOKYU REIT** decided to use the gain on sale to compensate a decrease in rental revenues associated with the disposal of the property and conduct repair and maintenance work ahead of schedule in preparation for future soaring construction costs of facilities, etc., and carry forward the remaining amount of ¥132 million to the 24th fiscal period as reserve for reduction entry instead of distributing it. With

regard to the repair and maintenance work ahead of schedule, we successfully decreased the construction costs for major projects by approximately 16% from the budget, despite an environment with soaring construction costs, through such measures as separate order placement, decentralized and early order placement and competitive bidding.

Net assets per unit (based on book value 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 ¥131,429.

■ Report on Tenant Leasing and Rent Negotiation Activities

During the 23rd fiscal period, although 12 tenants vacated or decreased their leased floor space, 17 tenants moved in or increased their leased floor space. We proactively conducted value enhancement work for owned properties to further reinforce their competitiveness by taking advantage of their good locations. These endeavors, on top of the improvement in the real estate leasing market for retail properties and office buildings in Tokyo, have maintained the recovery in occupancy conditions at TOKYU REIT's properties. As of the end of the 23rd fiscal period (January 31, 2015), the occupancy rate of the entire portfolio was 97.1%, with 97.9% for urban retail properties, 100% for suburban retail properties, and 95.5% for office properties. Although the figure was down 0.5 percentage point from the end of the 22nd fiscal period, it surpassed the figure assumed for the performance forecast by 0.7

percentage points. It also continued to exceed the average office occupancy rate for Tokyo's 23 wards published by CBRE, which stood at 95.4%.

We made a great progress in tenant leasing for Tokyo Nissan Taito Building by renovating toilets and exterior walls. Of the 10 spaces totaling approximately 957 *tsubos* (3,163m²) available for leasing, new contracts were obtained for 6 spaces, reducing the remaining area to be filled to approximately 230 *tsubos* (760m²) as of March 16, 2015.

Of the entire portfolio, approximately 27% of new leases or lease renewals made during the fiscal period under review were for rents higher than the previous amounts, approximately 22% were lower, and approximately 51% remained unchanged (in the previous period, approximately 23% were higher, 12% lower, and approximately 65% unchanged), all based on the number of cases.

■ Appraisal Value of Owned Properties

The portfolio comprised 29 properties as of the end of the 23rd fiscal period, totaling ¥222.0 billion based on acquisition price, ¥210.6 billion in book value and ¥228.6 billion based on appraisal value to represent unrealized gains of ¥18.0 billion. The ratio of unrealized gains against the book value, standing at 8.5%, exceeds the average figure for all J-REITs (announced as 3.8% as of January 31, 2015). Furthermore, the entire portfolio of TOKYU REIT never fell into unrealized losses even amid the financial crisis following the global financial crisis.

Excluding Beacon Hill Plaza (Ito-Yokado Noukendai Store) that was disposed in the 23rd fiscal period, the appraisal value increased by 4.1% period-on-period, marking the fourth consecutive period with an increase. By use, urban retail properties increased by 2.9% to mark the seventh consecutive period with an increase, while suburban retail facilities increased by 3.6% (excluding Beacon Hill Plaza (Ito-Yokado Noukendai Store) that was disposed) and office properties increased by 4.9%, all on a period-on-period basis.

Performance Forecasts for the 24th and 25th Fiscal Periods

Cash distribution per unit is forecast to be ¥2,420 for the 24th fiscal period (ending July 31, 2015) and ¥2,460 for the 25th fiscal period (ending January 31, 2016). In addition, the forecast occupancy rate is 98.0% for the 24th fiscal period and 97.7% for the 25th fiscal period, respectively. The forecast occupancy rate has been calculated on the assumption that lease contracts

that are valid as of February 28, 2015 will continue and that no new tenants will move into spaces that remain vacant as of that date or for which we have received notification of cancellation. Furthermore, the target cash distribution level for the future remains unchanged at ¥2,600 per unit.

■ Advertised Area on the Websites of Property Management Companies

The advertised area on the websites of property management companies refers to the total space of the properties owned by TOKYU REIT available for lease to tenants and publicized on the websites of the two property management (PM) companies to which we consign PM services. The data is also available on the website of TOKYU REIT. The advertised area on the PM companies' websites is updated whenever the PM companies receive notifications of cancellation from tenants or applications for lease by candidate tenants. As such, the advertised area publicized on the PM companies' websites also serves as a leading indicator for forecasting the future vacancy rate. Since the advertised area shows a downward trend, as indicated by the graph on page 8, the vacancy rate is forecasted to decrease going forward.

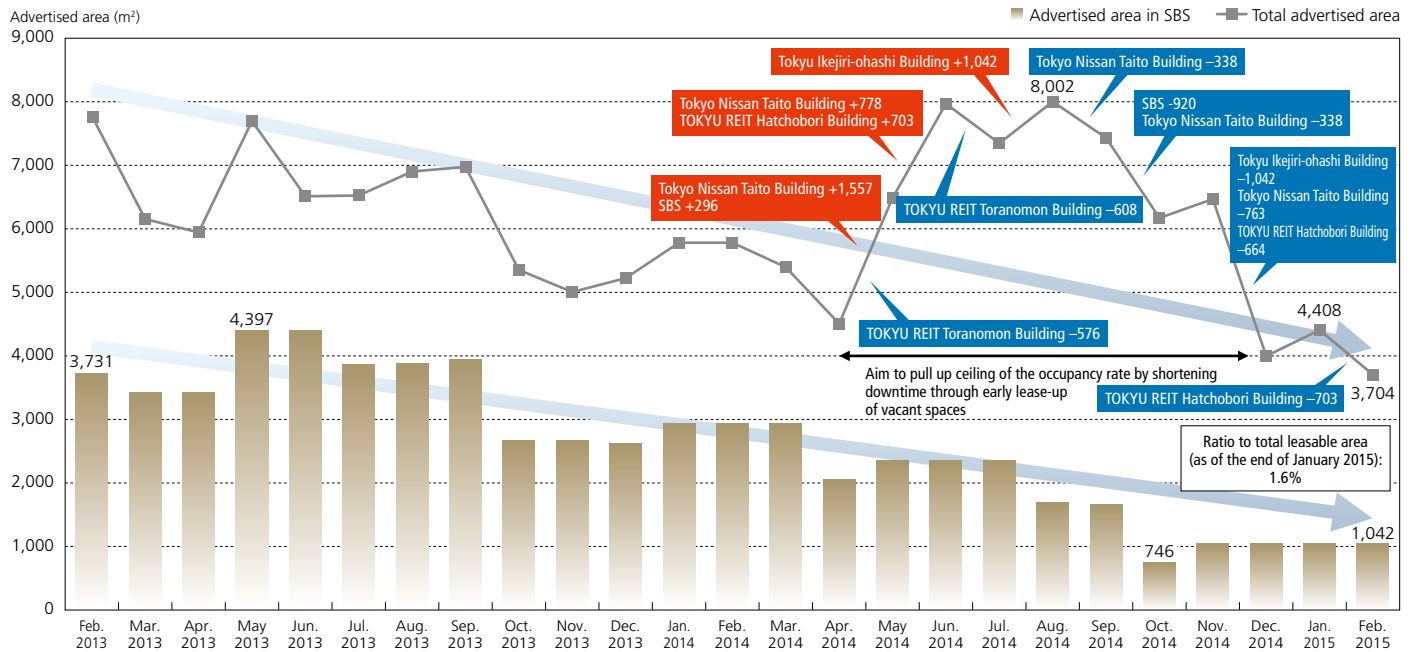
■ Policy for Tenant Leasing and Rent Negotiation Activities

In the 24th and 25th fiscal periods, we will also make it a priority to attract tenants to vacant spaces and conduct business by effectively implementing capital expenditures (CAPEX). At the same time, we will work to reduce downtime (the period from move-outs to move-ins of tenants) as well as further raise the upper limit of the occupancy rate. Specifically, we will hasten efforts to attract new tenants to CONZE Ebisu and Tokyo Nissan Taito Building, in which there is a relatively large amount of vacant space. With regard to Setagaya Business Square, progress has been made in attracting new tenants to multiple spaces in collaboration with Tokyu Corporation, the sponsor, and the consolidated companies of the Tokyu Group that are the co-owners. For the remaining available space of 466 *tsubos* (1,540m²) (55% co-ownership interest equivalent), we will also consider and implement leasing promotion measures, including expansion of leased floor space within the building, in partnership with the co-owners, etc.

Focus is also placed on rent revisions with existing tenants. New market rents of office properties we own, which are evaluated every half a year, have increased in 13 properties out of 17 (with four properties remaining unchanged). The increase rate was 5.0% (simple average). Consequently, the rent gap for the entire office property portfolio has decreased to -6.4%.

Changes in Advertised Area on PM Companies' Websites ^(Note)

Advertised area, including Setagaya Business Square (SBS), remains on a decreasing trend. **TOKYU REIT** aims to shorten downtime



(Note) Advertised area on PM companies' websites indicates the total area advertised for tenants publicized in the websites of property management companies which **TOKYU REIT** entrusts business to. The figure excludes cases which advertisement toward outside parties had been ceased due to receiving application to move in and being retained for the floor space expansion within the property. (Announced on monthly basis in TOKYU REIT's website as well.)

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 negotiating rent revisions for existing contracts, it is believed that, if this rent gap decreases to around -10%, existing contracted rents will tend to remain unchanged rather than decreasing as a result of negotiations due to such factors as costs for move-outs and relocations.

Recently, we are seeing cases in which rents have been revised upward for some office properties in addition to the urban retail properties that have recovered ahead of others property

types. While it depends on respective cases, we will proactively negotiate on upward revisions of rents going forward.

Through these activities, we will work to maximize the cash flows produced by the portfolio, in an effort to achieve internal growth.

Policy for Property Acquisition and Disposition Activities

During the period under review, we acquired the contiguous land of Tokyu Toranomom Building on January 9, 2015, and acquired additional compartmentalized ownership of TOKYU REIT Toranomom Building on January 21, 2015 (for details, please refer to page 11).

Let me first explain the contiguous land of Tokyu Toranomom Building. Constructed in 2010, the building is relatively newly built and features the latest specifications. However, the property had weakness from the viewpoint of investment management in that the building form is somewhat inferior due to the shape of its standard floors is long and narrow, and that the portion facing the frontal road (Sakurada-dori street) is narrow.

In order to address these issues, we decided to acquire the land from the owner of the adjacent building and construct an extension on it. It will take about two years before the extension building is completed, and no rental income will be generated from the extension portion during the period. Nevertheless, the extension will increase the standard floor space of Tokyu Toranomom Building from 984.55m² to 1,161.35m² as well as improve the floor shape. The building's total floor space is also expected to increase from 12,557.47m² to 14,459.37m². Moreover, the exterior visibility is anticipated to improve significantly with the portion facing the frontal road almost doubling from about 14.0m to about 27.8m. We believe that these should further reinforce the competitiveness of the building in terms of attractiveness for new tenants, ability to meet existing tenants' needs for larger floor space and an increase in cash flows, etc.

As for the additional acquisition of TOKYU REIT Toranomom Building, we had the section on the first floor of the property, assumed to be used for stores, transferred to us from a compartmentalized owner (an individual).

TOKYU REIT acquired a portion of the property on December 15, 2004 and has made additional acquisition of compartmentalized ownership a few times to date. The latest deal marks the third such additional acquisition.

The latest additional acquisition will raise TOKYU REIT's compartmentalized ownership and co-ownership of compartmentalized ownership to approximately 86.1% interest of the site rights of the land and approximately 89.3% interest of the registered exclusive ownership area of the building. As a result, we can expect to see greater total return associated with an increase in the terminal value ^(Note) due to enhancement of liquidity, etc., as well as greater operational efficiency.

(Note) In the income (capitalization) approach (DCF method), a real estate appraisal method, the real estate value consists of the rental income and other income cash flows and the terminal value that is the future property disposition value.

Going forward, we will aim to acquire favorably located properties that will ensure liquidity even when they are disposed in 10 years or more by taking advantage of our acquisition capacity (¥31.6 billion) including the proceeds (¥6.8 billion) from the above-mentioned disposal of Beacon Hill Plaza (Ito-Yokado Noukendai Store). As we have done to date, we will bear in mind not just income but also terminal value and stick to our total return-focused approach.

Moreover, 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 under review was 43.3%. If the LTV ceiling is set at 50%, our remaining property acquisition capacity through borrowings combined with cash and deposits is ¥31.6 billion.



Kazuyoshi Kashiwazaki

Representative Director & Executive Vice President,
Chief Investment Officer

April 1985

Entered Tokyu Corporation, Railway Operation Division, Railway Business Unit

April 1986

Tokyu Corporation, Finance & Account Division

March 1998

Tokyu Corporation, Division I, Group Management Division

July 1999

Tokyu Corporation, Division II, Group Management Division

October 1999

Tokyu Corporation, Finance & Account Division

January 2000

Tokyu Corporation, Manager of Finance & Account Division

April 2003

Tokyu Corporation, Manager of Finance, Accounting & Group Strategy Headquarters

April 2005

Tokyu Corporation, Manager of Accounting & IR Division, Finance, Accounting & Group Strategy Headquarters

June 2006

Tokyu Corporation, Manager of Group Management & Planning Division, Finance, Accounting & Group Strategy Headquarters

April 2007

Tokyu Corporation, Manager of Group Strategy Division, Finance, Accounting & Group Strategy Headquarters

April 2008

Tokyu Corporation, General Manager of Group Strategy Division, Finance, Accounting & Group Strategy Headquarters

April 2009

Transferred to Tokyu Agency Inc., Executive Officer & Senior Executive General Manager of Corporate Management Division

June 2009

Tokyu Agency Inc., Director, Executive Officer & Senior Executive General Manager of Corporate Management Division

June 2010

Tokyu Agency Business Service Inc., President & Representative Director

April 2014

Tokyu Corporation, General Manager of Business Planning Department, Building Management Division, Urban Development Headquarters

April 2014

Tokyu REIM, Auditor (Non-Executive)

March 2015

Transferred to Tokyu REIM, Representative Director & Executive Vice President, Chief Investment Officer (current position)

Invitation to the Seventh Unitholders' General Meeting

The Notice of Convocation of the Seventh General Meeting of Unitholders may have already been received. We ask our unitholders to make resolutions on partial amendments to the Articles of Incorporation, election of executive director and election of supervisory directors. (For more details, please see the Notice of Convocation of the Seventh General Meeting of Unitholders.) The partial amendments to the Articles of Incorporation center on a partial change to the asset management fees to the investment management company and new addition of provisions related to revisions to laws and regulations.

The change to the asset management fees refers to amending the calculation methods for Base 1 and Base 2 with the aim to clarify the management stance of equally emphasizing Base 1, which is linked to valuation prices of invested assets, and Base 2, which is linked to cash flow produced by managed assets, among other purposes. The change is intended to set both Base 1 and Base 2 at a comparable level.

With regard to the election of executive director, we request the unitholders to select Kazuyoshi Kashiwazaki as new executive director as of May 1, 2015, as my term of office for that post will end on April 30, 2015. (For the career summary of Kazuyoshi Kashiwazaki, please refer to page 9.)

I have served as executive director for approximately 12 years since the establishment of **TOKYU REIT**, or a full cycle of the market. I have long believed that renewing the management

team through replacement of the executive director is needed to establish ourselves as a REIT that will last 100 years. As we are in a relatively favorable market environment, it should be a good time for the change. Based on this judgment, I have decided to retire upon the expiration of my tenure. Please be assured that Mr. Kashiwazaki, the candidate of the new executive director, intends to firmly uphold the ongoing investment and management policies.

As for the supervisory directors, we would like to ask Giichi Yanagisawa and Maruhito Kondo, the current supervisory directors, to continuously take the post after re-election. (For the career summary of Mr. Yanagisawa and Mr. Kondo, please refer to page 12.)

Management Status Meeting (Tokyo)

Management status meetings limited to unitholders were held in Tokyo and Hiroshima in the 22nd fiscal period (ended July 31, 2014) and in Sapporo in the 23rd fiscal period (ended January 31, 2015). Many of our unitholders attended and we truly appreciated the opportunity to obtain their valuable opinions. We would like to express our sincere gratitude. We consider holding such meetings in major cities to meet the expectations of our unitholders. In the 24th fiscal period (ending July 31, 2015), a management status meeting will be held by the investment management company after the Unitholders' General Meeting is closed at the same venue. We would greatly appreciate if you could take time out of your busy schedule to attend.

March 2015

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).

Acquisition of Contiguous Land and Extension of Tokyu Toranomon Building

1. Significance of Acquisition

- Tokyu Toranomon Building is a multi-tenant office building which was completed about five years ago and is located a three-minute walk from Toranomon Station on the Tokyo Metro Ginza Line.
- In addition to the opening of Loop Road No. 2 (Shintora-dori), the improvement of underground access and exits from Toranomon Station on the Tokyo Metro Ginza Line, establishment of a new station on the Tokyo Metro Hibiya Line in Toranomon and establishment of a new bus terminal are scheduled, where Tokyu Toranomon Building is situated. Thus, improvement in access from the Property to subways and further growth of the area are anticipated.
- The acquisition of contiguous land and extension of Tokyu Toranomon Building are expected to lead to doubling the frontal road portion facing Sakurada-dori, the improvement of floor shape, and an increase in the floor space per standard floor, contributing to an increase in the value of the property.

2. Details of Contiguous Land of Tokyu Toranomon Building

Type of Acquisition: Domestic real estate
 Use: Office (planned)
 Location: 1-chome Toranomon, Minato-ku, Tokyo
 Approximately a three-minute walk from Toranomon Station on the Tokyo Metro Ginza Line
 Approximately a seven-minute walk from Kasumigaseki Station on the Tokyo Metro Chiyoda and Hibiya Lines
 Approximately an eight-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line
 Approximately a nine-minute walk from Kasumigaseki Station on the Tokyo Metro Marunouchi Line

Total Land Space: 251.91m²
 Type of Ownership: Proprietary ownership
 Acquisition Price: ¥1,850 million
 Appraisal Value at time of Acquisition: ¥1,340 million (as of December 1, 2014)
 Investigative Value (Note): ¥1,900 million (as of December 1, 2014)
 Acquisition Date: January 9, 2015
 Seller: Nisso Building Co., Ltd.

(Note) The investigative value indicated in the investigation report by Japan Real Estate Institute (maximum amount of purchase as of December 1, 2014, in the case of acquisition of the land for the purpose of building an extension to Tokyu Toranomon Building).

3. Details of Extension Work

Total Project Cost: ¥3,400 million (estimated)
 (sum total amount of the acquisition price and the design supervision costs, construction costs, investigation costs and other costs of the land)

Schedule: October 2015: Commencement of construction of building extension (planned)
 November 2016: Completion of construction and delivery of building extension (planned)

Supervision: Tokyu Corporation, the developer of Tokyu Toranomon Building, is scheduled to provide construction management services.

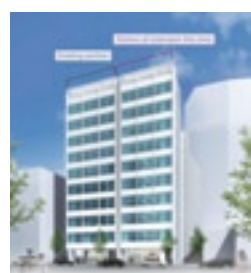


Focus on increasing not only income gains but also future sales price (terminal value) by acquisition of contiguous land and extension of the building.

Enlarged Map of Acquired Land



Image of Exterior of Tokyu Toranomon Building after Extension



*This is an image prepared based on design materials and may differ from the actual.

Effects of Extension (aim increase in cash distribution per unit of approximately ¥30/period)

The increase in the frontal road portion facing Sakurada-dori, the improvement of the floor shape, and the expansion of the floor space per standard floor will contribute to the improvement of value of the property. Through appropriation of cash on hand to the extension costs (¥3,400 million), the cash distribution per unit is expected to increase (approximately ¥30/period). In case the construction plan has been changed from currently assumed proposal (expansion proposal) to integral structure proposal, further increase in exclusive area can be expected.

Item	Before Extension (A)	After Extension (B)	Increase Due to Extension (B - A)
Frontal Road Portion	14.0m	27.8m	13.8m
Floor Space per Standard Floor	984.55m ²	1,161.35m ²	176.80m ²
Total Floor Space	12,557.47m ²	14,459.37m ²	1,901.90m ²
NOI (Note 1)	¥606 million (annual)	¥747 million (annual)	¥140 million (annual)
NOI Yield (Note 2)	4.04%	4.06%	0.02%
Acquisition Price	¥15,000 million	¥18,400 million	¥3,400 million
Appraisal Value	¥17,100 million	¥21,400 million	¥4,300 million

(Note 1) NOI before the extension is the annualized figure of actual NOI for the twenty-second fiscal period (ended July 31, 2014). NOI after the extension is the figure obtained when the amount estimated at this point in time as the estimated annual increase in NOI due to the extension is added to the NOI before the extension.

(Note 2) NOI yield before the extension is calculated by dividing the NOI before the extension by the acquisition price of Tokyu Toranomon Building. NOI yield after the extension is calculated by dividing the NOI after the extension by the figure obtained when the total project costs for extension (¥3,400 million) is added to the acquisition price of Tokyu Toranomon Building.

*The figure is based on the proposal for consideration of extension (volume plan) and placing expansion proposal as premise. Therefore, it is subject to change.

Risks related to Extension and Responses

Risk	Response
Permission and Authorization Risk	Confirmation will continue to be made with the parties concerned regarding various laws and regulations.
Construction Completion Risk	A construction company with high construction capabilities will be carefully selected.
Risk of Soaring Construction Costs	The costs will be thoroughly managed by anticipating and including the soaring construction costs in the project income and expenses.
Leasing Risk	The floor space expansion within the building and active leasing activities will be carried out by utilizing the location advantages in the Toranomon area.

Tokyu Corporation, the developer of Tokyu Toranomon Building, is scheduled to provide construction management services to reduce the risks associated with extension.

Additional Ownership in TOKYU REIT Toranomon Building

* Continue to acquire properties with a focus on total return that includes not only income gains during the investment period but also the terminal value.

Significance of Acquisition

- The acquisition will raise TOKYU REIT's compartmentalized ownership and co-ownership interest in the property, contributing to the greater operational efficiency.
- The acquisition will contribute to the greater total return by increase in terminal value due to enhancement of liquidity, etc. in future sales.
- The acquired asset is a compartment assumed for retail use and the introduction of the convenient facility is anticipated to produce synergies with office compartments.
- The property is located within walking distance from Tokyu Toranomon Building and able to meet demand for temporal alternate floors upon extension work at the building.
- Incorporation of the area potential improvement effects (Note).

(Note) In the Toranomon area, establishment of a new station on the Tokyo Metro Hibiya Line in Toranomon and establishment of a new bus terminal are scheduled as a project for development of the Tokyo central and bay areas with a focus on the district surrounding Loop Road No. 2 from Shimbashi to Toranomon. It is able to access the new station on the Tokyo Metro Hibiya Line in Toranomon and the new bus terminal, those scheduled to be newly established, on foot from the property.

