



**TOKYU REIT**

The Fiscal Period Ended July 2016  
(26th Fiscal Period)  
**FINANCIAL RESULTS PRESENTATION**

TSE 8957 <http://www.tokyu-reit.co.jp/>

**Aiming to be a 100-year REIT**

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## Terms Used in the Material

LTV / Total Assets	Interest-Bearing Debt / Total Assets
LTV based on appraisal value	(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)
Unrealized Gain/Loss	The balance after deducting the book value from the appraisal value of properties at the end of the period
Adjusted Net Asset Value (NAV) per Unit	(Net Assets – Scheduled Amount of Distribution + Unrealized Gain) ÷ Outstanding Units
NOI Yield	NOI/Acquisition Price
Related parties	<p>"Related Parties" is a collective term for "Tokyu Corporation and its subsidiaries," "Affiliates of Tokyu Corporation except Tokyu Corporation's subsidiaries" and "Tokyu Fudosan Holdings Corporation and its subsidiaries".</p> <p>1. "Tokyu Corporation and its subsidiaries" refers to any entity that falls under the following (i) to (iii):</p> <ul style="list-style-type: none"> <li>(i) Tokyu Corporation</li> <li>(ii) A consolidated subsidiary of Tokyu Corporation</li> <li>(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%.</li> </ul> <p>2. "Affiliates of Tokyu Corporation except Tokyu Corporation's subsidiaries" refers to affiliates within the scope of consolidation of Tokyu Corporation.</p> <p>3. "Tokyu Fudosan Holdings Corporation and its subsidiaries" refers to any entity that falls under the following (i) to (iii):</p> <ul style="list-style-type: none"> <li>(i) Tokyu Fudosan Holdings Corporation ("Tokyu Fudosan Holdings")</li> <li>(ii) A consolidated subsidiary of Tokyu Fudosan Holdings</li> <li>(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%.</li> </ul>
Tsubo	1 tsubo is approximately 3.305m <sup>2</sup>

\*Please refer to the end of this material for the notes.

**1. Outline of TOKYU REIT**

QFRONT 7F WIRED TOKYO 1999

## Portfolio

Investment limited to office and retail properties in the Tokyo Metropolitan Area

Concentrated investment in Tokyo's central 5 wards with strong growth potential and in areas along Tokyu rail lines ("Tokyu Areas")

Number of owned properties: **29** properties  
 (Acquisition price: **223.6** billion yen)  
 (Appraisal value at end of period: **244.5** billion yen)

Area allocation of Tokyo's central 5 wards: **81.2%** (of Shibuya ward: 41.4%)\*2

Ratio of properties within 3-minute walk from a station: **78.0%** \*1

Ratio of unrealized gains: **15.5%**



## Financial Strategies

Conservative financial management that can withstand economic fluctuations

LTV/Total assets: **43.1%**  
 (LTV based on appraisal value: 40.8%)

Long-term fixed-rate ratio: **100.0%**

Avg. Duration : **3.86** years

Rating :  
 JCR: **AA-**  
 R&I : **A+**  
 S&P: (Long-term) **A**, (Short-term) **A-1**

## Sponsor Collaboration

Sustainable growth model in collaboration with Tokyu Corporation

Accumulated acquisition price through pipeline support: **128.6** billion yen\*1

In collaboration with sponsors, aim for sustainable growth of investment targeted areas by "Capital Re-investment Model" that maintain and enhance the value of the investment targeted areas through sponsors making re-investment of funds used for acquisitions



## Governance

Characteristics of TOKYU REIT's Governance Structure

Strong involvement of independent outside officers

Optimal balance between sponsor collaboration and measures against conflicts of interest

Management fee structure of "being in the same boat as unitholders" (acquisition incentive fee not adopted)

**Aggressive information disclosure**

# Maximize unitholder value + Being a REIT that will last 100 years

\*1 Based on acquisition price

\*2 Based on appraisal value at end of period

## 2. Financial Results Overview and Forecast

Tokyu Toranomon Building Office  
Entrance

# Executive Summary

**Promoted enhancement of portfolio competitiveness.  
Distribution per unit was ¥2,695, a ¥65 increase from forecast**

### Period Ended Jul 2016 (FP 26) Highlights

<b>Portfolio Competitiveness Enhancement</b>	<ul style="list-style-type: none"> <li>Acquisition of Tokyu Bancho Building</li> <li>Disposition of Tokyu Saginuma Building and TOKYU REIT Hatchobori Building (gain and loss on sales of properties ¥508 mn)</li> <li>Unrealized gains ¥32,727 mn (+¥2,597 mn)</li> </ul>	➔	<b>NOI 4,837 million yen</b> <div style="float: right; border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;">             ( comparison with previous period -111 million yen )              ( comparison with forecast +22 million yen )         </div>
<b>Internal Growth</b>	<ul style="list-style-type: none"> <li>Rent increase associated with rent revision Increase rate: +5.3% (-0.7pts)</li> <li>Period-end occupancy rate: 97.0% (-1.9pts)</li> </ul>		<b>Distribution per unit 2,695 yen</b> <div style="float: right; border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;">             ( comparison with previous period +64 yen )              ( comparison with forecast +65 yen )         </div>
<b>Finance, etc.</b>	<ul style="list-style-type: none"> <li>Interest expenses: Change of - ¥19 mn (Average interest rate: 1.28% (-0.04pts))</li> <li>LTV based on appraisal value: 40.8% (-0.8pts)</li> <li>Retain part of the capital gains on sales of properties as reserve for reduction entry Balance of reserve for reduction entry after the provision in Period Ended Jul 2016 (FP 26) (¥434 per unit)</li> </ul>		<b>NAV 143,631 million yen</b> <div style="float: right; border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;">             ( +2,888 million yen )         </div> <b>Acquisition capacity<sup>(Note)</sup> 44,860 million yen</b> <div style="float: right; border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;">             ( +4,005 million yen )         </div>

(Note) Forecasted LTV based on appraisal value to be 50%  
\* Figures in parenthesis are comparison with previous period

### Measures for Period Ending Jan 2017 (FP 27) and Onward

<b>Portfolio Competitiveness Enhancement and Internal Growth</b>	<ul style="list-style-type: none"> <li>Disposition of Tokyu Saginuma 2 Building (Ending Jan. 2017 (FP 27)) (gain on sales of properties ¥539 mn)</li> <li>Implementation of construction works for value enhancement and enhancement of leasing for Setagaya Business Square</li> <li>Promotion of upward revision of rent</li> </ul>	➔	<b>Ending Jan. 2017 (FP 27) Estimated Distribution: 2,630 yen</b> (comparison with previous