Details of Additional Acquisition

Property Name: TOKYU REIT Toranomon Building
 Land: Site rights (Interest of site rights: approx. 1.46%)
 Building: Compartmentalized ownership (Compartment on 1F)
 Floor space: 95.06m² (0.8% interest of the registered exclusive ownership area)

Address: 3-chome Toranomon, Minato-ku, Tokyo
 Approximately a one-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line
 Approximately a nine-minute walk from Toranomon Station on the Tokyo Metro Ginza Line
 Approximately a nine-minute walk from Onarimon Station on the Toei Subway Mita Line

Acquisition Price: ¥107 million
 Acquisition Date: January 21, 2015
 Seller: 1 individual



TOKYU REIT Toranomon Building
 Compartmentalized ownership and co-ownership of the compartmentalized ownership after additional ownership (Land) Interest of the site rights: 84.7% → 86.1% (Building) Interest of the registered exclusive ownership area: 88.6% → 89.3%

TOKYU REIT, Inc. Board of Directors ^(Note)

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 23rd 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

(Note) The terms of office of Masahiro Horie, the current Executive Director, will end on April 30, 2015. Kazuyoshi Kashiwazaki is scheduled to be elected as the new Executive Director by resolution of the General Meeting of Unitholders to be held on April 17, 2015. Hereafter the same.

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

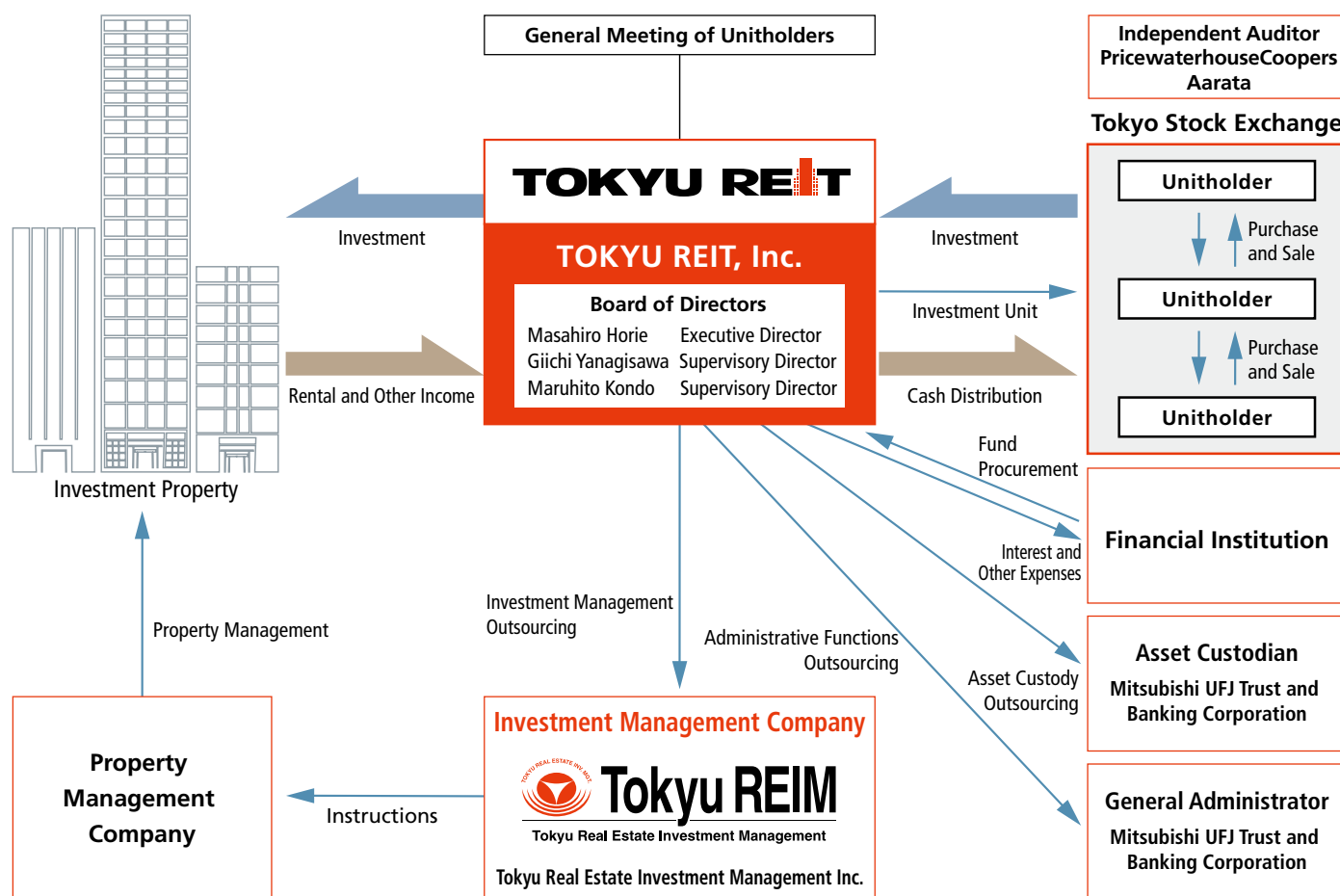
- 1 Involvement of independent outside board members**
- 2 Optimal balance between sponsor collaboration and independence**
- 3 Strict focus on fiduciary duty for investment management company and the others**
- 4 Management fee set to "being in the same boat as unitholders"**

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: 0.8 times per member per month (23rd period)

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

TOKYU REIT Structure and External Service Providers



Overview of Amendments of Investment Management Fee

Correct balance between Base 1 and Base 2, which was disrupted due to structural changes in cap rate, in line with the principle to equally emphasize the growth of the appraisal value and the growth of cash flow. Total investment management fee after the amendments is expected to be on par with the current level after implementing the time-limited reduction of investment management fees.

	Objective (Aim)	Formula		Note
		Before Amendments	After Amendments (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)	Asset value at end of previous period × 0.125% (0.120% 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 in current period × 6.0% (5.7% for the portion exceeding ¥5 billion and ¥7.5 billion or less) (5.4% for the portion exceeding ¥7.5 billion)	
Incentive Fee (Linked to investment unit price)	Reduce risk premium related to investment unit price formation	(Average price in current period – Highest average price over all previous periods) × number of units × 0.4%	(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
(Reference)				
Time-limited Reduction (end)	Efforts to get back on the path to growth	Reduce 15% from Base 1		20th fiscal period to the 23rd fiscal period

(Note) Scheduled to be resolved at the Seventh General Meeting of Unitholders on April 17, 2015

* Apart from the above, TOKYU REIT pays predetermined fees, etc. to an asset custodian, general administrators, property management companies and an independent auditor, among others.

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

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

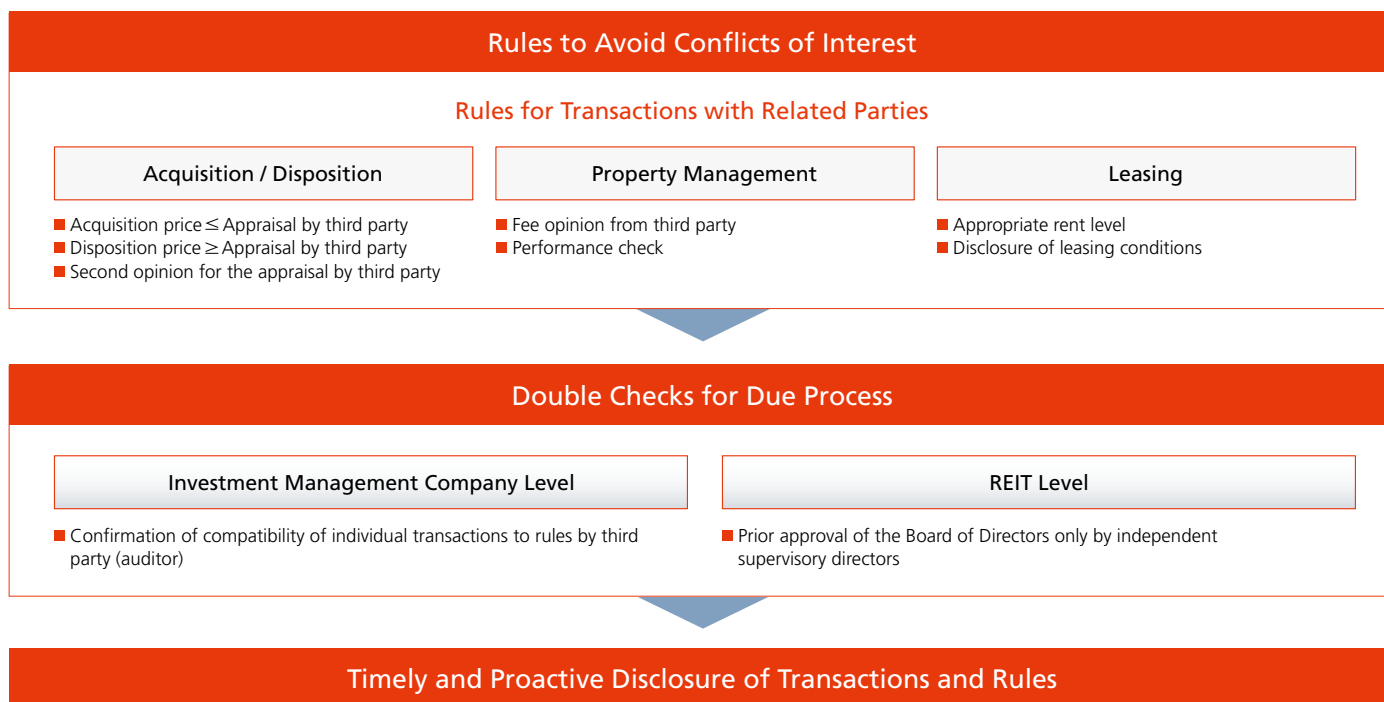
Collaboration with Tokyu Corporation and Its Subsidiaries

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.”

1. “Tokyu Corporation and its subsidiaries” refers to any entity that falls under the following (i) to (iii):
 - (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%.
2. “Affiliates of Tokyu Corporation except Tokyu Corporation’s subsidiaries” refers to affiliates within the scope of consolidation of Tokyu Corporation.
3. “Tokyu Fudosan Holdings Corporation and its subsidiaries” refers to any entity that falls under the following (i) to (iii):
 - (i) Tokyu Fudosan Holdings Corporation (“Tokyu Fudosan Holdings”)
 - (ii) A consolidated subsidiary of Tokyu Fudosan Holdings
 - (iii) 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.



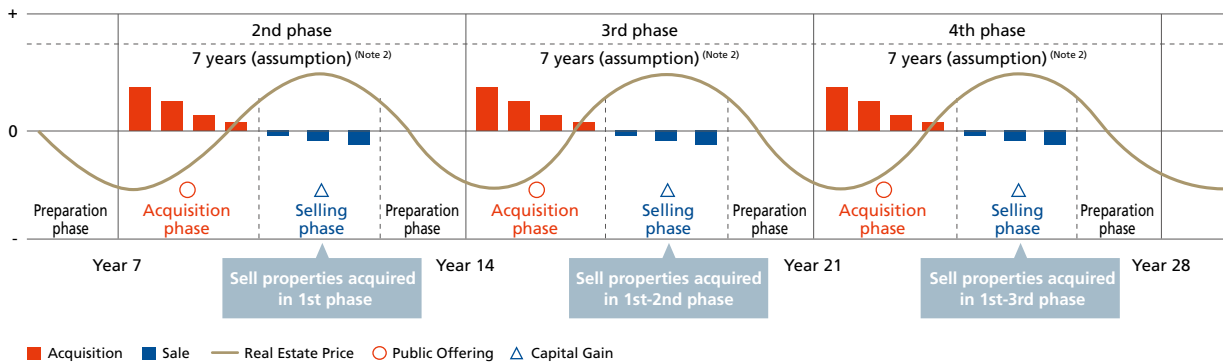
(Notes) 1. Includes properties acquired from sponsors which were contributed by Tokyu Land Corporation, a shareholder until June 2011 of Tokyu Real Estate Investment Management Inc. (Tokyu REIM), the asset management company, as well as by Tokyu Corporation.

2. Tokyu Toranomon Building includes the contiguous land that was acquired on January 9, 2015 (the same hereafter).

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 1)



(Notes) 1. It is not intended for **TOKYU REIT** to engage in short-term trading in property investments.
2. Indicated as 7 years as of matter of convenience, and actual assumptions differ.

Investment Style

Value & Contrary

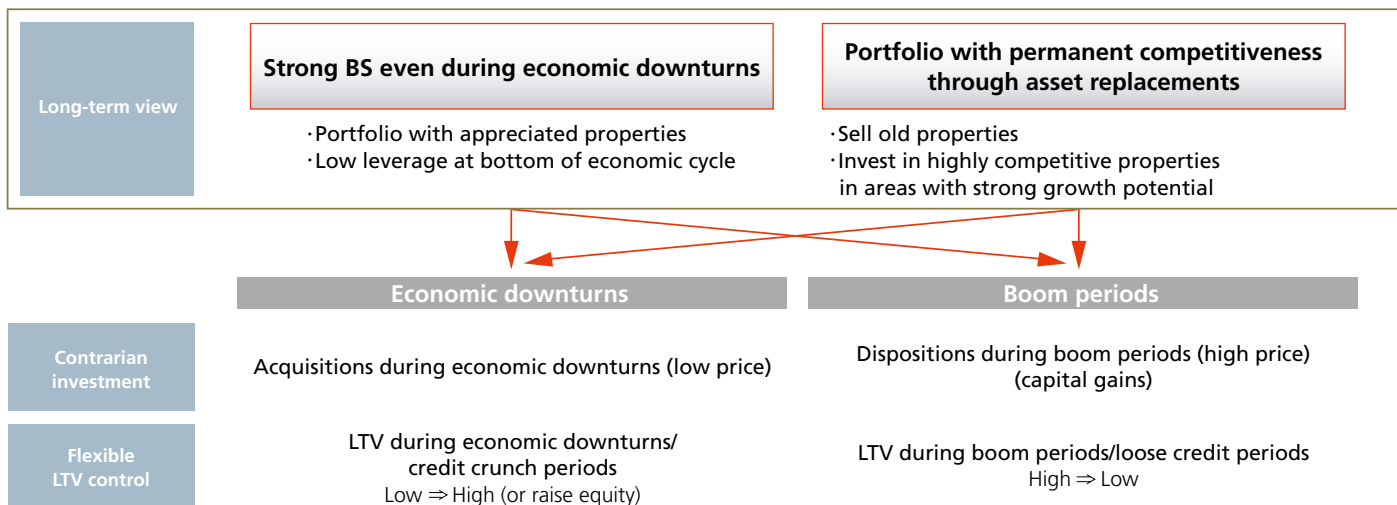
Value

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).

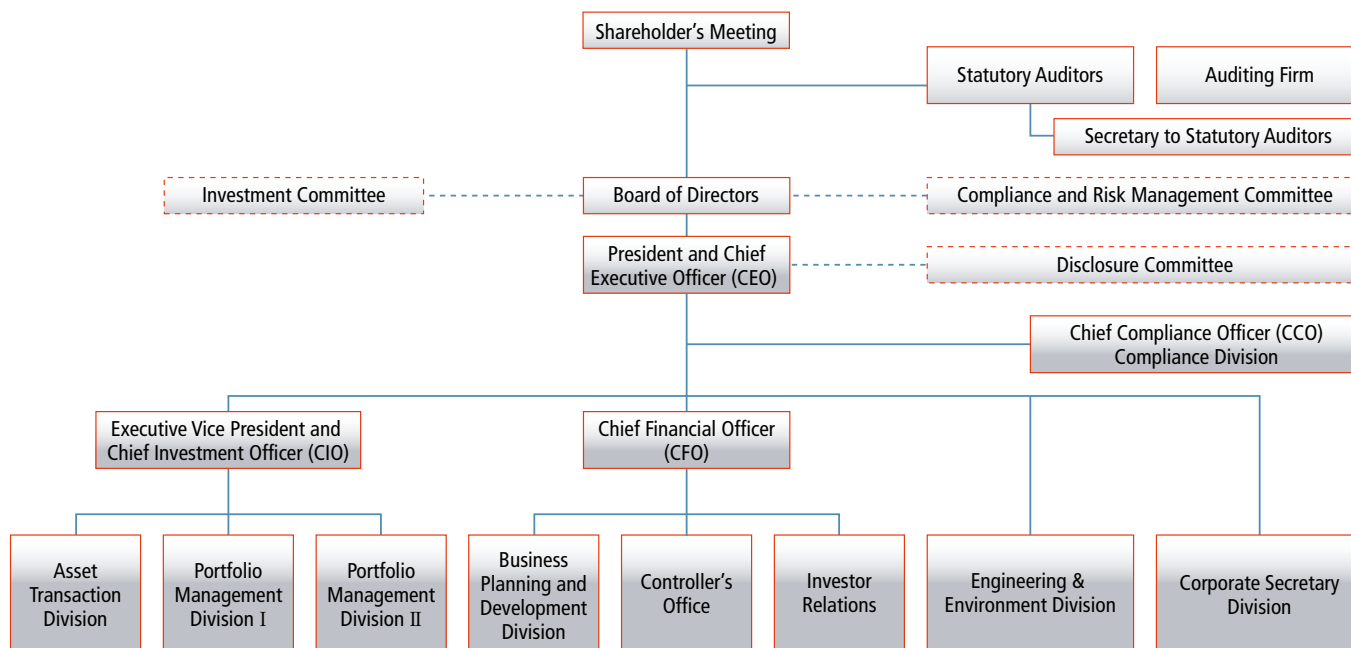
Board of Directors	<p>Function : Decision-making on management strategy</p> <p>Members: CEO, Representative Director and Executive Vice President, two directors (full-time), three directors from the sponsor (part-time)</p>
Compliance and Risk Management Committee	<p>Function : Advisory body to Board 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>

* As of March 9, 2015

Major Shareholder

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

Organization Chart (As of March 9, 2015)



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	¥97 billion
Long-Term Fixed-Rate Ratio	100%
Avg. Duration	4.19 years
Committment Line	¥18 billion

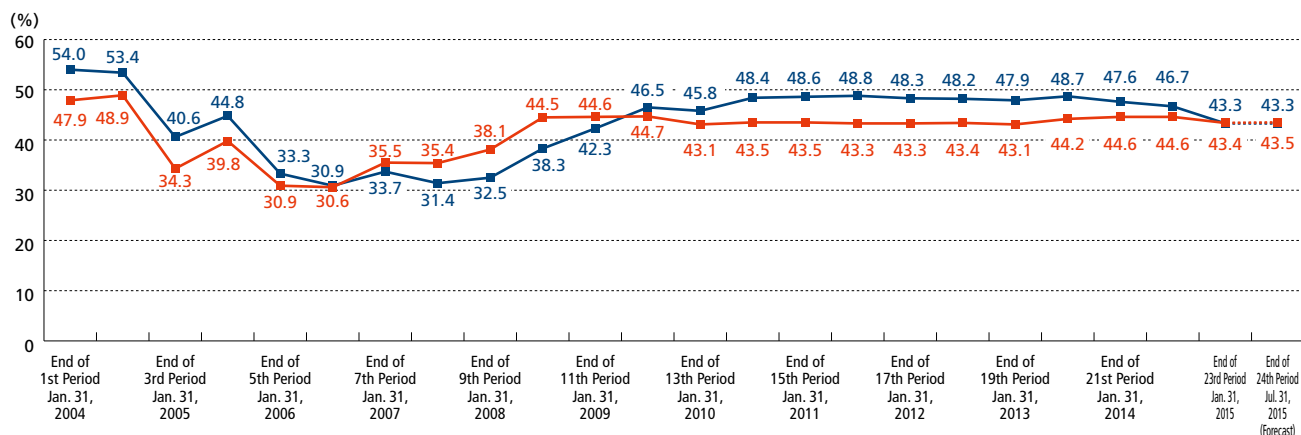
The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured. Moreover, there is no outstanding debt under the commitment line as of January 31, 2015.

Ratings

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



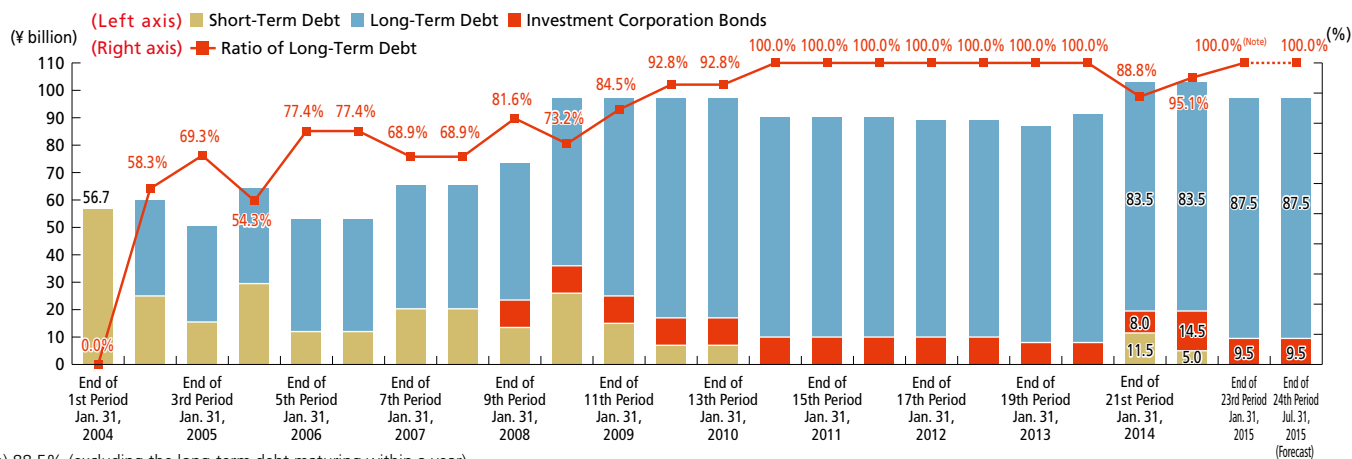
■ LTV / Total assets at end of period = Balance of period end interest-bearing debt / period end total assets

■ 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

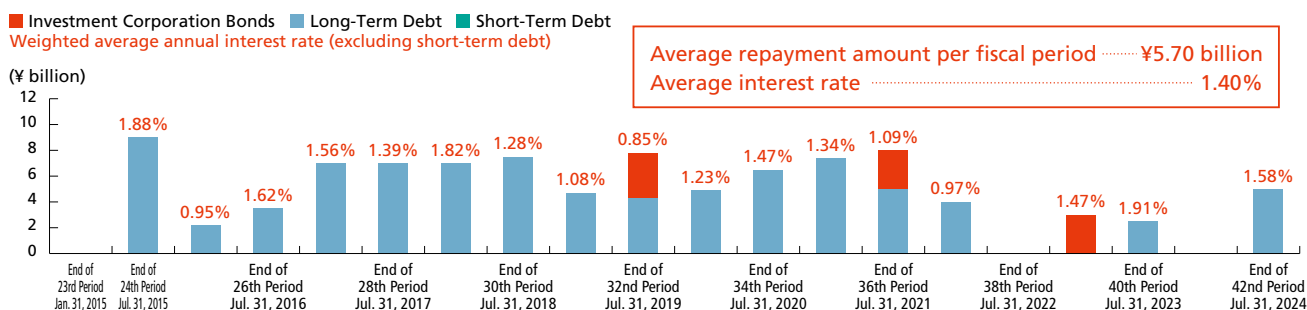
TOKYU REIT conversion to long-term fixed-interest debt financing, as shown below. Long-term debt financing enables TOKYU REIT to curb any excessive burden resulting from increases in interest rates.



(Note) 88.5% (excluding the long-term debt maturing within a year)

Diversification of Repayment and Redemption Dates of Interest-Bearing Debts

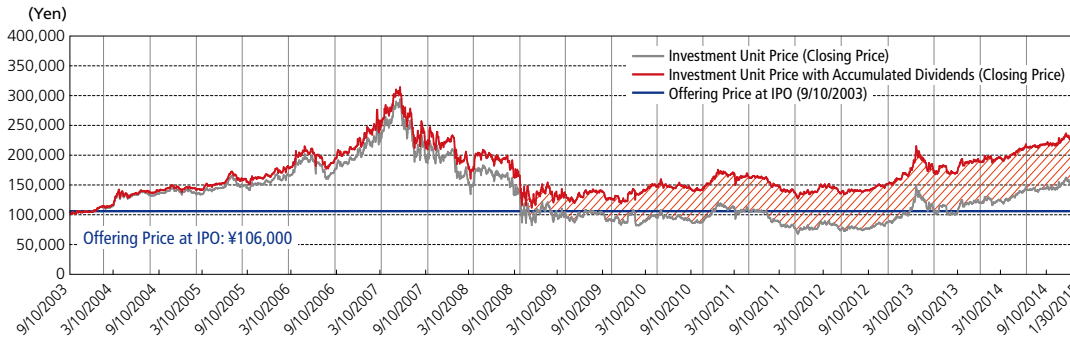
In addition, TOKYU REIT works to diversify repayment dates for its debt financing in order to avoid the risk of large-scale refinancing within a short period of time.



Performance Against Public Offering Price

We show the performance of our unit prices and our unit prices with accumulated cash distribution compared to our public offering prices. The graphs also present accumulated cash distributions against the offering price. The red line graphs plot investment unit price inclusive of cash distributions. As at the end of January 2015, 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 72% 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)

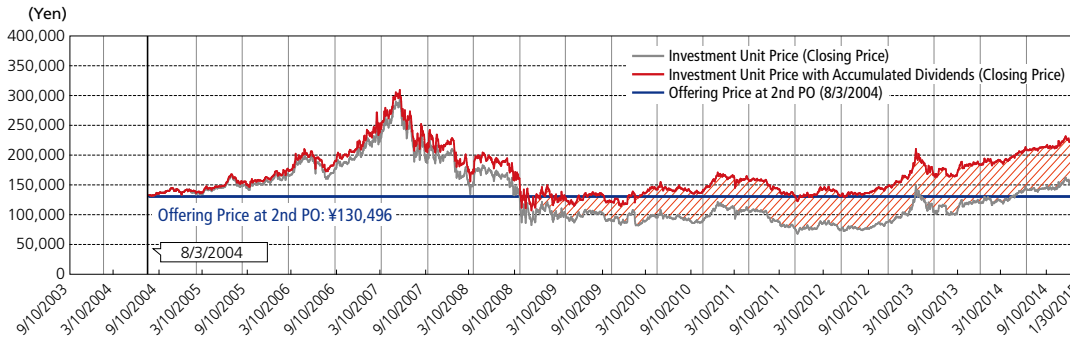


72% of offering price at IPO distributed in approximately 11.5 years

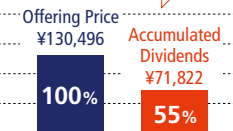


If the offering price is 100, then accumulated dividends would equal 72

Second Public Offering (Issued Aug. 3, 2004)

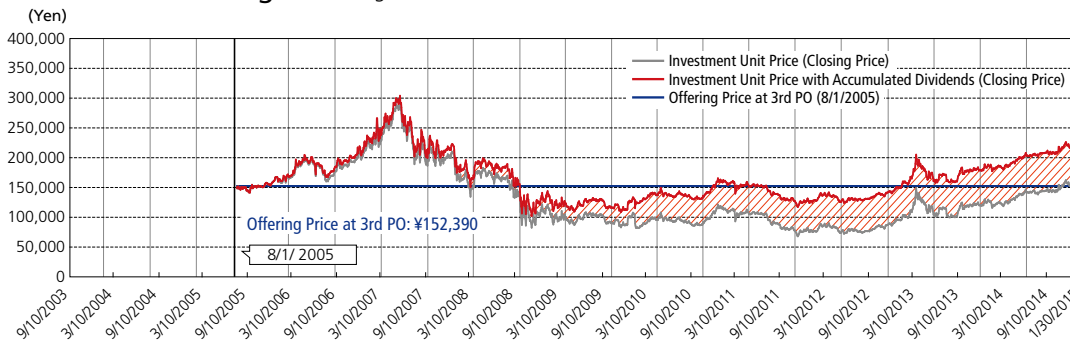


55% of offering price at 2nd PO distributed in approximately 10.5 years

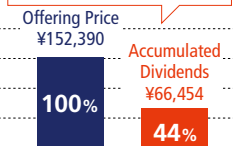


If the offering price is 100, then accumulated dividends would equal 55

Third Public Offering (Issued Aug. 1, 2005)

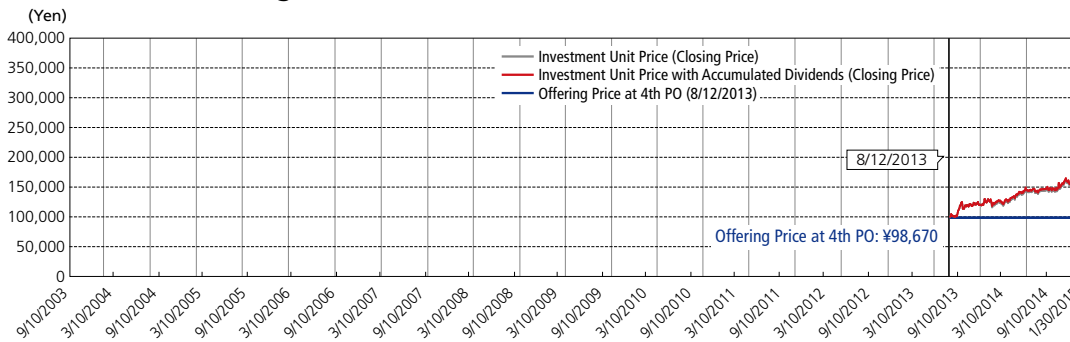


44% of offering price at 3rd PO distributed in approximately 9.5 years



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

Fourth Public Offering (Issued Aug. 12, 2013)



8% of offering price at 4th PO distributed in approximately 1.5 year



If the offering price is 100, then accumulated dividends would equal 8

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

PORTFOLIO



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

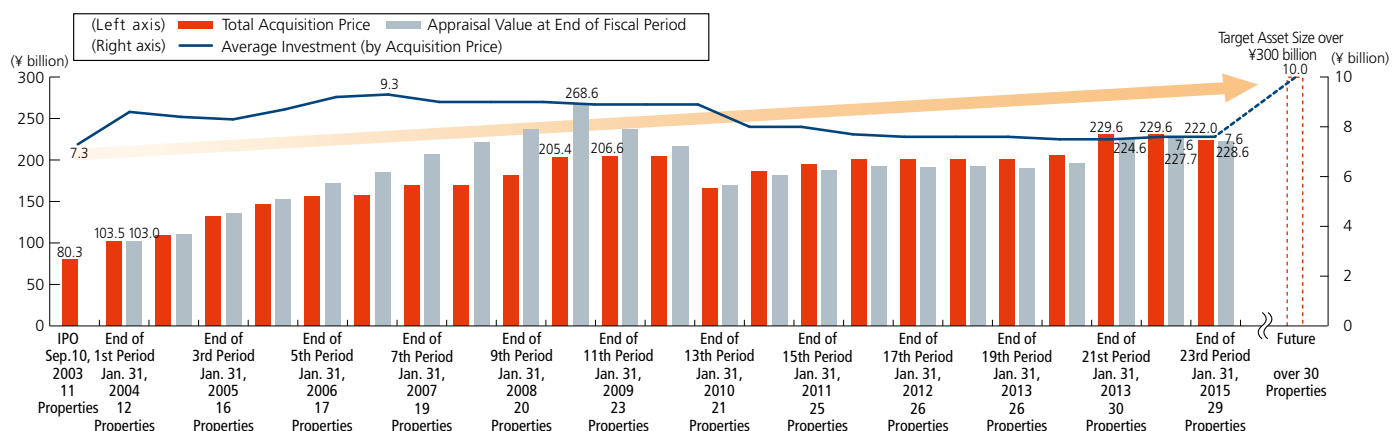
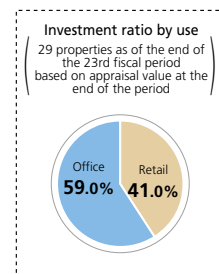
Investment Targeted Areas	<ul style="list-style-type: none"> ■ Focusing on Tokyo's central five wards and Tokyu Areas expecting economic and population growth ■ Limited to Tokyo Metropolitan Area
Investment Criteria	<ul style="list-style-type: none"> ■ Limited to office and retail portfolios with lower 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 23rd fiscal period ended January 31, 2015, stood at ¥222.0 billion, and appraisal value at the end of the fiscal period stood at ¥228.6 billion. Given TOKYU REIT's portfolio diversification, mobility of property acquisition, and liquidity of investment units, we believe that the asset portfolio should eventually reach ¥300 billion or more. TOKYU REIT will steadily expand asset size with high quality properties on proper price, not pursuing expansion of asset size only, but considering real estate market.

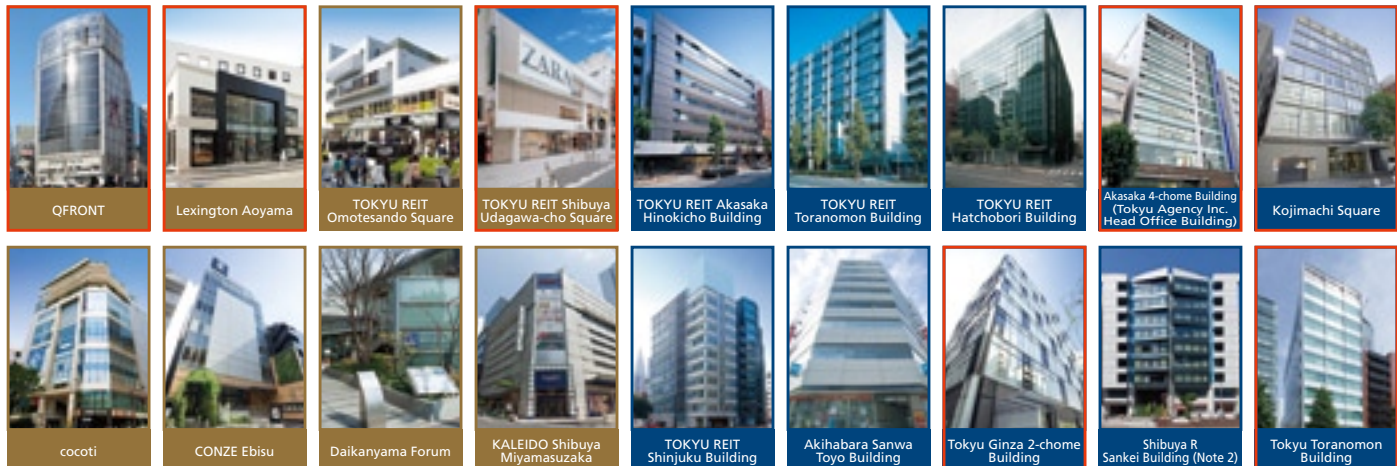
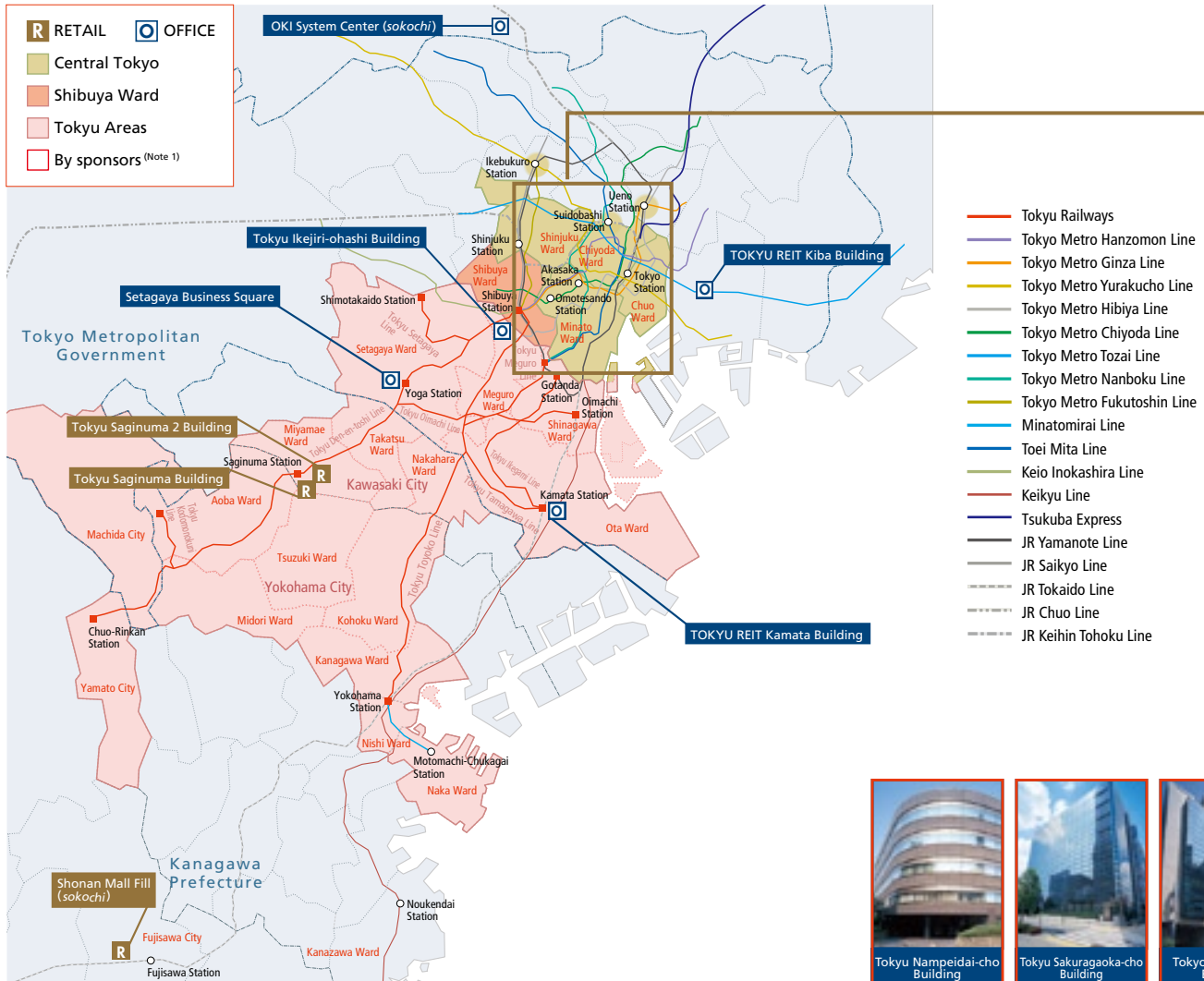
TOKYU REIT focuses on highly competitive office and retail properties and strives to maintain a ratio of 60% in office buildings and 40% in retail properties (based on appraisal value at the end of the fiscal period) over the long term.

As of the end of the 23rd fiscal period (29 properties), investment ratio by use based on appraisal value at the end of the fiscal period is as follows:



Portfolio

Investment Targeted Areas

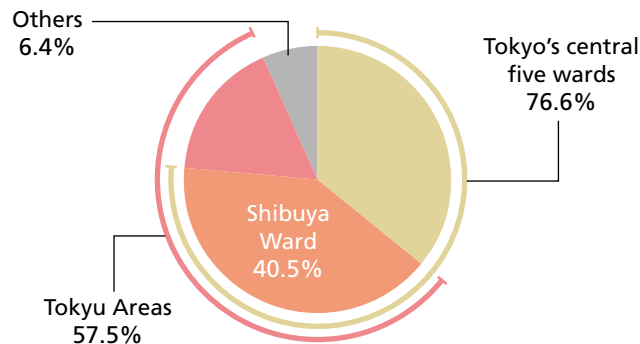


(Notes) 1. The portfolio properties acquired from sponsors include properties contributed by Tokyu Land, which was a shareholder of the Investment Management Company (Tokyu REIM) along with Tokyu Corporation until June 2011.
 2. The name of Shibuya R Sankei Building is scheduled to be changed to TOKYU REIT Shibuya R Building on April 1, 2015 (the same hereafter).



- * 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
(29 properties based on the appraisal value at the end of the 23rd 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%

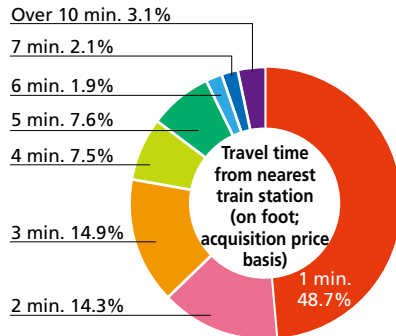
(Notes) 1. Shibuya Ward is included in both the Tokyo's central five wards and the Tokyu Areas.
2. Percentage share in total portfolio is calculated based on the appraisal value of properties as of the end of the previous fiscal period and the appraisal value (obtained at the time of intended property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

Portfolio

Data of 23rd 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.

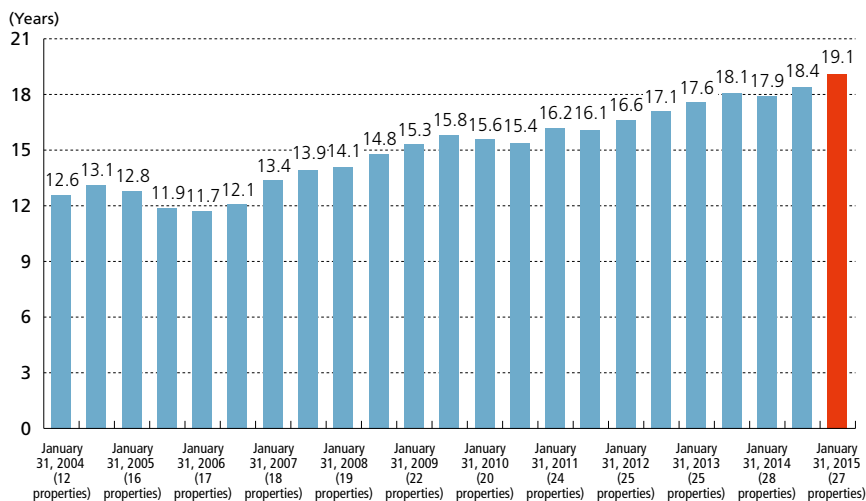
Location



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

Property Age

Weighted-Average Number of Years Since Construction

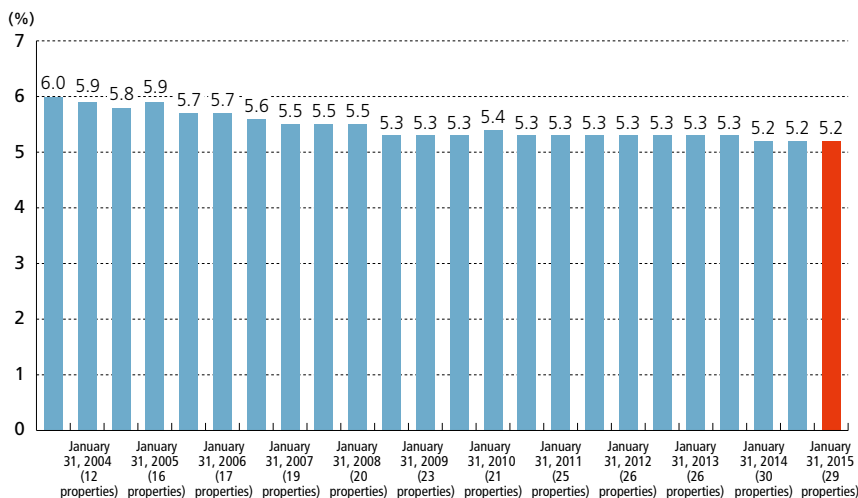


The graph on the left shows the weighted-average age of buildings based on building price at the end of each fiscal period. Based on 27 properties as of the end of the 23rd fiscal period, 19.1 years have passed since construction and the number of years increases only 6.5 years from the point of January 31, 2004 in elapsed 11 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 23rd fiscal period (29 properties), the weighted-average appraised NOI yield fell to 5.2%. A low appraised NOI yield is considered an indicator of reduced risk of a decrease in future earnings. **TOKYU REIT** will continue efforts to build a portfolio with low risks and stable returns in the future.

■ Top 10 Tenants by Leased Area

Top 10 Tenants by Leased Area

As of January 31, 2015

No.	Tenant Name	Business Category	Property Name	Expiration Date	Leased Area (m ²)	Ratio (Note 1)
1	DAIWA House Co., Ltd. (Note 2)	Construction	R Shonan Mall Fill (<i>sokochi</i>)	3/19/2023	44,078.12	19.7%
2	Tokyu Store Corporation	Retail	R Tokyu Saginuma Building	6/30/2018	19,610.06	8.8%
3	OKI Electric Industry Co., Ltd.	Electric equipment	Ⓞ OKI System Center (<i>sokochi</i>)	3/26/2033	17,019.19	7.6%
4	Tokyu Corporation	Land transportation	Ⓞ Tokyu Nampeidai-cho Building	12/31/2021	7,148.18	3.2%
			Ⓞ Tokyu Sakuragaoka-cho Building	12/31/2021	3,878.36	1.7%
5	Vendor Service Co., Ltd.	Wholesale	Ⓞ Tokyu Toranomon Building	3/31/2015 (Note 3)	4,922.75	2.2%
6	Culture Convenience Club Co., Ltd.	Service	R QFRONT	12/14/2019 (Note 3)	4,044.10	1.8%
7	NTT DATA Corporation	Service	Ⓞ Tokyu Toranomon Building	6/30/2016	3,938.20	1.8%
8	Covidien Japan Inc.	Wholesale	Ⓞ Setagaya Business Square (Note 4)	5/31/2016 (Note 3)	3,825.06	1.7%
9	Tokyu Agency Inc.	Service	Ⓞ Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1/31/2023	3,533.03	1.6%
10	The Dai-ichi Building Co., Ltd.	Real estate	Ⓞ Tokyu Ginza 2-chome Building	9/30/2016	3,278.04	1.5%
Principal 10 Tenants Total					115,275.09	51.6%
Total leased area of 29 properties at the end of 23rd fiscal period					223,188.49	100.0%

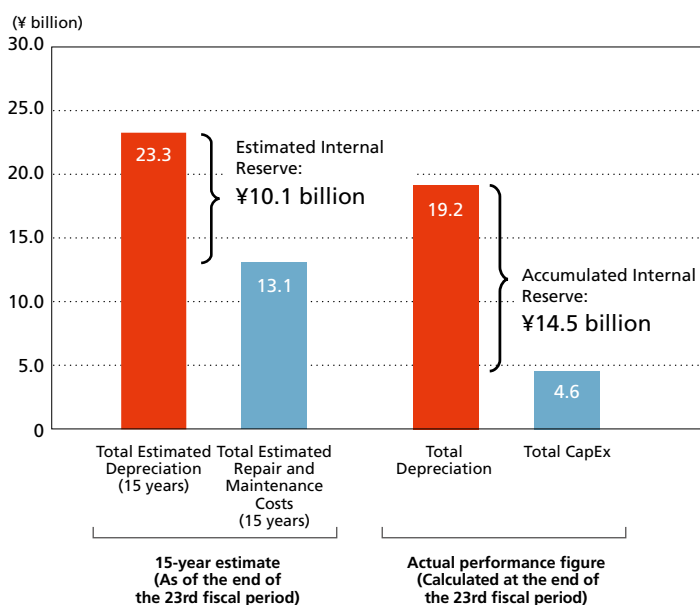
(Notes) 1. "Ratio" indicates ratio of tenant's leased areas to total leased area of 29 properties held as of the end of the 23rd fiscal period.

2. Starting from March 1, 2015 lessee has been changed to Daiwa Information Service Co., Ltd. Same for other pages.

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

4. 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 23rd fiscal period and over the next fifteen years, cumulative depreciation for the portfolio will significantly exceed total repair and maintenance cost (¥10.1 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%	6.8%	4.2%
R	Lexington Aoyama	Sep. 11, 2003	4,800	Minato Ward, Tokyo	2,107.08	100.0%	2.2%	2.3%
R	TOKYU REIT Omotesando Square	Sep. 10, 2003	5,770	Shibuya Ward, Tokyo	2,648.27	100.0%	2.6%	9.5%
R	Tokyu Saginuma Building	Sep. 10, 2003	6,920	Miyamae Ward, Kawasaki City, Kanagawa Prefecture	19,610.06	100.0%	3.1%	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%	3.0%	7.3%
R	cocoti	Apr. 6, 2005	14,700	Shibuya Ward, Tokyo	8,330.41	100.0%	11.0%	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%	3.1%	—
R	CONZE Ebisu	Oct. 31, 2006	5,117	Shibuya Ward, Tokyo	2,326.91	75.3%	2.3%	4.1%
R	Daikanyama Forum	Apr. 22, 2008	4,136	Shibuya Ward, Tokyo	2,477.64	100.0%	1.9%	8.0%
R	KALEIDO Shibuya Miyamasuzaka	Aug. 16, 2013	5,150	Shibuya Ward, Tokyo	3,399.30	100.0%	2.3%	4.4%
⊙	Setagaya Business Square	Sep. 11, 2003	22,400	Setagaya Ward, Tokyo	24,961.59	92.3%	10.1%	2.9%
⊙	Tokyu Nampocho Building	Sep. 11, 2003	4,660	Shibuya Ward, Tokyo	7,148.18	100.0%	2.1%	7.9%
⊙	Tokyu Sakuragaoka-cho Building	Sep. 11, 2003	6,620	Shibuya Ward, Tokyo	4,737.19	100.0%	3.0%	11.1%
⊙	Tokyo Nissan Taito Building	Sep. 11, 2003	4,450	Taito Ward, Tokyo	7,918.31	60.0%	2.0%	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	10,247.06	99.0%	4.6%	7.2%
		Sep. 21, 2007	1,100					
		Sep. 21, 2007	200					
		Oct. 26, 2007	140					
		Jan. 21, 2015	107					
⊙	TOKYU REIT Hatchobori Building	Sep. 29, 2006	7,000	Chuo Ward, Tokyo	6,001.21	84.0%	3.2%	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%	3.8%	3.9%
⊙	Tokyu Ikejiri-ohashi Building	Mar. 28, 2008	5,480	Meguro Ward, Tokyo	5,733.23	100.0%	2.5%	5.8%
⊙	Kojimachi Square	Mar. 19, 2010	9,030	Chiyoda Ward, Tokyo	5,409.11	100.0%	4.1%	4.8%
⊙	TOKYU REIT Shinjuku Building	Mar. 26, 2010	9,000	Shinjuku Ward, Tokyo	6,215.17	100.0%	4.1%	4.2%
⊙	Akihabara Sanwa Toyo Building	Oct. 29, 2010	4,600	Chiyoda Ward, Tokyo	4,643.04	100.0%	2.1%	11.8%
⊙	TOKYU REIT Kiba Building	Oct. 29, 2010	4,000	Koto Ward, Tokyo	5,797.79	100.0%	1.8%	7.4%
⊙	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5,010	Chuo Ward, Tokyo	3,469.14	100.0%	2.3%	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	100.0%	2.4%	5.9%
⊙	Tokyu Toranomon Building	Aug. 16, 2013	15,000	Minato Ward, Tokyo	9,016.59	100.0%	7.6%	5.4%
		Jan. 9, 2015	1,850					
Total			222,060		229,922.73	97.1%	100.0%	4.0%

Creation of Portfolio Resilient to Earthquakes

Structural status (earthquake resistance)

Investment Criteria	Properties that are compliant with the new earthquake resistance standards ^(Note 3) , 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"> 26 out of 29 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: 4.0% 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. 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/R, 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 Fullel Saginuma.

Address: 1-1-1, Saginuma, Miyamae-ku, Kawasaki City, Kanagawa
 Nearest Station: Approximately a one-minute walk from Saginuma Station—Tokyu Den-en-toshi Line
 Total Land Space: 5,658.00m²
 Total Floor Space: 18,326.99m²
 Structure/Floors: RC, B1/4F
 Completed: September 1978
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Tokyu Store Corporation



R Tokyu Saginuma 2 Building



Tokyu Saginuma 2 Building was acquired to serve partly as a parking facility for the Tokyu Saginuma Building. Under the Large Retail Store Location Law, Tokyu Store Corporation is required to provide 84 car parking spaces for customers of Tokyu Saginuma Building. The building comprises three floors (the first to third floors) leased to a bank and 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 2,057 stores (as of October 31, 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./Tokyo Toyoiko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line

Total Land Space: 679.27m²

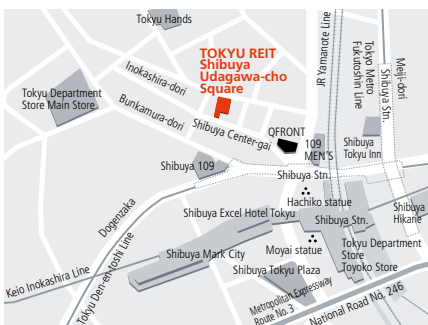
Total Floor Space: [Bldg. 1] 1,473.10m²
[Bldg. 2] 56.39m²

Structure/Floors: [Bldg. 1] S, 3F
[Bldg. 2] S, 2F

Completed: [Bldg. 1] July 1998
[Bldg. 2] June 1995

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

Tenant: ZARA Japan Corporation;
NIPPAN Co., Ltd.



R cocoti



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

Address: 1-23-16, Shibuya, Shibuya-ku, Tokyo

Nearest Station: Approximately a three-minute walk from Shibuya Station—JR Yamanote Line, etc.

Approximately a one-minute walk from Shibuya Station—Tokyo Metro Ginza Line, etc./Tokyo Toyoiko Line/Tokyo Den-en-toshi Line/Keio Inokashira Line

Total Land Space: 1,705.35m²

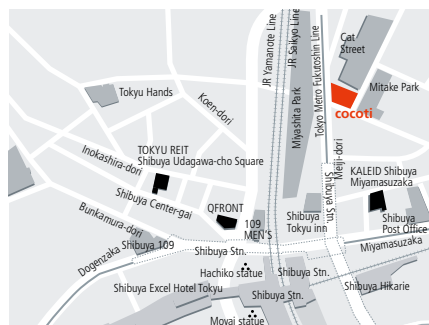
Total Floor Space: 11,847.87m²

Structure/Floors: S/SRC, B2/12F

Completed: September 2004

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

Tenant: TOMORROWLAND Co., Ltd.;
DIESEL JAPAN Co., Ltd.;
THINK FITNESS Corporation;
etc.



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 increasing, with home sales and other activities under way for the Fujisawa Sustainable Smart Town, which includes SHONAN T-SITE and other facilities on its site, in the neighborhood.

Address: 4-1-1, Tsujido Shinmachi, Fujisawa City, Kanagawa

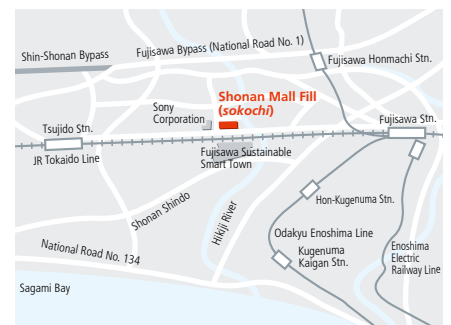
Nearest Station: Approximately three minutes by bus or a twenty-minute walk from Tsujido Station—JR Tokaido Line

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, 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.



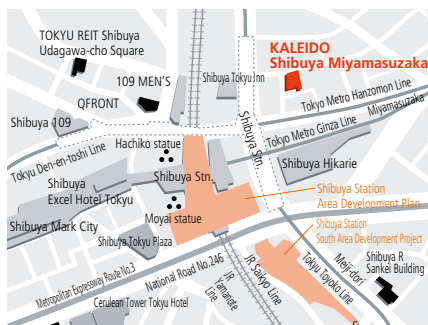
R KALEIDO Shibuya Miyamasuzaka



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 Space: 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 Otemachi Station passing through Shibuya Station).

Address: 4-10-1,2,3,4,5,6, Yoga, Setagaya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Yoga Station—Tokyu Den-en-toshi Line
 Total Land Space: 21,315.68m²
 Total Floor Space: 94,373.72m²
 Structure/Floors: SRC/RC/S, B2/28F
 Completed: September 1993
 Type of Ownership: Land—Proprietary ownership (Co-ownership ratio 55%)
 Building—Proprietary ownership (Co-ownership ratio 55%)
 Tenant: Covidien Japan Inc.; Tokyu Community Corp.; System Engineering Consultants Co., LTD. etc.



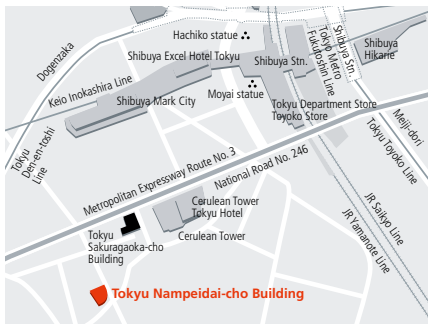
Tokyu Nampeidai-cho Building



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

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

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



Tokyu Sakuragaoka-cho Building



Tokyu Sakuragaoka-cho Building is a nine-story office building located in Shibuya Ward, mostly occupied by Tokyu Corporation, which the operating division uses as its head office.

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

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

Address: 31-2, Sakuragaoka-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Shibuya Station—JR Yamanote Line, etc./Tokyo Metro Ginza Line, etc./Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line
 Total Land Space: 1,013.03m²
 Total Floor Space: 6,505.39m²
 Structure/Floors: SRC, B3/9F
 Completed: June 1987
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership^(Note)
 Tenant: Tokyu Corporation; The Tokyo Electric Power Company, Incorporated

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



Tokyo Nissan Taito Building



Tokyo Nissan Taito Building is a 10-story office building situated along Kiyosubashi-dori.

The convenience of the location grew even further with the Shin-Okachimachi Station on the Tsukuba Express Line opened in August 2005 only about a four-minute walk away.

Renewal work of exterior walls and restrooms throughout the building, etc. was implemented in 2014 through 2015 in order to maintain and enhance the property competitiveness.

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-Okachi-machi Station—Toei Oedo Line
 Approximately a four-minute walk from Shin-Okachi-machi 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: Nissan Network Holdings Co., Ltd.;
 KITAGAWA IRON WORKS CO., LTD.;
 TWINBIRD CORPORATION;
 etc.



TOKYU REIT Akasaka Hinokicho Building



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

There are multiple large office buildings and multi-faceted retail properties in the neighborhood and, in addition to Tokyo Midtown that started operation in 2007 and akasaka Sacas that started operation in 2008, large-scale redevelopment projects are planned for the districts around Akasaka-Mitsuke Station and Tameiki-Sanno Station. These are expected to enliven the area even further.

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

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

Total Land Space: 866.61m²

Total Floor Space: 4,058.92m²

Structure/Floors: RC, 7F

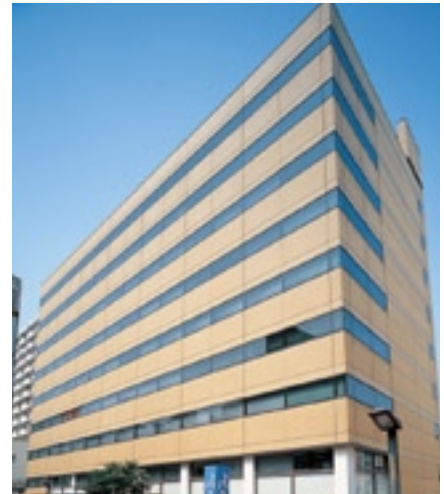
Completed: August 1984

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

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



TOKYU REIT Kamata Building



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

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

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

Nearest Station: Approximately a 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 86.116%)

Total Floor Space: 15,343.73m²
(10,882.65m² (Note))

Structure/Floors: SRC/RC, B2/9F

Completed: April 1988

Type of Ownership: Land—Proprietary ownership
(Co-ownership ratio 86.116%)

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: Universal Home, Inc.;
MEISEI CORPORATION;
Yakult Health Foods Co., Ltd.;
etc.



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



Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building) is a nine-story office building facing Aoyama-dori. This property is located approximately a four-minute walk from Akasaka-Mitsuke and Nagatacho Stations and have excellent office specifications.

Tokyu Agency, Inc. is currently using the property and concluded a fixed-term lease contract (with no cancellation and no claim rights for reducing leasing rates) for 10 years starting February 1, 2013.

Address: 4-8-18, Akasaka, Minato-ku, Tokyo

Nearest Station: Approximately a four-minute walk from Akasaka-Mitsuke Station—Tokyo Metro Ginza and Marunouchi Lines
Approximately a four-minute walk from Nagatacho Station—Tokyo Metro Hanzomon Line, etc.

Total Land Space: 712.49m²

Total Floor Space: 5,002.36m²

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

Completed: February 2003

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

Tenant: Tokyu Agency Inc.



Tokyu Ikejiri-ohashi Building



Tokyu Ikejiri-ohashi Building is located close to Ikejiri-ohashi station on the Tokyu Den-en-toshi Line and located to accommodate demand not met by Shibuya and is thus seen to provide occupancy stability.

With road access from all four sides, 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.

Moreover, the Chuo Loop Road started services for the section between Ohashi Junction, which is close to the property, and Oi Junction on March 7, 2015, which is likely to improve access to the Haneda and Wangan (Coastal) areas.

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 Space: 1,269.24m²
 Total Floor Space: 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



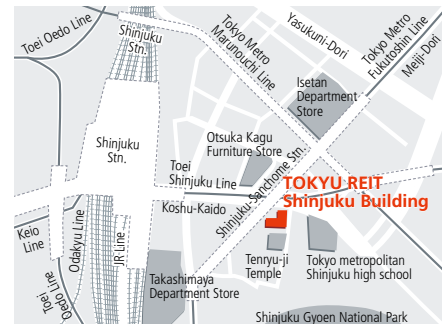
The Shinjuku 3-chome area where TOKYU REIT Shinjuku Building is situated is one of Tokyo's most vibrant commercial areas, and there are many large commercial buildings near Shinjuku Station.

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

Moreover, in Shinjuku Station on the JR lines, projects are scheduled for redeveloping the South Exit area to make it a hub and for improving the ease of getting around at the eastern and western exits. These are expected to further enhance the convenience in the Shinjuku area.

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 Space: 1,113.87m²
 Total Floor Space: 8,720.09m²
 Structure/Floors: SRC 10F
 Completed: May 2003
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: DAIDO LIFE INSURANCE COMPANY;
 FORCIA, Inc.;
 WATABE WEDDING CORPORATION;
 etc.



Akihabara Sanwa Toyo Building



Akihabara Sanwa Toyo Building is located in the Akihabara area, which is an area internationally famous for its Denki Gai (electric town) and creation of subcultures. 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 Chuodori 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 Space: 795.33m²
 Total Floor Space: 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 Space: 1,259.52m²
 Total Floor Space: 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.



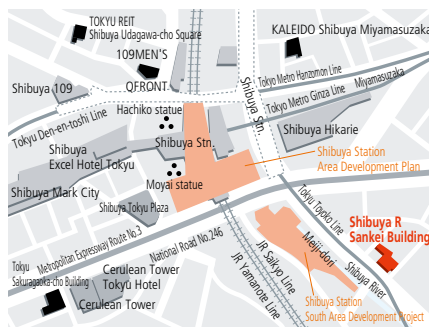
Shibuya R Sankei Building



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 space 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 2018.

In addition, renewal work of restrooms throughout the building was conducted in 2014 to enhance the property's competitiveness in the area.

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, Tokyo 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
 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: LANCERS, INC.;
 K.K. Japan Distribution System;
 The Gibraltar Life Insurance Co., Ltd.;
 etc.



Tokyu Toranomon Building



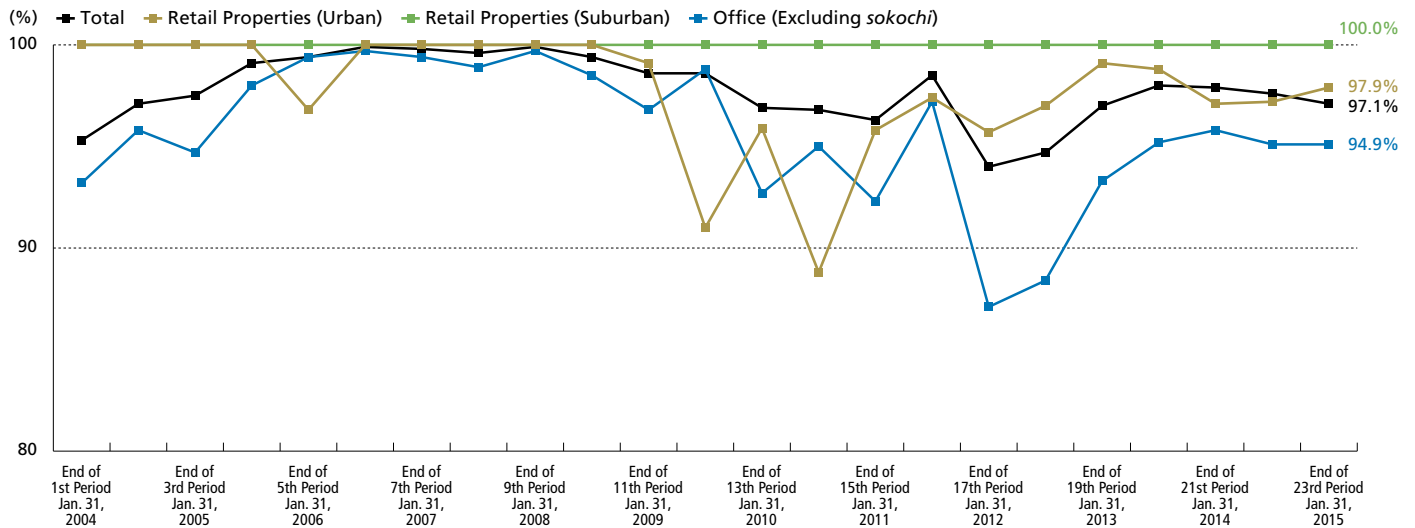
Tokyu Toranomon Building is an office building located a three-minute walk from Toranomon Station. Completed in April 2010, it is the youngest property in TOKYU REIT's portfolio. The area is expected to have further growth potential through such measures as establishment of new Toranomon Station on the Tokyo Metro Hibiya Line on top of the opening of Loop Road No. 2 (Shintora-dori) and the completion of Toranomon Hills.

TOKYU REIT acquired the contiguous land in 2015, on which it plans to build an extension of the property.

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: 2,016.83m²
 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;
 Lawson, Inc.

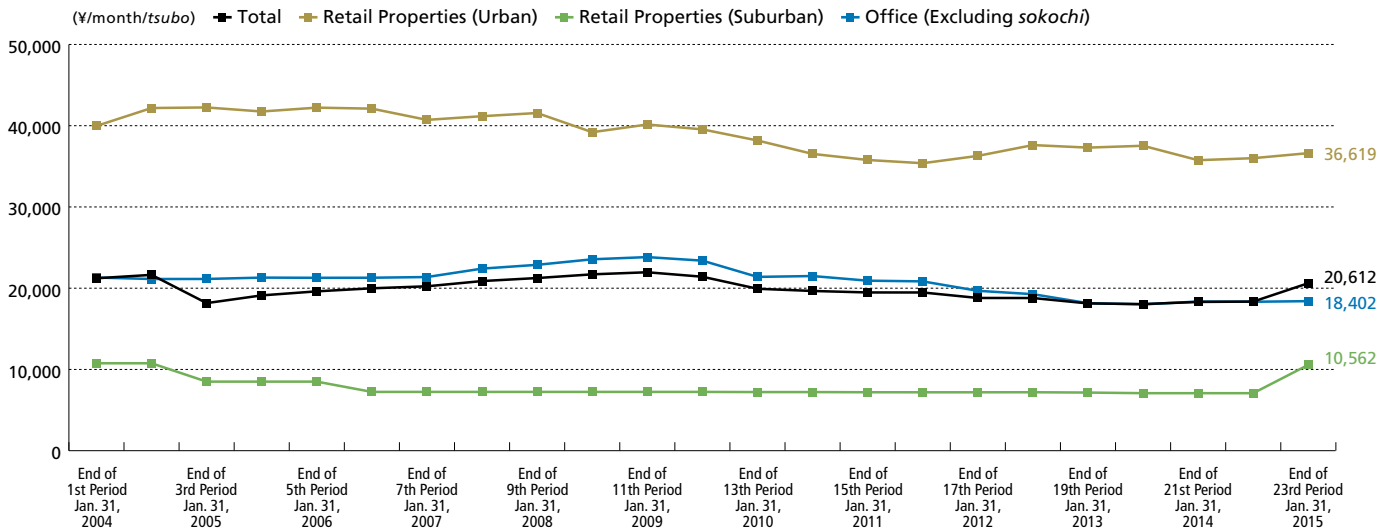


Changes in Occupancy Rate



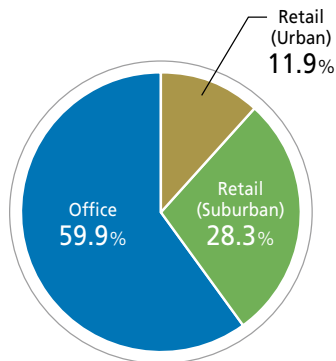
(Note) OKI System Center (sokochi) is not included in office properties when calculating the occupancy rate. Furthermore, the occupancy rate of OKI System Center (sokochi) was 100% as of the end of the 23rd period.

Changes in Average Rent

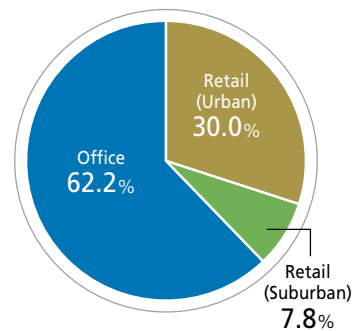


(Note) Shonan Mall Fill (sokochi) and OKI System Center (sokochi) are not included in the calculation of the changes in rents.

Total Leasable Area by Segment (As of end of Jan. 2015)



Rent Revenues by Segment (As of end of Jan. 2015)



I . Asset Management Report

1. Financial Highlights

(1) Result of Operation and Financial Position

			23rd fiscal period From August 1, 2014 to January 31, 2015 (184 days)	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)
			Millions of yen, except per unit data or where otherwise indicated				
Result of operation	Statement of income	Operating revenues	¥ 7,541	¥ 7,302	¥ 7,308	¥ 6,495	¥ 6,334
		Operating income	¥ 3,383	¥ 3,225	¥ 3,322	¥ 2,801	¥ 2,665
		Net income	¥ 2,660	¥ 2,461	¥ 2,507	¥ 2,035	¥ 1,887
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 7,075	¥ 7,300	¥ 7,304	¥ 6,495	¥ 6,334
		Rental service expenses (b)	¥ 3,478	¥ 3,420	¥ 3,366	¥ 3,105	¥ 3,083
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	[¥1,017]	[¥ 1,078]	[¥ 1,093]	[¥ 987]	[¥ 1,001]
		NOI (Net Operating Income) (a)−(b)+(c)	¥ 4,614	¥ 4,957	¥ 5,032	¥ 4,378	¥ 4,252
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,211	¥ 3,539	¥ 3,598	¥ 3,023	¥ 2,888
		Capital expenditures (e)	¥ 682	¥ 343	¥ 228	¥ 479	¥ 303
		AFFO (Adjusted Funds from Operation) (d)−(e)	¥ 2,529	¥ 3,195	¥ 3,370	¥ 2,543	¥ 2,585
Financial position	Balance sheet	Total assets (f)	¥ 223,346	¥ 230,969	¥ 230,966	¥ 206,988	¥ 202,061
		[Change from the preceding period]	[−3.3%]	[0.0%]	[11.6%]	[2.4%]	[−1.4%]
		Interest-bearing liabilities (g) (Note 5)	¥ 97,000	¥ 103,000	¥ 103,000	¥ 91,500	¥ 87,000
		Total unitholders' equity (Net assets) (h)	¥ 113,140	¥ 112,940	¥ 112,986	¥ 100,055	¥ 99,907
		[Change from the preceding period]	[0.2%]	[−0.0%]	[12.9%]	[0.1%]	[−0.1%]
	Portfolio	Unitholders' capital	¥ 110,479	¥ 110,479	¥ 110,479	¥ 98,019	¥ 98,019
		Acquisition costs of properties (Note 6)	¥ 222,059	¥ 229,622	¥ 229,622	¥ 204,202	¥ 199,672
		Book value of properties (Note 6)	¥ 210,653	¥ 217,190	¥ 217,923	¥ 193,019	¥ 188,853
		Appraisal value of properties at end of period (i) (Note 6)	¥ 228,660	¥ 227,740	¥ 224,650	¥ 194,860	¥ 189,320
		Number of properties at end of period	29 properties	30 properties	30 properties	27 properties	26 properties
		Total leasable area (Note 7)	229,922.73 m ²	280,131.88 m ²	280,114.52 m ²	262,516.83 m ²	245,500.63 m ²
	Occupancy rate at end of period (Note 7)	97.1%	97.6%	97.9%	98.0%	97.0%	
	Other	Distri- bution	Cash distribution	¥ 2,528	¥ 2,460	¥ 2,507	¥ 2,035
Dividend payout ratio			95.0%	100.0%	100.0%	100.0%	100.0%
Per unit data		Number of units issued and outstanding	977,600 units	977,600 units	195,520 units	169,380 units	169,380 units
		Total unitholders' equity per unit (base value) (Note 8)	¥ 115,732	¥ 115,528	¥ 115,575	¥ 590,716	¥ 589,843
		Cash distribution per unit	¥ 2,586	¥ 2,517	¥ 12,823	¥ 12,019	¥ 11,146
Management index		Return on total unitholders' equity (annualized) (Note 9)	4.7%	4.4%	4.7%	4.1%	3.7%
		Equity ratio (h)÷(f)	50.7%	48.9%	48.9%	48.3%	49.4%
		[Change from the preceding period]	[1.8%]	[−0.0%]	[0.6%]	[−1.1%]	[0.6%]
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	43.4%	44.6%	44.6%	44.2%	43.1%
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	42.4%	45.2%	45.8%	47.0%	46.0%
Average market price per unit during period (Note 10) (Note 11)	¥ 150,756	¥ 131,777	¥ 116,503	¥ 575,341	¥ 422,792		

- 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 (19th fiscal period: ¥8 million; 20th fiscal period: ¥4 million; 21st fiscal period: ¥4 million; 22nd fiscal period: ¥11 million; 23rd fiscal period: ¥15 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 (23rd fiscal period: six-month period ended January 31, 2015), the Japanese economy continued to be on a moderate recovery trend, although weakness was seen in consumer spending and other aspects.

Specifically, in the Tokyo metropolitan area's economy, although weakness was seen in certain aspects, such as consumer spending and housing construction, production activities were picking up, capital investment plans, too, were increasing and the employment situation also continued to improve. Despite opposing bullish and bearish outlooks for business sentiment, with labor demand-supply tightening though baby boomers' mandatory retirement at retirement age, the sense of tightening is heightening for employment. With a relatively higher active job openings-to-applicants ratio, the sense of shortage of employment is thought to be stronger for the Tokyo metropolitan area than other regions of the country. These are thought to more likely lead to an improvement in the income environment and expectations for recovery in consumption can be said to be more likely for the Tokyo metropolitan area than other regions of the country. In addition, there is marked increase in the number of foreigners visiting Japan due in part to progress in depreciation of the yen in the exchange market and relaxation of visa requirements, and in Tokyo, which is visited by many of them, the increased number of items eligible for tax exemption can be expected to also serve to further boost consumption. With regard to population movements, the previous year's figures were exceeded with over 100,000 people migrating to the Tokyo metropolitan area from other regions of the country between January and December 2014. This has further exacerbated the

disparity between the area and other regions of the country.

Under these circumstances, the average advertised rent for December 2014 in the Tokyo 23 ward's office leasing market decreased by 2.5% over the six-month period but increased by 2.7% over the one-year period. On the other hand, the average vacancy rate improved by 0.6 percentage points over the six-month period and by 1.7 percentage points over the one-year period to 4.6%. This decrease in the vacancy rate is attributable to increase in demand backed by the supply control since 2013 and an improvement in employment. In addition, with the rent-paying capacity of corporate tenants increasing due to recovery in corporate earnings and the demand-supply also starting to tighten, rent is more susceptible to returning to its usual level. Reflecting the favorable corporate earnings, stance to place emphasis on securing human resources and active demand for consolidation of offices, preference for large-scale buildings is growing stronger among companies and such high-rent buildings are expected to serve as the driving force for market rent. In the retail property leasing market, the decrease on the rebound of the last-minute surge in demand associated with the consumption tax hike appeared to have cleared, but the impact of irregular weather, decrease in real income and other factors thereafter led to weak sales turnover. In particular, sales of key tenants centering on general merchandise stores (GMS) fell below the previous year's level. In addition, although department store sales were also weak due to decrease on the rebound of the last-minute surge in demand associated with the consumption tax hike, active inbound demand from foreigners visiting Japan is supporting sales.

In the real estate investment market, risks of bond prices plunging in reversal and downside risks to stock prices rising with the winding down of quantitative easing in Europe and the U.S. make needs for investment in Japanese real estate high, but because the contribution of those properties that serve as core investment targets are limited, the volume of transactions is on a slightly decreasing trend. The resulting high upward pricing pressure is keeping expected cap rate also still on a downward trend. On the other hand, debt costs continuing to be at a low level make it an environment that is easy to secure cap rates by increasing leverage and thus leading to the closing of transactions for large properties.

② Investment Performance Results

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

TOKYU REIT engaged in investment activities by adopting an investment policy based on the stance of investing in highly competitive properties in areas with strong growth potential as it has to date and additionally pursuant to its "Long-Term Investment Management Strategy (Surf Plan)" (see Note below) that was formed by applying the investment management experience that it has gained from having gone through one cycle of the market since its listing. Consequently, during the 23rd fiscal period, TOKYU REIT sold Beacon Hill Plaza (Ito-Yokado Noukendai Store) (disposition price: ¥8,720 million), which was not situated in TOKYU REIT's primary investment targeted areas (Central Tokyo and Tokyu Areas), on August 8, 2014. On the other hand, TOKYU REIT acquired the contiguous land of Tokyu Toranomom Building (acquisition price: ¥1,850 million), which is situated in TOKYU REIT's primary investment targeted areas, on January 9, 2015 with sights set on building an extension to Tokyu Toranomom Building, and also acquired additional compartmentalized ownership in TOKYU REIT Toranomom Building (acquisition price: ¥107 million) on January 21, 2015. As of January 31, 2015, TOKYU REIT held an investment portfolio totaling 29 properties with a total acquisition price of ¥222,059 million and total leasable area of 229,922.73 m². The period-end appraisal value for TOKYU REIT's entire portfolio amounted to ¥228,660 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 cyclical nature 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 ¥18,006 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 23rd fiscal period increased by 0.69% compared with the end of the 22nd fiscal period. In addition, the vacancy rate worsened from the 2.4% at the end of the 22nd fiscal period by 0.5 percentage points to 2.9%.

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 23rd fiscal period, to secure interest-bearing liabilities with fixed long-term interest rates and diversifying repayment dates, TOKYU REIT utilized the disposition proceeds from Beacon Hill Plaza (Ito-Yokado Noukendai Store) for repayment of short-term debt in the amount of ¥5,000 million and redemption of investment corporation bonds (2nd Series) in the amount of ¥5,000 million, and also procured long-term debt in the amount of ¥4,000 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 January 31, 2015 was ¥97,000 million, consisting of ¥9,500 million in investment corporation bonds and ¥87,500 million in long-term debt (of which, ¥11,200 million is the current portion of long-term debt). The weighted-average interest rate for the 23rd fiscal period was 1.40% (calculated based on the annualized amount of interest payable for the 23rd fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of January 31, 2015 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

There were no new investment units issued during the fiscal period under review, and there was no increase or decrease in the number of units issued and outstanding or unitholders' capital. Issuance of new investment units until the end of the previous fiscal period is as follows:

Date	Remark	Number of units issued and outstanding		Unitholders' capital		Note
		Units		Millions of yen		
		Change	Total	Change	Total	
June 20, 2003	Incorporation through private offering	400	400	¥ 200	¥ 200	(Note 1)
September 10, 2003	Issuance of units through public offering	97,600	98,000	¥ 49,917	¥ 50,117	(Note 2)
August 3, 2004	Issuance of units through public offering	42,000	140,000	¥ 26,481	¥ 76,599	(Note 3)
August 25, 2004	Issuance of units through third-party allotment	2,000	142,000	¥ 1,261	¥ 77,860	(Note 4)
August 1, 2005	Issuance of units through public offering	26,700	168,700	¥ 19,658	¥ 97,519	(Note 5)
August 26, 2005	Issuance of units through third-party allotment	680	169,380	¥ 500	¥ 98,019	(Note 6)
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:

	23rd fiscal period From August 1, 2014 to January 31, 2015	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
	Yen				
Highest	¥ 167,900	¥ 146,800	¥ 130,000	¥ 744,000	¥ 518,000
Lowest	¥ 138,200	¥ 115,900	¥ 99,800	¥ 492,000	¥ 369,000

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

In the 23rd fiscal period, ¥132 million of the ¥466 million in capital gains from the disposition of Beacon Hill Plaza (Ito-Yokado Noukendai Store) on August 8, 2014 is retained as reserve for reduction entry pursuant to the "Special Provisions for Taxation in the Case of Advance Acquisition of Land, etc. in 2009 and 2010" (Article 66-2 of Special Taxation Measures Law (Law No. 26 of 1957, including amendments thereto)). Consequently, with respect to the distribution, TOKYU REIT determined to distribute unappropriated retained earnings, less the concerned reserve for reduction entry, in the entire amount (except for the rounding amount, which is the distribution per unit of less than ¥1) for application of Article 67-15 of the Special Taxation Measures Law that allows TOKYU REIT to deduct the maximum amount of profit distribution from its taxable income. Accordingly, distribution per unit for the 23rd fiscal period was ¥2,586.

	23rd fiscal period From August 1, 2014 to January 31, 2015	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
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 2,660	¥ 2,461	¥ 2,507	¥ 2,035	¥ 1,887
Undistributed earnings	¥ 132	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 2,528	¥ 2,460	¥ 2,507	¥ 2,035	¥ 1,887
[Cash distribution per unit]	[¥2,586]	[¥ 2,517]	[¥ 12,823]	[¥ 12,019]	[¥ 11,146]
Distribution of accumulated earnings	¥ 2,528	¥ 2,460	¥ 2,507	¥ 2,035	¥ 1,887
[Distribution of accumulated earnings per unit]	[¥2,586]	[¥ 2,517]	[¥ 12,823]	[¥ 12,019]	[¥ 11,146]
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, due in part to the impact of the decline in crude oil prices and the effects of various measures and policies amid the employment and income environment continuing to show a trend toward improvement, expectations are for the moderate recovery to continue. However, the weakness in consumer sentiment, overseas economic downturn and other factors 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, the forecast is that employment will stall, reflecting the economic slowdown following the consumption tax hike, and thereby cause the vacancy rate to decrease at a slower pace. Nevertheless, the forecast is a moderate increase in rent, reflecting the low vacancy rate. In the retail property leasing market, with sales turnover increasing centering on urban retail properties due in part to inbound consumption of foreigners visiting Japan, an increase in the rent-paying capacity of tenants is thought to lead to less pressure from existing tenants to lower rent for retail properties.

② Future Policies of Investment Management and Issues to be Countered

Prior to the formal establishment of TOKYU REIT, Tokyu REIM undertook an assessment of future investment trends based on business growth potential. Based on this assessment, it was decided that TOKYU REIT would adopt an investment policy based on the stance of investing in highly competitive properties in areas with strong growth potential. Specifically, TOKYU REIT will continue to focus on an investment area mainly limited to Central Tokyo, where ongoing growth is expected, and to the Tokyo metropolitan area centering on the Tokyu Areas (see Note 1 below). TOKYU REIT will continue to adhere firmly to stringent investment criteria for selecting individual properties, and obtain a balanced mix of competitive, high-quality properties from the real estate investment market as well as Tokyu Corporation and its subsidiaries (see Note 2 below).

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

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

Shibuya ward is included in both Central Tokyo and Tokyu Areas.

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

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

(i) Tokyu Corporation

(ii) A consolidated subsidiary of Tokyu Corporation

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

TOKYU REIT will endeavor to achieve internal growth by enhancing earnings stability and growth potential through collaboration with Tokyu Corporation and its subsidiaries in the areas of property maintenance and management. To that end, by maintaining a careful watch on corporate earnings and consumption trends, TOKYU REIT will make every effort to manage facilities in a way that makes each property the choice of corporate tenants and visitors over the medium to long term. Specifically, with the objective of maintaining and raising rent levels, TOKYU REIT will make strategic and appropriate renovations commensurate with the grade of the properties being improved and implement leasing activities from a medium to long term perspective. TOKYU REIT will also implement appropriate cost control measures with regard to maintenance fees and additional capital expenditures.

To assure transparency, Tokyu REIM will improve external audit functions and disclosure activities so as to fulfill its responsibilities as a REIT fund manager operating according to global standards.

(6) Subsequent Events

There were no matters requiring explanation as of the date of the Report of Independent Auditors (March 13, 2015).

(Reference Information)

① Partial Amendment of Articles of Incorporation

TOKYU REIT will submit a proposal of the following partial amendment of its Articles of Incorporation at its General Meeting of Unitholders to be held on April 17, 2015.

(Underlined portions indicate changes)

Current Articles	Proposed Amendments
<p>Article 2. (Purpose) The purpose of TOKYU REIT shall be to manage its assets primarily as investments in real estate, etc. [as defined in Attachment 1, 2. (1) included in specified assets (hereinafter referred to as “specified assets”) as defined in the Investment Trust and Investment Trust Corporation Law of Japan (Law No. 198 of 1951, as amended, hereinafter referred to as the “Investment Trust Law”)] <u>and asset-backed securities [as defined in Attachment 1, 2. (2) included in specified assets]</u> which intend to invest primarily in real estates, etc.</p>	<p>Article 2. (Purpose) The purpose of TOKYU REIT shall be to manage its assets primarily as investments in real estate, etc. [as defined in Article 105, paragraph 1, item 1 of the <u>Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister's Office No. 129 of 2000, including amendments thereto.)</u>] included in specified assets (hereinafter referred to as “specified assets”) as defined in the Investment Trust and Investment Trust Corporation Law of Japan (Law No. 198 of 1951, as amended, hereinafter referred to as the “Investment Trust Law”)] which intend to invest primarily in real estates, etc.</p>
<p>Article 5. (Total Number of Investment Units Authorized) 1. (Omitted) 2. Within the scope of the total number of investment units prescribed in the preceding paragraph and with the approval of the Board of Directors, TOKYU REIT shall be able to solicit persons to subscribe for the investment units it issues. In this case, the amount to be paid in per investment unit for the investment units for subscription (meaning the investment units allotted to persons who have applied to subscribe for the investment units in response to the solicitation) shall be an amount that is fair in light of the content of the assets held by TOKYU REIT (hereinafter referred to as “assets”) approved by the Board of Directors. <u>However, in the case where an amount other than an amount that is fair in light of the content of the assets pursuant to laws and regulations is allowed to be approved as the amount to be paid in, the amount shall be an amount approved by the Board of Directors pursuant to the provisions of laws and regulations.</u></p>	<p>Article 5. (Total Number of Investment Units Authorized) 1. (No change) 2. Within the scope of the total number of investment units prescribed in the preceding paragraph and with the approval of the Board of Directors, TOKYU REIT shall be able to solicit persons to subscribe for the investment units it issues. In this case, the amount to be paid in per investment unit for the investment units for subscription (meaning the investment units allotted to persons who have applied to subscribe for the investment units in response to the solicitation) shall be an amount that is fair in light of the content of the assets held by TOKYU REIT (hereinafter referred to as “assets”) approved by the Board of Directors.</p>

Current Articles	Proposed Amendments
<p>Article 6-2. (Rights Offerings) TOKYU REIT <u>may offer and issue new investment units to unitholders through allotment of rights that allow unitholders to receive delivery of TOKYU REIT investment units by exercising such rights to TOKYU REIT (hereinafter referred to as “investment unit options”) pursuant to laws and regulations (hereinafter referred to as “rights offering”). In this case, unless otherwise provided for in laws and regulations, the content and number of investment unit options and other matters necessary for rights offerings shall be specified by resolution of the Board of Directors.</u></p>	<p>Article 6-2. (Rights Offerings) TOKYU REIT <u>may allot</u> rights that allow unitholders to receive delivery of TOKYU REIT investment units <u>issued by TOKYU REIT</u> by exercising such rights to TOKYU REIT pursuant to laws and regulations <u>without demanding additional payments from unitholders.</u></p>
<p>Article 7-2. (Acquisition of Own Investment Units) TOKYU REIT may, <u>by resolution of the Board of Directors,</u> acquire its own investment units through <u>market transactions or other method provided in laws and regulations.</u></p>	<p>Article 7-2. (Acquisition of Own Investment Units) TOKYU REIT may, <u>under agreement with unitholders,</u> acquire <u>its own investment units for value.</u></p>
<p>Article 10. (Convocation)</p> <ol style="list-style-type: none"> 1. <u>The General Meeting of Unitholders of TOKYU REIT shall, in principle, be held at least once every two years.</u> 2. <u>In addition to the preceding paragraph, the General Meeting of Unitholders shall be held when separately stipulated in laws and regulations or when necessary.</u> 3. (Omitted) 4. (Omitted) 5. (Omitted) <p style="text-align: center;"><u>(New addition)</u></p>	<p>Article 10. (Convocation)</p> <ol style="list-style-type: none"> 1. <u>TOKYU REIT shall hold the General Meeting of Unitholders on March 20, 2017 and after without delay. After such, the General Meeting of Unitholders shall be held on March 20 and after every other year without delay.</u> 2. <u>In addition to the preceding paragraph, TOKYU REIT shall hold the General Meeting of Unitholders when necessary.</u> 3. (No change) 4. (No change) 5. (No change) 6. <u>When holding the General Meeting of Unitholders, public notices for the date shall be made at least 2 months prior to the date, and unitholders shall be notified of such in writing or by electromagnetic means as stipulated in laws and regulations at least 2 weeks prior to the date. However, a general meeting of unitholders, which is convened within 25 months after a general meeting of unitholders held in accordance with Paragraph 1, shall not require such public notices.</u>
<p>Article 12. (Resolutions)</p> <ol style="list-style-type: none"> 1. (Omitted) 2. <u>As for the General Meeting of Unitholders to be held within three months from the end of the fiscal period,</u> TOKYU REIT shall recognize unitholders stated or recorded in the final register of unitholders <u>of the fiscal period</u> as the unitholders who are allowed to exercise rights at the relevant General Meeting of Unitholders. 3. <u>Notwithstanding the provisions of the preceding paragraph, when necessary,</u> TOKYU REIT may determine the unitholders or registered pledgees of investment units stated or recorded in the register of unitholders on a certain date specified by resolution of the Board of Directors for which public notice is given in advance as the unitholders or registered pledgees of investment units who are to exercise their rights. 	<p>Article 12. (Resolutions)</p> <ol style="list-style-type: none"> 1. (No change) 2. <u>When TOKYU REIT holds the General Meeting of Unitholders pursuant to the provision in Article 10 Paragraph 1,</u> TOKYU REIT shall recognize unitholders stated or recorded in the final register of unitholders <u>on January 31, 2017 or on January 31 of every other year onwards</u> as the unitholders who are allowed to exercise rights at the relevant General Meeting of Unitholders. 3. <u>When TOKYU REIT holds the General Meeting of Unitholders pursuant to the provision in Article 10 Paragraph 2,</u> TOKYU REIT may determine the unitholders or registered pledgees of investment units stated or recorded in the register of unitholders on a certain date specified by resolution of the Board of Directors for which public notice is given in advance as the unitholders or registered pledgees of investment units who are to exercise their rights.

Current Articles	Proposed Amendments
<p>Article 21. (Term of Office of Directors)</p> <p>1. The term of office of executive directors and supervisory directors shall be two years after appointment.</p> <p>2. (Omitted)</p>	<p>Article 21. (Term of Office of Directors)</p> <p>1. The term of office of executive directors and supervisory directors shall be two years after appointment. <u>However, it may be extended or shortened to the extent permitted by laws and regulations, by resolution of the General Meeting of Unitholders.</u></p> <p>2. (No change)</p>
<p>Article 29. (Asset Valuation Methods, Standards and Reference Dates)</p> <p>1. (Omitted)</p> <p>(1) (Omitted)</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p> <p>(4) (Omitted)</p> <p>(5) (Omitted)</p> <p>(6) (Omitted)</p> <p>(7) Other</p> <p>Unless otherwise stipulated above, asset valuation shall be made based on the prices calculated following the Investment Trust Law, rules on valuation set by The Investment Trusts Association, Japan, and generally accepted accounting principles.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p>	<p>Article 29. (Asset Valuation Methods, Standards and Reference Dates)</p> <p>1. (No change)</p> <p>(1) (No change)</p> <p>(2) (No change)</p> <p>(3) (No change)</p> <p>(4) (No change)</p> <p>(5) (No change)</p> <p>(6) (No change)</p> <p>(7) Other</p> <p>Unless otherwise stipulated above, asset valuation shall be made based on the prices calculated following the Investment Trust Law, rules on valuation set by The Investment Trusts Association, Japan <u>(the “Investment Trusts Association”)</u>, and generally accepted accounting principles.</p> <p>2. (No change)</p> <p>3. (No change)</p>
<p>Article 30. (Cash Distributions)</p> <p>(Omitted)</p> <p>(1) (Omitted)</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p> <p>(4) Cash distributions in excess of earnings</p> <p>When the amount of earnings is an amount equivalent to 90% of its distributable earnings amount or less or when TOKYU REIT deems appropriate in light of economic environment, real estate market, leasing market and other trends, TOKYU REIT shall be able to distribute as cash in excess of earnings an amount that adds to the distribution amount prescribed in Item 2 <u>an amount as it determines, which shall be no more than an amount equivalent to 60% of the depreciation amount recorded on the last day of the fiscal period.</u> When the cash distribution amount in the case above does not satisfy the requirements for special tax treatment, TOKYU REIT shall be able to distribute cash in an amount as it determines under the objective of satisfying the requirements.</p> <p>(5) (Omitted)</p>	<p>Article 30. (Cash Distributions)</p> <p>(No change)</p> <p>(1) (No change)</p> <p>(2) (No change)</p> <p>(3) (No change)</p> <p>(4) Cash distributions in excess of earnings</p> <p>When the amount of earnings is an amount equivalent to 90% of its distributable earnings amount or less or when TOKYU REIT deems appropriate in light of economic environment, real estate market, leasing market and other trends <u>or when TOKYU REIT deems appropriate for the purpose of reducing incidence of taxation,</u> TOKYU REIT shall be able to distribute as cash in excess of earnings an amount that adds to the distribution amount prescribed in Item 2 <u>an amount as it determines, which shall be no more than an amount stipulated in laws and regulations, etc. (including rules and such stipulated by the Investment Trusts Association).</u> When the cash distribution amount in the case above does not satisfy the requirements for special tax treatment, TOKYU REIT shall be able to distribute cash in an amount as it determines under the objective of satisfying the requirements.</p> <p>(5) (No change)</p>
<p>Article 30-2. (Capital Reduction Without Contribution)</p> <p>TOKYU REIT may, <u>by resolution of the Board of Directors, reduce the amount of unitholders’ capital or capital surplus for the purpose of deficit disposition within the scope provided in laws and regulations.</u></p>	<p>Article 30-2. (Capital Reduction Without Contribution)</p> <p>TOKYU REIT may, <u>pursuant to laws and regulations, deduct loss defined in Article 136 Paragraph 2 of the Investment Trust Law in whole or in part from the amount of unitholders’ capital defined in Article 80 Paragraph 5 of the Investment Trust Law).</u></p>
<p>Article 40.</p> <p>(Deleted)</p>	<p>(Deleted)</p>

Current Articles	Proposed Amendments
<p><u>Article 41. (Entry into Force of Revisions)</u></p> <p><u>1. The revision pertaining to new addition of Article 6-2 shall become effective on the date of enforcement of the revision of the Investment Trust Law approving investment corporations to issue investment unit options. In addition, in the case where necessary for conducting rights offerings, the provisions of Article 6-2 shall be deemed to be replaced in accordance with the provisions of the revised law.</u></p> <p><u>2. The revision pertaining to new addition of Article 7-2 shall become effective on the date of enforcement of the revision of the Investment Trust Law approving investment corporations to acquire their own investment units through market transactions, etc. Furthermore, in the case where the revised law requires that an upper limit be provided when implementing acquisition of own investment units, the upper limit for TOKYU REIT shall be the number arrived at when the total number of TOKYU REIT investment units issued and outstanding on the date of the enforcement is multiplied by one-third (in the case where the revised law provides a number below this, then that number). In addition, in the case where necessary for implementing acquisition of own investment units, the provisions of Article 7-2 shall be deemed to be replaced in accordance with the provisions of the revised law.</u></p> <p><u>3. The revision pertaining to new addition of Article 30-2 shall become effective on the date of enforcement of the revision of the Investment Trust Law approving investment corporations to reduce the amount of unitholders' capital or capital surplus for the purpose of deficit disposition. In addition, in the case where necessary for conducting the reduction, the provisions of Article 30-2 shall be deemed to be replaced in accordance with the provisions of the revised law.</u></p>	<p><u>(Deleted)</u></p>

Current Articles	Proposed Amendments
<p style="text-align: right;">Attachment 1</p> <p>Scope and Policy of Investment Management</p> <p>2. Type, Purpose and Scope of Specified Assets for Investment TOKYU REIT shall invest <u>primarily</u> in real estate and asset-backed securities related to real estate.</p> <p>(1) (Omitted) (2) (Omitted) (3) (Omitted) (4) (Omitted)</p> <p>a. (Omitted) b. (Omitted) c. (Omitted) d. (Omitted) e. (Omitted) f. (Omitted) g. (Omitted) h. (Omitted) i. (Omitted) j. (Omitted) k. (Omitted) l. (Omitted) m.(Omitted)</p> <p style="text-align: center;"><u>(New addition)</u></p> <p style="text-align: center;"><u>(New addition)</u></p> <p><u>n.</u> Rights and other assets that are deemed appropriate to be acquired concomitantly with the real estate that are required for real estate management</p> <p>(5) (Omitted)</p>	<p style="text-align: right;">Attachment 1</p> <p>Scope and Policy of Investment Management</p> <p>2. Type, Purpose and Scope of Specified Assets for Investment TOKYU REIT shall invest in real estate and asset-backed securities related to real estate.</p> <p>(1) (No change) (2) (No change) (3) (No change) (4) (No change)</p> <p>a. (No change) b. (No change) c. (No change) d. (No change) e. (No change) f. (No change) g. (No change) h. (No change) i. (No change) j. (No change) k. (No change) l. (No change) m.(No change)</p> <p><u>n. Renewable energy power generation facility specified in Article 2 Paragraph 3 of Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Law No. 108 of 2011, including amendments thereto.) (excluding those categorized as real estate)</u></p> <p><u>o. Right to operate public facility, etc. specified in Article 2 Paragraph 7 of Act on Promotion of Private Finance Initiative (Law No. 117 of 1999, including amendments thereto.)</u></p> <p><u>p.</u> Rights and other assets that are deemed appropriate to be acquired concomitantly with the real estate that are required for real estate management</p> <p>(5) (No change)</p>

Current Articles		Proposed Amendments	
Attachment 2		Attachment 2	
Investment Management Fees Payable to Investment Management Company		Investment Management Fees Payable to Investment Management Company	
(Omitted)		(No change)	
Fee Type	Calculation Method and Payment Period	Fee Type	Calculation Method and Payment Period
Base 1 (Asset valuation -based)	<p>For every fiscal period, the sum total amount of amount found by the following calculation formula according to the total value of assets under management at the immediately preceding settlement of accounts. Moreover, total value of assets under management here shall be the sum total amount of appraisal value of all real estate properties (in the case of trust beneficiary interests in real estate, real estate in trust).</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying <u>0.150%</u> by the portion of the total value of assets under management 200 billion yen or less • The amount derived by multiplying <u>0.125%</u> by the portion of the total value of assets under management exceeding 200 billion yen but 300 billion yen or less • The amount derived by multiplying 0.115% by the portion of the total value of assets under management exceeding 300 billion yen <p>Payment of fees pertaining to each fiscal period shall be made by the settlement of accounts of the concerned fiscal period.</p>	Base 1 (Asset valuation -based)	<p>For every fiscal period, the sum total amount of amount found by the following calculation formula according to the total value of assets under management at the immediately preceding settlement of accounts. Moreover, total value of assets under management here shall be the sum total amount of appraisal value of all real estate properties (in the case of trust beneficiary interests in real estate, real estate in trust).</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying <u>0.125%</u> by the portion of the total value of assets under management 200 billion yen or less • The amount derived by multiplying <u>0.120%</u> by the portion of the total value of assets under management exceeding 200 billion yen but 300 billion yen or less • The amount derived by multiplying 0.115% by the portion of the total value of assets under management exceeding 300 billion yen <p>Payment of fees pertaining to each fiscal period shall be made by the settlement of accounts of the concerned fiscal period.</p>

Current Articles		Proposed Amendments	
Fee Type	Calculation Method and Payment Period	Fee Type	Calculation Method and Payment Period
Base 2 (Cash flow -based)	<p>For every fiscal period, the sum total amount of amount found by the following calculation formula according to the standard cash flow in the concerned fiscal period. Moreover, standard cash flow here shall be the amount of income before income taxes on the statements of income of TOKYU REIT, plus depreciation and deferred assets amortization, and less an amount equivalent to 50% of gain/loss on sales of specified assets (rounded down to the nearest yen) and an amount equivalent to 50% of gain/loss on valuation of specified assets (rounded down to the nearest yen) (standard cash flow hereinafter referred to as “CF”). In addition, when calculating base fee 2, CF before deducting base fee 1, base fee 2 and the incentive fee set forth below shall serve as the base. However, the lower limit of base fee 2 shall be 0 yen.</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying 6.0% by the portion of CF 5 billion yen or less • The amount derived by multiplying <u>5.0%</u> by the portion of CF exceeding 5 billion yen but 7.5 billion yen or less • The amount derived by multiplying <u>4.6%</u> by the portion of CF exceeding 7.5 billion yen <p>Payment of fees pertaining to each fiscal period shall be made no later than two months after the settlement of accounts pertaining to the concerned fiscal period.</p>	Base 2 (Cash flow -based)	<p>For every fiscal period, the sum total amount of amount found by the following calculation formula according to the standard cash flow in the concerned fiscal period. Moreover, standard cash flow here shall be the amount of income before income taxes on the statements of income of TOKYU REIT, plus depreciation and deferred assets amortization, and less an amount equivalent to 50% of gain/loss on sales of specified assets (rounded down to the nearest yen) and an amount equivalent to 50% of gain/loss on valuation of specified assets (rounded down to the nearest yen) (standard cash flow hereinafter referred to as “CF”). In addition, when calculating base fee 2, CF before deducting base fee 1, base fee 2 and the incentive fee set forth below shall serve as the base. However, the lower limit of base fee 2 shall be 0 yen.</p> <p>[Calculation Formula]</p> <ul style="list-style-type: none"> • The amount derived by multiplying 6.0% by the portion of CF 5 billion yen or less • The amount derived by multiplying <u>5.7%</u> by the portion of CF exceeding 5 billion yen but 7.5 billion yen or less • The amount derived by multiplying <u>5.4%</u> by the portion of CF exceeding 7.5 billion yen <p>Payment of fees pertaining to each fiscal period shall be made no later than two months after the settlement of accounts pertaining to the concerned fiscal period.</p>
Incentive (Unit price-based)	(Omitted)	Incentive (Unit price-based)	(No change)

② Election of Directors

The term of office of one executive director (Masahiro Horie) and two supervisory directors (Giichi Yanagisawa and Maruhito Kondo) will end on April 30, 2015. A proposal for the nomination of one executive director (candidate: Kazuyoshi Kashiwazaki) and two supervisory directors (candidates: Giichi Yanagisawa and Maruhito Kondo) will be submitted to the General Meeting of Unitholders of TOKYU REIT to be held on April 17, 2015. Under this item, the term of office of the executive director and supervisory directors shall be two years from May 1, 2015 in accordance with TOKYU REIT's current Articles of Incorporation.

The candidate for executive director is as follows:

Name (Date of Birth)	Career Summary
Kazuyoshi Kashiwazaki (August 18, 1962)	April 1985 Entered Tokyu Corporation, Railway Operation Division, Railway Business Unit
	April 1986 Tokyu Corporation, Finance & Account Division
	March 1998 Tokyu Corporation, Division I ,Group Management Division
	July 1999 Tokyu Corporation, Division II ,Group Management Division
	October 1999 Tokyu Corporation, Finance & Account Division
	January 2000 Tokyu Corporation, Manager of Finance & Account Division
	April 2003 Tokyu Corporation, Manager of Finance, Accounting & Group Strategy Headquarters
	April 2005 Tokyu Corporation, Manager of Accounting & IR Division, Finance, Accounting & Group Strategy Headquarters
	June 2006 Tokyu Corporation, Manager of Group Management & Planning Division, Finance, Accounting & Group Strategy Headquarters
	April 2007 Tokyu Corporation, Manager of Group Strategy Division, Finance, Accounting & Group Strategy Headquarters
	April 2008 Tokyu Corporation, General Manager of Group Strategy Division, Finance, Accounting & Group Strategy Headquarters
	April 2009 Transferred to Tokyu Agency Inc., Executive Officer & Senior Executive General Manager of Corporate Management Division
	June 2009 Tokyu Agency Inc., Director, Executive Officer & Senior Executive General Manager of Corporate Management Division
	June 2010 Tokyu Agency Business Service Inc., President & Representative Director
	April 2014 Tokyu Corporation, General Manager of Business Planning Department, Building Management Division, Urban Development Headquarters
	April 2014 Tokyu REIM, Auditor (Non-Executive)
	March 2015 Posted to Tokyu REIM, Representative Director & Executive Vice President, Chief Investment Officer (current position)

2. Company Profiles

(1) Summary of Unitholders' Contributions

	23rd fiscal period As of January 31, 2015	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
Units authorized (units)	10,000,000	10,000,000	2,000,000	2,000,000	2,000,000
Units issued and outstanding (units)	977,600	977,600	195,520	169,380	169,380
Unitholders' capital (millions of yen)	¥ 110,479	¥ 110,479	¥ 110,479	¥ 98,019	¥ 98,019
Number of unitholders (persons)	12,430	12,348	11,220	10,464	9,674

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of January 31, 2015.

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	273,320	27.96
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	58,612	6.00
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	55,935	5.72
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	34,799	3.56
MetLife Insurance K.K. (Standing Proxy: Citibank Japan Ltd.)	6-27-30, Shinjuku, Shinjuku-ku, Tokyo	19,510	2.00
The Asahi Fire & Marine Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	15,000	1.53
Union Bancaire Privée (Europe) S.A. 497201 (Standing Proxy: Sumitomo Mitsui Banking Corporation)	1-2-3, Otemachi, Chiyoda-ku, Tokyo	14,129	1.45
BNP Paribas Securities Services Sydney (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch Custodian Service Division)	3-11-1, Nihonbashi, Chuo-ku, Tokyo	12,688	1.30
The Bank of Kyoto, Ltd. (Standing Proxy: Trust & Custody Services Bank, Ltd.)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	10,975	1.12
Total		543,968	55.64

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 January 31, 2015)

Title	Name	Title at other companies	Total fee for each title (Note 2) (Thousands of yen)
Executive Director	Masahiro Horie	Representative Director & President, and Chief Executive Officer of Tokyu Real Estate Investment Management Inc.	¥ – (Note 3)
Supervisory Director	Giichi Yanagisawa	Chief Representative Partner of Shinsoh Audit Corporation Certified public accountant Certified public tax accountant	¥ 3,000
Supervisory Director	Maruhito Kondo	Head of Maruhito Kondo Law Office Lawyer	¥ 3,000
Independent Auditor	PricewaterhouseCoopers Aarata		¥ 9,000

Note 1. The executive director, supervisory directors and independent auditor do not possess investment units of TOKYU REIT under their own name nor under another person's name. Although there are cases that supervisory directors could be directors of companies other than those stated above, none of the companies or those stated above have vested interest in TOKYU REIT.

Note 2. The amount paid to the executive director and supervisory directors in the fiscal period under review and the amount payable to the independent auditor for audits pertaining to the fiscal period under review are shown.

Note 3. The executive director serves without compensation.

② Policies Regarding Decision of Dismissing and Not Reappointing Independent Auditors

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

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

The following table sets forth information of TOKYU REIT's investment management company, asset custodian and general administrators as of January 31, 2015.

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)	Mitsubishi UFJ Trust and Banking Corporation

3. Portfolio Profile

(1) Asset Composition

Asset type	Use	Area	23rd fiscal period As of January 31, 2015		22nd fiscal period As of July 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	¥ 15,651	7.0	¥ 15,686	6.8	
		Other	—	—	—	—	
		Sub total	15,651	7.0	15,686	6.8	
	Office	Central Tokyo and Tokyu Areas	46,044	20.6	44,235	19.2	
		Other	4,774	2.1	4,774	2.1	
		Sub total	50,818	22.8	49,009	21.2	
	Total		66,470	29.8	64,695	28.0	
	Trust beneficiary interest in real estate	Retail	Central Tokyo and Tokyu Areas	59,679	26.7	59,923	25.9
			Other	7,026	3.1	15,229	6.6
Sub total			66,705	29.9	75,152	32.5	
Office		Central Tokyo and Tokyu Areas	73,479	32.9	73,355	31.8	
		Other	3,997	1.8	3,987	1.7	
		Sub total	77,477	34.7	77,342	33.5	
Total		144,183	64.6	152,495	66.0		
Other assets		12,692	5.7	13,778	6.0		
Total assets		¥ 223,346 [¥ 210,653]	100.0 [94.3]	¥ 230,969 [¥ 217,190]	100.0 [94.0]		

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 January 31, 2015 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	¥ 13,882	4,502.93	4,502.93	100.0	9.1	Retail
R	Lexington Aoyama	4,722	2,107.08	2,107.08	100.0	1.7	Retail
R	TOKYU REIT Omotesando Square	5,698	2,648.27	2,648.27	100.0	2.5	Retail
R	Tokyu Saginuma Building	6,672	19,610.06	19,610.06	100.0	4.3	Retail
R	Tokyu Saginuma 2 Building	1,160	1,267.95	1,267.95	100.0	0.9	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,599	1,543.05	1,543.05	100.0	3.5	Retail
R	cocoti	22,399	8,330.41	8,330.41	100.0	7.6	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	2.5	Retail
R	CONZE Ebisu	4,962	2,326.91	1,752.61	75.3	1.4	Retail
R	Daikanyama Forum	4,089	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	2.6	Retail
O	Setagaya Business Square	17,786	24,961.59	23,027.43	92.3	13.3	Office
O	Tokyu Nampeidai-cho Building	4,150	7,148.18	7,148.18	100.0	2.1	Office
O	Tokyu Sakuragaoka-cho Building	6,690	4,737.19	4,737.19	100.0	3.0	Office
O	Tokyo Nissan Taito Building	3,948	7,918.31	4,753.46	60.0	2.3	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,458	3,196.69	3,196.69	100.0	1.9	Office
O	TOKYU REIT Kamata Building	3,975	7,337.82	7,337.82	100.0	3.1	Office
O	TOKYU REIT Toranomom Building	9,970	10,247.06	10,147.42	99.0	4.5	Office
O	TOKYU REIT Hatchobori Building	6,856	6,001.21	5,039.91	84.0	2.2	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,068	3,533.03	3,533.03	100.0	2.5	Office
O	Tokyu Ikejiri-ohashi Building	5,402	5,733.23	5,733.23	100.0	2.6	Office
O	Kojimachi Square	8,540	5,409.11	5,409.11	100.0	3.0	Office
O	TOKYU REIT Shinjuku Building	9,028	6,215.17	6,215.17	100.0	3.7	Office
O	Akihabara Sanwa Toyo Building	4,600	4,643.04	4,643.04	100.0	2.4	Office
O	TOKYU REIT Kiba Building	3,997	5,797.79	5,797.79	100.0	2.1	Office
O	Tokyu Ginza 2-chome Building	4,787	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	2.1	Office
O	Shibuya R Sankei Building (Note 6)	5,454	5,246.68	5,246.68	100.0	3.0	Office
O	Tokyu Toranomom Building (Note 7)	16,804	9,016.59	9,016.59	100.0	5.8	Office
Total		¥ 210,653	229,922.73	223,188.49	97.1	99.8	

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 20 properties) are all owned in the form of trust beneficiary interest in real estate.

- Note 2. 'Total leasable area' is the total area of the building's, facility's and land's leasable offices, stores, warehouses and land as indicated in the agreements and drawings (common-use portion is included when leased). For Tokyu Saginuma Building 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 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. Includes the contiguous land acquired on January 9, 2015 (the same hereafter).
- Note 8. 'R' and 'O' in the table are a classification of TOKYU REIT's portfolio properties into R (retail properties) and O (office properties) (the same hereafter).

(3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of January 31, 2015 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	¥ 23,800	¥ 13,882
	R	Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,107.08	4,660	4,722
	R	TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,648.27	6,880	5,698
	R	Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	19,610.06	9,020	6,672

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 Tokyu Areas	R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest in real estate	1,267.95	1,570	1,160	
		R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	10,800	6,599	
		R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,330.41	18,000	22,399	
		R CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,326.91	4,000	4,962	
		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	3,240	4,089	
		R KALEIDO Shibuya Miyamasuzaka	1-12-4, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,399.30	5,770	5,144	
	Sub total				48,213.60	87,740	75,331	
	Other	R Shonan Mall Fill (sokochi)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	5,970	7,026	
		Sub total				44,078.12	5,970	7,026
	Total				92,291.72	93,710	82,357	
	Office	Central Tokyo and Tokyu Areas	O Setagaya Business Square	4-260-2, etc., Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,961.59	18,700	17,786
			O Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	4,890	4,150
O Tokyu Sakuragaoka-cho Building			109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	8,510	6,690	
O Tokyo Nissan Taito Building			2-120-2, etc., Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,918.31	5,200	3,948	
O TOKYU REIT Akasaka Hinokicho Building			6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,196.69	4,050	3,458	
O TOKYU REIT Kamata Building			5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	4,920	3,975	
O TOKYU REIT Toranomom Building			3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,247.06	9,740	9,970	
O TOKYU REIT Hatchobori Building			2-104-1, etc., Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	6,001.21	5,250	6,856	
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	6,500	8,068	

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	4,720	5,402
		○ Kojimachi Square	3-9 and 3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	8,260	8,540
		○ TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,215.17	9,550	9,028
		○ Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,643.04	5,440	4,600
		○ Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	4,860	4,787
		○ Shibuya R Sankei Building	3-10-2, etc., Shibuya, Shibuya-ku, Tokyo	Real estate	5,246.68	6,770	5,454
		○ Tokyu Toranomom Building	1-216-2, etc., Toranomom, Minato-ku, Tokyo	Real estate	9,016.59	19,000	16,804
	Sub total				114,814.03	126,360	119,524
	Other	○ TOKYU REIT Kiba Building	3-21-5, etc., Toyo, Koto-ku, Tokyo	Trust beneficiary interest in real estate	5,797.79	3,670	3,997
		○ OKI System Center (sokochi)	1-16-20, etc., Chuo, Warabi-shi, Saitama	Real estate	17,019.19	4,920	4,774
Sub total				22,816.98	8,590	8,771	
Total				137,631.01	134,950	128,296	
Grand total				229,922.73	¥ 228,660	¥ 210,653	

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 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		23rd fiscal period From August 1, 2014 to January 31, 2015				22nd fiscal period From February 1, 2014 to July 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	¥ 644	9.1	3	100.0	¥ 639	8.8	
		R	Lexington Aoyama	7	100.0	121	1.7	7	100.0	122	1.7	
		R	TOKYU REIT Omotesando Square	4	100.0	179	2.5	4	100.0	179	2.5	
		R	Tokyu Saginuma Building	1	100.0	305	4.3	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	3.5	2	100.0	250	3.4	
		R	cocoti	16	100.0	538	7.6	15	97.9	508	7.0	
		R	CONZE Ebisu	6	75.3	97	1.4	6	75.3	96	1.3	
		R	Daikanyama Forum	5	100.0	103	1.5	5	100.0	106	1.5	
		R	KALEIDO Shibuya Miyamasuzaka	8	100.0	184	2.6	8	100.0	182	2.5	
		Sub total	53	98.8	2,487	35.2	52	98.4	2,453	33.6		
	Other	R	Beacon Hill Plaza (Ito-Yokado Noukendai Store) (Note 4)	—	—	10	0.2	1	100.0	291	4.0	
		R	Shonan Mall Fill (sokochi)	1	100.0	174	2.5	1	100.0	174	2.4	
		Sub total	1	100.0	184	2.6	2	100.0	465	6.4		
		Total	54	99.4	2,672	37.8	54	99.5	2,918	40.0		
	Office	Central Tokyo and Tokyo Areas	O	Setagaya Business Square	57	92.3	939	13.3	55	88.0	944	12.9
			O	Tokyu Nampeidai-cho Building	1	100.0	149	2.1	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	9	60.0	163	2.3	11	94.5	186	2.6
O			TOKYU REIT Akasaka Hinokicho Building	3	100.0	136	1.9	3	100.0	136	1.9	
O			TOKYU REIT Kamata Building	6	100.0	216	3.1	6	100.0	210	2.9	
O			TOKYU REIT Toranomon Building	10	99.0	315	4.5	8	88.3	293	4.0	
O			TOKYU REIT Hatchobori Building	10	84.0	155	2.2	10	84.5	169	2.3	
O			Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	177	2.5	1	100.0	177	2.4	
O			Tokyu Ikejiri-ohashi Building	4	100.0	186	2.6	4	100.0	184	2.5	
O			Kojimachi Square	8	100.0	214	3.0	8	100.0	214	2.9	
O			TOKYU REIT Shinjuku Building	10	100.0	264	3.7	11	100.0	249	3.4	
O			Akihabara Sanwa Toyoko Building	6	100.0	171	2.4	6	100.0	172	2.4	
O			Tokyu Ginza 2-chome Building	2	100.0	172	2.4	2	100.0	171	2.4	
O			Shibuya R Sankei Building	11	100.0	214	3.0	11	93.2	212	2.9	
O			Tokyu Toranomon Building	3	100.0	412	5.8	4	100.0	398	5.5	
		Sub total	143	94.6	4,106	58.0	143	94.9	4,087	56.0		
Other		O	TOKYU REIT Kiba Building	6	100.0	150	2.1	6	100.0	148	2.0	
		O	OKI System Center (sokochi)	1	100.0	145	2.1	1	100.0	145	2.0	
		Sub total	7	100.0	295	4.2	7	100.0	293	4.0		
	Total	150	95.5	4,402	62.2	150	95.7	4,381	60.0			
	Grand total	204	97.1	¥ 7,075	100.0	204	97.6	¥ 7,300	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. Beacon Hill Plaza (Ito-Yokado Noukendai Store) was sold on August 8, 2014. In the table, the property's 'Revenue from property leasing' and 'As a percentage of revenue from property leasing' for the 23rd fiscal period show the figures for the period up to the day prior to the disposition.

(4) Other Assets

As of January 31, 2015, there are no assets targeted for investment other than those described above.

(5) Assets Held in Each Country and Region

TOKYU REIT does not invest in overseas properties.

4. Capital Expenditures for Properties Held

(1) Plan of Capital Expenditures

The following lists the estimated amounts of major capital expenditures for repair and maintenance work of properties held, as scheduled as of January 31, 2015. 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	Partial renewal of central monitoring equipment	From August 2014 to July 2015	¥ 95	¥ 9	¥ 9
○ Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renovation of residential portion	From May 2015 to July 2015	¥ 72	—	—
○ TOKYU REIT Kamata Building	Ota-ku, Tokyo	Renewal of central monitoring equipment	From March 2015 to April 2015	¥ 80	—	—
○ TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Renewal of air-conditioning system	From May 2015 to July 2015	¥ 69	—	—
○ Tokyu Ikejiri-ohashi Building	Meguro-ku, Tokyo	Renewal of air-conditioning equipment on 3F to 6F (phase 1 construction)	From February 2015 to July 2015	¥ 103	—	—

(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 23rd fiscal period amounted to ¥682 million and ¥299 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥981 million spent for such work.

Name of property		Location	Objective	Period	Construction cost
					Millions of yen
○	Tokyu Sakuragaoka-cho Building	Shibuya-ku, Tokyo	Renovation of restroom and kitchen on 1F to 8F	From April 2014 to January 2015	¥ 110
○	Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renovation of external walls (into panels, etc.)	From March 2013 to January 2015	155
○	Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renewal of air-conditioning equipment on 1F and 6F	From November 2014 to December 2014	33
○	TOKYU REIT Hatchobori Building	Chuo-ku, Tokyo	Installation of individually controlled air-conditioning equipment on 6F	From May 2014 to December 2014	24
○	TOKYU REIT Kiba Building	Koto-ku, Tokyo	Renewal of air-conditioning equipment on 2F and 10F	From October 2014 to December 2014	39
Other					319
Total					¥ 682

(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:

	23rd fiscal period From August 1, 2014 to January 31, 2015	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
	Millions of yen				
Reserve at beginning of period	¥ 172	¥ 150	¥ 301	¥ 372	¥ 454
Amount transferred to reserve during period	581	436	212	446	607
Reversal from reserve during period	577	413	364	516	690
Reserve at end of period	¥ 176	¥ 172	¥ 150	¥ 301	¥ 372

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

	23rd fiscal period		22nd fiscal period	
	From August 1, 2014 to January 31, 2015		From February 1, 2014 to July 31, 2014	
Millions of yen				
Asset management fees				
Asset-based fees	¥ 284		¥ 281	
Cash-based fees	237		244	
Unit price-based fees	—	¥ 522	—	¥ 525
Asset custodian fees		18		18
General administration fees		46		45
Directors' fees		6		6
Other operating expenses		85		61
Total		¥ 679		¥ 656

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

Short-term debt and long-term debt from each financial institution as of January 31, 2015 is as follows:

Category	Lender	Draw-down date	Balance as of	Balance as of	Average interest rate	Maturity date	Re-payment method	Use of funds	Remark
			January 31, 2015	July 31, 2014	(Note 1)				
			Millions of yen	Millions of yen	%				
Short-term debt	Sumitomo Mitsui Trust Bank, Limited	August 15, 2013	¥ —	¥ 2,000	0.52136	August 15, 2014	Bullet payment	(Note 2)	Unsecured and Unguaranteed (Note 3)
	Mitsubishi UFJ Trust and Banking Corporation		—	1,000					
	Mizuho Bank, Ltd.		—	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		—	1,000	0.55860				
Sub total			—	5,000					
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			
	Development Bank of Japan Inc.	June 25, 2008	5,000	5,000	2.21100	June 25, 2015			
	Sumitomo Mitsui Trust Bank, Limited	July 26, 2010	1,000	1,000	1.46250	July 26, 2015			Unsecured and Unguaranteed (Notes 3 and 4)
	Sumitomo Mitsui Trust Bank, Limited		1,000	1,000					
	Shinkin Central Bank		2,000	2,000					
	Sumitomo Mitsui Trust Bank, Limited	December 27, 2010	5,000	5,000	1.63250	December 27, 2016			
	Sumitomo Mitsui Trust Bank, Limited	May 18, 2011	2,000	2,000	1.47625	May 18, 2017			
	Sumitomo Mitsui Trust Bank, Limited	May 25, 2011	2,000	2,000		May 25, 2017			
	Mizuho Bank, Ltd.	June 27, 2011	2,000	2,000	1.45375	June 27, 2017			
	Nippon Life Insurance Company	July 29, 2011	2,000	2,000	1.36875	January 31, 2017			
Nippon Life Insurance Company	2,000		2,000	1.49563	January 31, 2018				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 26, 2011	5,000	5,000	1.41375	March 26, 2018				

Category	Draw-down date	Balance as of January 31, 2015	Balance as of July 31, 2014	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark	
		Millions of yen	Millions of yen	%					
Mizuho Bank, Ltd.	November 11, 2011	1,700	1,700	1.03500	November 11, 2015	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 3 and 4)	
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			Unsecured and Unguaranteed (Note 3)	
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				Unsecured and Unguaranteed (Notes 3 and 4)
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				Unsecured and Unguaranteed (Note 3)
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				
Sumitomo Mitsui Trust Bank, Limited	December 25, 2013	2,500	2,500	1.21000	December 25, 2020				
Mitsubishi UFJ Trust and Banking Corporation		2,000	2,000						
Mitsubishi UFJ Trust and Banking Corporation		1,500	1,500	0.95625	June 25, 2019				

Category	Draw-down date	Balance as of January 31, 2015	Balance as of July 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	The Dai-ichi Life Insurance Company, Limited	1,000	1,000	1.04625	January 27, 2020	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	The Norinchukin Bank	3,000	3,000	0.85000	January 27, 2019			
	Development Bank of Japan Inc.	5,000	5,000	1.57750	February 25, 2024			
	Mizuho Bank, Ltd.	1,000	1,000	1.05250	June 25, 2021			
	Mitsui Sumitomo Insurance Co., Ltd.	1,000	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800	—	0.95925	October 22, 2021			
	Mizuho Bank, Ltd.	800	—	0.96875				
	Mitsubishi UFJ Trust and Banking Corporation	800	—					
	Sumitomo Mitsui Trust Bank, Limited	1,600	—					
	Sub total		87,500		83,500			
Total		¥ 87,500	¥ 88,500					

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

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

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

Note 4. As of the end of the fiscal period, the amounts are recorded in the balance sheets as 'Long-term debt due within one year' under 'Current liabilities.'

(3) Investment Corporation Bonds

The status of investment corporation bonds issued and outstanding as of January 31, 2015 is as follows:

Name	Issue date	Balance as of January 31, 2015	Balance as of July 31, 2014	Annual interest rate	Maturity date	Redemption method	Use of proceeds	Remark
		Millions of yen		(%)				
2nd Series Unsecured Investment Corporation Bond	October 24, 2007	¥ —	¥ 5,000	1.89000	October 24, 2014	Full amount on maturity	Repayment of debt financing	Unsecured/Unguaranteed (Note)
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	3,500	0.39900	February 14, 2019			
5th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	3,000	0.68200	March 11, 2021			
Total		¥ 9,500	¥ 14,500					

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

(4) Short-term Investment Corporation Bonds

There is no item that falls under this category.

(5) Investment Unit Options

There is no item that falls under this category.

6. Acquisitions and Dispositions during the 23rd Fiscal Period
 (1) Sales and Purchases of Properties and Asset Backed Securities

Asset type	Name of property	Acquisition		Disposition			
		Acquisition date	Acquisition price (Note 1) Millions of yen	Disposition date	Disposition price (Note 1)	Book value	Gain (Loss) on sale (Note 2)
Trust beneficiary interest in real estate	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	—	—	August 8, 2014	¥ 8,720	¥ 8,189	¥ 466
Real estate	Tokyu Toranomon Building (Note 3)	January 9, 2015	¥ 1,850	—	—	—	—
Real estate	TOKYU REIT Toranomon Building (Note 4)	January 21, 2015	107	—	—	—	—
Total			¥ 1,957		¥ 8,720	¥ 8,189	¥ 466

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

Note 2. 'Gain (Loss) on sale' is the disposition price, minus the book value and other sales expenses.

Note 3. The contiguous land of Tokyu Toranomon Building acquired in the 23rd fiscal period.

Note 4. Additional compartmentalized ownership (floor area: 95.06 m²; interest of site rights: 1,464/100,000) in TOKYU REIT Toranomon Building acquired in the 23rd fiscal period.

(2) Sales and Purchases of Other Assets

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

(3) Research on Prices of Specified Assets

① Property

Acquisition or disposition	Asset type	Name of property	Acquisition or disposition date	Acquisition or disposition price (Note 1)	Appraisal value	Appraiser	Date of value
				Millions of yen			
Disposition	Trust beneficiary interest in real estate	R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	August 8, 2014	¥ 8,720	¥ 8,650	CBRE K.K.	May 1, 2014
Acquisition	Real estate	O Tokyu Toranomon Building	January 9, 2015	¥ 1,850	¥ 1,340 (Note 2)	Japan Real Estate Institute	December 1, 2014
Acquisition	Real estate	O TOKYU REIT Toranomon Building	January 21, 2015	¥ 107	¥ 107	Japan Real Estate Institute	December 1, 2014

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

Note 2. The *sarachi* (land without buildings or liens) investigative value in the investigation report (appraiser: Japan Real Estate Institute; date of value: December 1, 2014) (maximum amount of purchase in the case of acquisition of the land for the purpose of building an extension to Tokyu Toranomon Building) is ¥1,900 million.

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

② Other

There is no item that falls under this category.

(4) Trading with Interested Persons, Etc.

① Status of Trading

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

② Amounts of Commissions Paid

Item	Total amounts of commissions paid (A) Thousands of yen	Paid to interested persons, etc.		B/A (%)
		Payee	Amount of payment (B) Thousands of yen	
Utilities expenses	¥ 656,061	Yoga District Heating and Cooling Co., Ltd.	¥ 107,924	16.5
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 461,220	Tokyu Community Corporation	¥ 277,056	60.1
		Tokyu Facility Service Co., Ltd.	¥ 51,155	11.1
		Kyodo Gijutsu Center Co., Ltd.	¥ 11,097	2.4
		Tokyu Store Corporation	¥ 3,877	0.8
		Tokyu Bldg Maintenance Co., Ltd.	¥ 1,485	0.3
		Tokyu Green System Co., Ltd.	¥ 50	0.0
		Tokyu Security Co., Ltd.	¥ 42	0.0
Property management fees	¥ 160,283	Tokyu Corporation	¥ 89,166	55.6
		Tokyu Community Corporation	¥ 71,116	44.4
Insurance premium	¥ 12,959	Tokyu Insurance Consulting Co., Ltd.	¥ 12,664	97.7
Other rental service expenses	¥ 233,733	Tokyu Corporation	¥ 8,695	3.7
		Tokyu Malls Development Corporation	¥ 7,912	3.4
		Tokyu Community Corporation	¥ 6,394	2.7
		Tokyu Ad Communications Co., Ltd.	¥ 2,706	1.2
		Shibuya Underground Shopping Center, Inc.	¥ 840	0.4
		its communications Inc.	¥ 62	0.0
		Tokyu Lifa Corporation	¥ 9	0.0

Note 1. Pursuant to Article 123 of the Investment Trust Law Enforcement Order, interested persons, etc. are defined as having interests in Tokyu REIM based on the investment management agreement concluded with TOKYU REIT. However, information provided in this section, '(4) Trading with Interested Persons, Etc.,' 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. Tokyu Corporation and Tokyu Community Corporation in the amount of ¥69,525 thousand and ¥23,356 thousand, respectively.

In addition to the commissions paid as described above, the amount paid for repair and maintenance work placed to interested persons, etc. during the 23rd fiscal period are as follows:

Tokyu Construction Co., Ltd.	¥ 22,843 thousand
Tokyu Community Corporation	¥ 22,516 thousand
Kyodo Gijutsu Center Co., Ltd.	¥ 8,521 thousand
Tokyu Facility Service Co., Ltd.	¥ 8,418 thousand
Tokyu Corporation	¥ 8,299 thousand
Tokyu Security Co., Ltd.	¥ 7,222 thousand
Tokyu Renewal Co., Ltd.	¥ 4,720 thousand
Tokyu Architects & Engineers Inc.	¥ 275 thousand
Tokyu Department Store Co., Ltd.	¥ 249 thousand
Tokyu Bldg Maintenance Co., Ltd.	¥ 13 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

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

Date of meeting	Agenda item	Summary
November 28, 2014	Engagement of underwriters for investment corporation bond offerings, and outsourcing of general administrative operations relating to investment corporation bonds	In connection with a comprehensive resolution passed on the same date regarding the engagement of underwriters for investment corporation bond offerings, the meeting approved that TOKYU REIT's executive director shall have full authority on the selection, etc. of providers of general administrative services relating to investment corporation bond offerings to be issued in the future.
January 30, 2015	Renewal of general administration and asset custody agreements	The meeting approved to renew the agreements for the general administration agreement (excluding transfer agent for investment units) and asset custody agreement executed with general administrator and asset custodian Mitsubishi UFJ Trust and Banking Corporation.

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

There is no item that falls under this category.

(3) Disclosure Pertaining to Corporation Holding Overseas Properties

There is no item that falls under this category.

(4) Disclosure Pertaining to Properties of Corporation Holding Overseas Properties

There is no item that falls under this category.

(5) Other

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



Independent Auditor's Report

To the Board of Directors of TOKYU REIT, Inc.

We have audited the accompanying financial statements of TOKYU REIT, Inc. ("the Company"), which comprise the balance sheet as at January 31, 2015, and the statements of income, statements of changes in unitholders' equity and statements of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2015, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

April 27, 2015

TOKYU REIT, Inc.
Balance Sheets
As of January 31, 2015 and July 31, 2014

	January 31, 2015	July 31, 2014
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 3,227	¥ 4,148
Cash and deposits with banks held in trust	7,887	8,086
Tenant receivables	134	160
Lease deposits held in trust due within one year	18	18
Other current assets	126	107
Total current assets	11,395	12,522
Fixed assets:		
Property and equipment		
Buildings and structures	12,204	12,152
Land	56,406	54,441
Other tangible assets	154	152
Construction in progress	1	-
Buildings and structures held in trust	45,267	49,034
Land held in trust	114,047	119,633
Other tangible assets held in trust	1,372	1,341
Construction in progress held in trust	12	4
Less accumulated depreciation	(18,821)	(19,580)
Total property and equipment	210,644	217,180
Intangible assets		
Intangible assets	0	0
Intangible assets held in trust	8	10
Total intangible assets	9	10
Investments and other assets		
Lease deposits	203	203
Lease deposits held in trust	762	781
Other assets	257	183
Total investments and other assets	1,223	1,168
Total fixed assets	211,877	218,359
Deferred assets:		
Investment unit issuance expenses	27	36
Investment corporation bond issuance expenses	46	51
Total deferred assets	73	87
Total assets	¥ 223,346	¥ 230,969

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of January 31, 2015 and July 31, 2014

	January 31, 2015	July 31, 2014
	(Millions of yen)	
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	¥ -	¥ 5,000
Investment corporation bonds due within one year	-	5,000
Long-term debt due within one year	11,200	9,000
Accounts payable	1,332	1,035
Consumption tax payable	329	287
Rent received in advance	1,089	1,149
Tenant leasehold and security deposits due within one year	100	-
Tenant leasehold and security deposits held in trust due within one year	190	624
Accrued expenses and other current liabilities	183	192
Total current liabilities	14,425	22,290
Long-term liabilities:		
Investment corporation bonds	9,500	9,500
Long-term debt	76,300	74,500
Tenant leasehold and security deposits	3,298	3,202
Tenant leasehold and security deposits held in trust	6,682	8,533
Other long-term liabilities	-	2
Total long-term liabilities	95,780	95,738
Total liabilities	¥ 110,206	¥ 118,029
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized – 10,000,000 units as of January 31, 2015 and 10,000,000 units as of July 31, 2014		
Units issued and outstanding – 977,600 units as of January 31, 2015 and 977,600 units as of July 31, 2014	¥ 110,479	¥ 110,479
Retained earnings	2,660	2,461
Total net assets	113,140	112,940
Total liabilities and net assets	¥ 223,346	¥ 230,969

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

TOKYU REIT, Inc.
Statements of Income
For the six months ended January 31, 2015 and July 31, 2014

	For the six months ended	
	January 31, 2015	July 31, 2014
(Millions of yen)		
Operating revenues:		
Rental revenue	¥ 6,566	¥ 6,794
Other rental revenue	509	505
Gain on sales of real estate properties	466	-
Contribution for construction	-	2
Operating expenses:		
Rental service expenses	(3,478)	(3,420)
Asset management fees	(522)	(525)
Other	(156)	(131)
Operating income	3,383	3,225
Non-operating income:		
Interest income	1	1
Other	3	3
Non-operating expenses:		
Interest expense	(630)	(628)
Interest expense on investment corporation bonds	(61)	(83)
Amortization of investment unit issuance expenses	(8)	(8)
Amortization of investment corporation bond issuance expenses	(5)	(5)
Other	(20)	(40)
Income before income taxes	2,661	2,462
Income taxes:		
Current	(0)	(1)
Deferred	(0)	0
Net income	2,660	2,461
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,660	¥ 2,461

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

TOKYU REIT, Inc.
Statements of Changes in Unitholders' Equity
For the six months ended January 31, 2015 and July 31, 2014

For the six months ended January 31, 2015

	Unitholders' capital	Retained earnings	Total
	(Millions of yen)		
Balance at beginning of period	¥ 110,479	¥ 2,461	¥ 112,940
Changes during the period			
Cash distributions declared	-	(2,460)	(2,460)
Net income	-	2,660	2,660
Total changes during the period	-	199	199
Balance at end of period	¥ 110,479	¥ 2,660	¥ 113,140

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

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

TOKYU REIT, Inc.
Statements of Cash Flows
For the six months ended January 31, 2015 and July 31, 2014

	For the six months ended	
	January 31, 2015	July 31, 2014
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,661	¥ 2,462
Depreciation and amortization	1,001	1,066
Amortization of investment unit issuance expenses	8	8
Amortization of investment corporation bond issuance expenses	5	5
Loss on disposal of property and equipment	15	11
Interest income	(1)	(1)
Interest expense	692	729
(Increase) Decrease in tenant receivables	26	(25)
(Increase) Decrease in consumption tax refund receivables	-	155
Increase (Decrease) in consumption tax payable	42	287
Increase (Decrease) in accounts payable	82	(8)
Increase (Decrease) in rent received in advance	(60)	30
Decrease in property and equipment held in trust due to sale	8,189	-
Other, net	(94)	(78)
Total	12,569	4,644
Interest received	1	1
Interest paid	(711)	(719)
Income taxes paid	(1)	(0)
Net cash provided by operating activities	11,857	3,926
Cash flows from investing activities:		
Payments for purchases of property and equipment	(2,084)	(130)
Payments for purchases of property and equipment held in trust	(364)	(242)
Payments for purchases of intangible assets held in trust	-	(0)
Proceeds from lease deposits held in trust	18	-
Proceeds from tenant leasehold and security deposits	260	33
Payments for tenant leasehold and security deposits	(64)	(86)
Proceeds from tenant leasehold and security deposits held in trust	222	99
Payments for tenant leasehold and security deposits held in trust	(2,508)	(291)
Payments for restricted deposits with banks held in trust	(241)	(99)
Proceeds from restricted deposits with banks held in trust	6,455	74
Net cash used in investing activities	1,694	(642)
Cash flows from financing activities:		
Repayment of short-term debt	(5,000)	(6,500)
Proceeds from long-term debt	4,000	7,000
Repayment of long-term debt	-	(7,000)
Proceeds from investment corporation bonds	-	6,462
Repayment of investment corporation bonds	(5,000)	-
Payment of dividends	(2,457)	(2,504)
Net cash used in financing activities	(8,457)	(2,542)
Net change in cash and cash equivalents	5,094	740
Cash and cash equivalents at beginning of period	6,020	5,279
Cash and cash equivalents at end of period	¥ 11,115	¥ 6,020

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

TOKYU REIT, Inc.
Notes to Financial Statements
For the six months ended January 31, 2015 and July 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 January 31, 2015, TOKYU REIT's total capital is ¥110,479 million with 977,600 units issued and outstanding. TOKYU REIT has been operating 29 properties at an occupancy rate of approximately 97.1%. Total acquisition cost of the 29 properties is ¥222,059 million and total rentable area is 229,922.73 m².

(b) Basis of presentation

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

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 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):

	January 31, 2015	July 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 January 31, 2015 and July 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 ¥7 million for the six months ended January 31, 2015.
- (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 ¥13 thousand are included in other current assets as of January 31, 2015.
- (k) **Net income per unit** – Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during each period.

3. Cash and cash equivalents

Cash and cash equivalents as of January 31, 2015 and July 31, 2014 consisted of the following:

	January 31, 2015	July 31, 2014
	(Millions of yen)	
Cash and deposits with banks	¥ 3,227	¥ 4,148
Cash and deposits with banks held in trust	7,887	8,086
Restricted deposits with banks held in trust	-	(6,214)
Cash and cash equivalents	<u>¥ 11,115</u>	<u>¥ 6,020</u>

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

4. Schedule of property and equipment and intangible assets

Property and equipment and intangible assets as of January 31, 2015 and July 31, 2014 consisted of the following:

	January 31, 2015			July 31, 2014		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 12,056	¥ (2,194)	¥ 9,862	¥ 12,005	¥ (1,965)	¥ 10,040
Structures	147	(28)	119	147	(23)	123
Land	56,406	-	56,406	54,441	-	54,441
Other tangible assets						
Machinery and equipment	98	(43)	55	98	(36)	61
Tools, furniture and fixtures	56	(30)	25	54	(25)	28
Construction in progress	1	-	1	-	-	-
Property and equipment held in trust						
Buildings and structures						
Buildings	44,601	(15,052)	29,548	48,200	(16,062)	32,138
Structures	666	(380)	285	833	(415)	418
Land	114,047	-	114,047	119,633	-	119,633
Other tangible assets						
Machinery and equipment	993	(822)	170	990	(792)	197
Tools, furniture and fixtures	378	(269)	109	351	(258)	92
Construction in progress	12	-	12	4	-	4
Sub total	<u>229,465</u>	<u>(18,821)</u>	<u>210,644</u>	<u>236,760</u>	<u>(19,580)</u>	<u>217,180</u>
Intangible assets						
Intangible assets	2	(2)	0	2	(2)	0
Intangible assets held in trust	30	(21)	8	30	(20)	10
Sub total	<u>33</u>	<u>(24)</u>	<u>9</u>	<u>33</u>	<u>(22)</u>	<u>10</u>
Total	<u>¥ 229,499</u>	<u>¥ (18,845)</u>	<u>¥ 210,653</u>	<u>¥ 236,793</u>	<u>¥ (19,603)</u>	<u>¥ 217,190</u>

5. Collateral pledged and secured liabilities

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

Assets pledged as collateral	January 31, 2015	July 31, 2014
	(Millions of yen)	
Property and equipment held in trust		
Buildings and structures		
Buildings	—	¥ 2,485
Structures		123
Land		5,585
Other tangible assets		
Machinery and equipment		6
Tools, furniture and fixtures		0
Total		<u>¥ 8,202</u>
Secured liabilities		
	January 31, 2015	July 31, 2014
	(Millions of yen)	
Tenant leasehold and security deposits held in trust due within one year	—	¥ 433
Tenant leasehold and security deposits held in trust		1,711
Total		<u>¥ 2,145</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

6. Short-term debt and long-term debt

Short-term debt and long-term debt as of January 31, 2015 and July 31, 2014 consisted of the following:

	Balance as of January 31, 2015	Balance as of July 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	0.52136
Unsecured loans due on August 15, 2014 with floating rate	-	1,000	0.55860
Sub total	-	5,000	
Long-term debt			
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 (Note 2)	1,700	1,700	1.03500
Unsecured loans due on December 25, 2015 with fixed rate (Note 2)	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	2,000	1.05250
Unsecured loans due on July 31, 2021 with fixed rate	3,000	3,000	1.51375
Unsecured loans due on October 22, 2021 with fixed rate	800	-	0.95925
Unsecured loans due on October 22, 2021 with fixed rate	3,200	-	0.96875
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	5,000	1.57750
Sub total	87,500	83,500	
Total	¥ 87,500	¥ 88,500	

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

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

TOKYU REIT 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 January 31, 2015.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

7. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of January 31, 2015 and July 31, 2014 were as follows:

Name	Issue date	Balance as of	Balance as of	Annual	Maturity date
		January 31, 2015	July 31, 2014	interest rate	
		(Millions of yen)		(%)	
2 nd Series Unsecured Investment Corporation Bond	October 24, 2007	¥ -	¥ 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	3,500	0.39900	February 14, 2019
5 th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	3,000	0.68200	March 11, 2021
Total		¥ 9,500	¥ 14,500		

8. Unitholders' equity

TOKYU REIT issues investment units in accordance with the Investment Trust Law. All the proceeds from the issuance of new units are designated as share capital. TOKYU REIT maintains minimum net assets of at least ¥50 million as required by the Investment Trust Law.

9. Rental revenue and expense

Rental revenues and expenses for the six months ended January 31, 2015 and July 31, 2014 were as follows:

	For the six months ended	
	January 31, 2015	July 31, 2014
(Millions of yen)		
Revenue from property leasing:		
Rental revenue:		
Rent income	¥ 5,345	¥ 5,574
Common area charges	742	744
Parking lot revenue under monthly contract	158	157
Other rent income	319	317
Sub total	6,566	6,794
Other rental revenue:		
Incidental income	448	439
Other miscellaneous income	60	65
Sub total	509	505
Total revenue from property leasing	(a) 7,075	7,300
Rental service expenses:		
Utilities expenses	656	652
Subcontract expenses	461	460
Property management fees	160	152
Repairs and maintenance expenses	299	169
Property-related taxes	637	678
Insurance premium	12	13
Depreciation and amortization	1,001	1,066
Loss on disposal of property and equipment	15	11
Other	233	216
Total rental service expenses	(b) 3,478	3,420
Operating income from property leasing activities	(a)-(b) ¥ 3,596	¥ 3,879

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

10. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended January 31, 2015 and July 31, 2014 were as follows: (Unaudited)

For the six months ended January 31, 2015

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	¥ 644	¥ 272	¥ 371	¥ 53	¥ 318
R Lexington Aoyama	121	43	78	7	71
R TOKYU REIT Omotesando Square	179	37	141	10	130
R Tokyu Saginuma Building	305	53	252	34	217
R Tokyu Saginuma 2 Building	62	15	46	7	39
R TOKYU REIT Shibuya Udagawa-cho Square	250	26	224	4	219
R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	10	8	2	13	(11)
R cocoti	538	204	334	163	171
R Shonan Mall Fill (<i>sokochi</i>)	174	26	147	-	147
R CONZE Ebisu	97	40	57	22	34
R Daikanyama Forum	103	42	61	8	52
R KALEIDO Shibuya Miyamasuzaka	184	66	117	16	101
O Setagaya Business Square	939	524	415	154	260
O Tokyu Nampeidai-cho Building	149	33	116	21	95
O Tokyu Sakuragaoka-cho Building	215	61	153	31	122
O Tokyo Nissan Taito Building	163	119	43	35	8
O TOKYU REIT Akasaka Hinokicho Building	136	47	89	13	76
O TOKYU REIT Kamata Building	216	86	130	31	98
O TOKYU REIT Toranomom Building	315	133	181	42	139
O TOKYU REIT Hatchobori Building	155	64	90	39	51
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	177	45	131	27	104
O Tokyu Ikejiri-ohashi Building	186	52	133	20	113
O Kojimachi Square	214	48	165	44	120
O TOKYU REIT Shinjuku Building	264	74	190	35	154
O Akihabara Sanwa Toyo Building	171	39	132	13	119
O TOKYU REIT Kiba Building	150	45	105	30	74
O Tokyu Ginza 2-chome Building	172	36	135	37	98
O OKI System Center (<i>sokochi</i>)	145	15	129	-	129
O Shibuya R Sankei Building	214	88	126	22	104
O Tokyu Toranomom Building	412	106	306	74	232
Total	¥ 7,075	¥ 2,460	¥ 4,614	¥ 1,017	¥ 3,596

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

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	¥7,300	¥2,342	¥4,957	¥1,078	¥3,879

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

11. Breakdown of gain on sales of real estate properties

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

	(Millions of yen)
Revenue from sale of property	¥ 8,720
Cost of property	8,189
Other sales expenses	64
Gain on sales of real estate properties	¥ 466

12. 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 January 31, 2015 and July 31, 2014.

	January 31, 2015	July 31, 2014
Statutory income tax rate	34.16%	36.59%
Deductible cash distributions	(32.45)	(36.57)
Provision of reserve for reduction entry	(1.70)	-
Other	0.02	0.02
Effective tax rate	0.03%	0.05%

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

13. 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 Local Tax Act, etc. (Act No. 4 of 2014) and the Local Corporation Tax Act (Act No. 11 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 February 1, 2015 has been changed from 34.16% to 34.15%.

The impact of this tax rate change is minimal.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

14. Content and impact in cases where there is change in income tax rate after the end of the 23rd fiscal period

In accordance with the Act for Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) promulgated on March 31, 2015, 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, 2015 has been changed from 34.15% to 32.31%.

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

15. Per unit information

The following table summarizes the net income per unit for the six months ended January 31, 2015 and July 31, 2014 and the unitholders' equity per unit as of January 31, 2015 and July 31, 2014.

	For the six months ended	
	January 31, 2015	July 31, 2014
Net income per unit	¥ 2,721	¥ 2,517
Weighted-average number of units ※1	977,600 units	977,600 units
※1 Average number of units weighed by days in each fiscal period.		
	As of January 31, 2015	As of July 31, 2014
Unitholders' equity per unit	¥ 115,732	¥ 115,528

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended January 31, 2015 and July 31, 2014.

16. Distribution information

The Board of Directors of TOKYU REIT resolved on March 16, 2015 and September 12, 2014 to effect payment of cash distributions of ¥2,586 and ¥2,517 per unit to unitholders of record on January 31, 2015 and July 31, 2014, respectively. Retained earnings carried forward after the distributions are as follows:

	January 31, 2015	July 31, 2014
	(Millions of yen)	
Retained earnings at end of period	¥ 2,660	¥ 2,461
Cash distributions declared	2,528	2,460
Provision of reserve for reduction entry	132	-
Retained earnings carried forward	¥ 0	¥ 0

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Notes to Financial Statements, continued
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17. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of January 31, 2015 and July 31, 2014, the future lease revenues under the non-cancelable operating leases were as follows:

	January 31, 2015	July 31, 2014
	(Millions of yen)	
Due within one year	¥ 5,417	¥ 6,001
Due after one year	17,411	19,373
Total	¥ 22,829	¥ 25,375

As of January 31, 2015 and July 31, 2014, the future lease payments under the non-cancelable operating leases were as follows:

	January 31, 2015	July 31, 2014
	(Millions of yen)	
Due within one year	¥ 222	¥ 222
Due after one year	2,258	2,368
Total	¥ 2,480	¥ 2,590

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

18. 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 January 31, 2015), and also preparing monthly fund management plans.

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

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 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).

	January 31, 2015			July 31, 2014		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 3,227	¥ 3,227	¥ -	¥ 4,148	¥ 4,148	¥ -
(2) Cash and deposits with banks held in trust	7,887	7,887	-	8,086	8,086	-
Assets total	11,115	11,115	-	12,234	12,234	-
(1) Short-term debt	-	-	-	5,000	5,000	-
(2) Investment corporation bonds due within one year	-	-	-	5,000	5,039	39
(3) Long-term debt due within one year	11,200	11,269	69	9,000	9,119	119
(4) Tenant leasehold and security deposits due within one year	100	99	(0)	-	-	-
(5) Tenant leasehold and security deposits held in trust due within one year	190	189	(1)	624	651	26
(6) Investment corporation bonds	9,500	9,723	223	9,500	9,649	149
(7) Long-term debt	76,300	78,276	1,976	74,500	76,346	1,846
(8) Tenant leasehold and security deposits held in trust	572	562	(10)	1,993	1,993	0
Liabilities total	¥ 97,863	¥ 100,121	¥ 2,257	¥ 105,617	¥ 107,800	¥ 2,182

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; (6) 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; (7) 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 due within one year; (5) Tenant leasehold and security deposits held in trust due within one year; (8) Tenant leasehold and security deposits held in trust

The fair value of tenant leasehold and security deposits and 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.

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

	January 31, 2015	July 31, 2014
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 3,298	¥ 3,202
(ii) Tenant leasehold and security deposits held in trust	6,109	6,540

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

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

	January 31, 2015			July 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	¥ 3,227	¥ 7,887	¥ 11,115	¥ 4,148	¥ 8,086	¥ 12,234
Within two years, but over one year	-	-	-	-	-	-
Within three years, but over two years	-	-	-	-	-	-
Within four years, but over three years	-	-	-	-	-	-
Within five years, but over four years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-

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

	January 31, 2015				July 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	¥ -	¥ -	¥ 11,200	¥ 11,200	¥ 5,000	¥ 5,000	¥ 9,000	¥ 19,000
Within two years, but over one year	-	-	10,500	10,500	-	-	5,700	5,700
Within three years, but over two years	-	-	14,000	14,000	-	-	14,000	14,000
Within four years, but over three years	-	-	12,200	12,200	-	-	14,500	14,500
Within five years, but over four years	-	3,500	9,200	12,700	-	3,500	9,000	12,500
Over five years	-	6,000	30,400	36,400	-	6,000	31,300	37,300

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

19. Related party transactions

Masahiro Horie, who holds no voting units of TOKYU REIT, is executive director of TOKYU REIT and Representative Director & President and Chief Executive Officer of Tokyu REIM, has entered into an asset management agreement subject to the conditions set forth in TOKYU REIT's Articles of Incorporation with TOKYU REIT. The amount of management fees incurred for the six months ended January 31, 2015 and July 31, 2014 and payable due to asset manager as of then were as follows:

	<u>January 31, 2015</u>	<u>July 31, 2014</u>
	(Millions of yen)	
Asset management fees for the period	¥ 522	¥ 525
Management fees payable due to asset manager	257	263

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

20. Fair value of investment and rental properties

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

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

	For the six months ended	
	January 31, 2015	July 31, 2014
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 217,190	¥ 217,923
Change during the period (Note 3)	(6,536)	(733)
Balance at end of period	¥ 210,653	¥ 217,190
	(Millions of yen)	
	As of January 31, 2015	As of July 31, 2014
Fair value at end of period (Note 4)	¥ 228,660	¥ 228,310

Note 1. Area classification:

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

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

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

Note 3. Of the change during the six months ended January 31, 2015, the amount of increase is mainly attributable to acquisition of the contiguous land of Tokyu Toranomom Building (¥1,868 million) and additional compartmentalized ownership in TOKYU REIT Toranomom Building (¥109 million), and the amount of decrease is mainly attributable to disposition of Beacon Hill Plaza (Ito-Yokado Noukendai Store) (¥8,189 million) and depreciation and amortization (¥1,001 million).

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).

Note 4. The fair value as of January 31, 2015 shows the appraisal value as appraised by an independent real estate surveyor.

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 income (loss) in the six months ended January 31, 2015 and July 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 January 31, 2015 and July 31, 2014

21. Segment and related information

The “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Statement No. 17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Guidance No. 20 issued on March 21, 2008) are applied as of the six months ended January 31, 2011. In accordance with the Accounting Standard and Guidance, the segment and related information for the six months ended January 31, 2015 is accompanied by segment and related information for the six months ended July 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.

	January 31, 2015				July 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)	¥ 2,672	¥ 4,402	¥ 466	¥ 7,541	¥ 2,918	¥ 4,381	¥ 2	¥ 7,302
Segment income	1,492	2,103	(212)	3,383	1,625	2,253	(654)	3,225
Segment assets	82,357	128,296	12,692	223,346	90,838	126,352	13,778	230,969
Other items								
Depreciation and amortization	342	659	-	1,001	410	656	-	1,066
Increase in property and equipment and intangible assets	50	2,621	-	2,672	188	158	-	347

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

Note 2. The breakdown of the ¥466 million amount of reconciliation of operating revenues is gain on sales of real estate properties.

The breakdown of the -¥212 million amount of reconciliation of segment income is ¥466 million in gain on sales of real estate properties and ¥679 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 ¥12,692 million amount of reconciliation of segment assets is ¥11,395 million in current assets, ¥1,223 million in investments and other assets and ¥73 million in deferred assets.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended January 31, 2015 and July 31, 2014

Note 3. 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.

[Related information]

(a) Information about each product and service

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

(b) Information about each geographical area

(1) Operating revenues

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

(2) Property and equipment

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

(c) Information about each major customer

For the six months ended January 31, 2015

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,221	Retail Property Leasing Business Office Property Leasing Business

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

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%.

22. Subsequent events

TOKYU REIT is not aware of any circumstances that may have a material impact on TOKYU REIT's financial position after the 23rd fiscal period ended January 31, 2015.

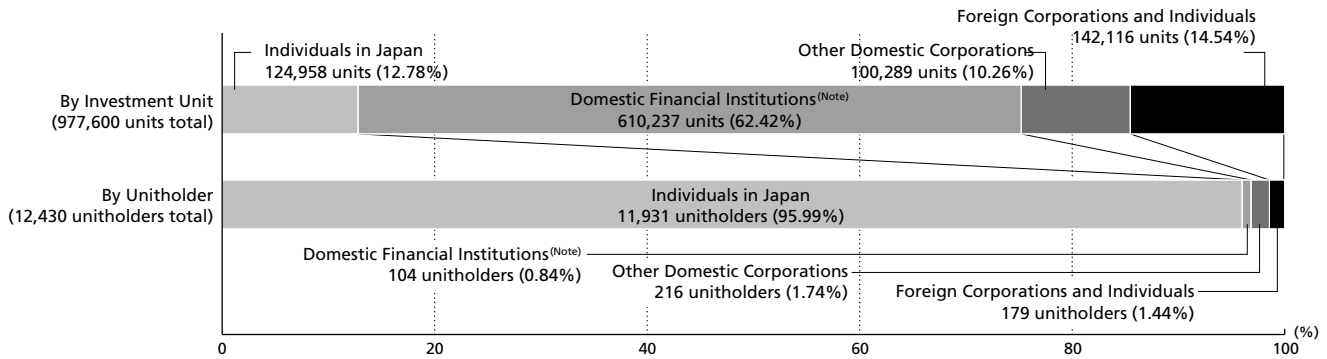
Unitholder Information

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

	23rd Period	24th Period
Date of settlement	Jan. 31, 2015	Jul. 31, 2015
Announcement of financial results	Mar. 16, 2015	Mid Sep. 2015
Delivery of investment management report (Japanese only)	Apr. 10, 2015	Mid Oct. 2015
Payment of cash distributions	Apr. 13, 2015	Mid Oct. 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

Newspaper for Posting Public Announcements

The Nikkei (Nihon Keizai Shimbun)

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 18th fiscal period (ended July 31, 2012) is on October 12, 2012 and for the 19th fiscal period (ended January 31, 2013) is on April 11, 2013.

■ Investment Management Company

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

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

■ Disclaimer

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

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

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

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

■ The information in this report without description of dates is as of January 31, 2015.

TOKYU REIT

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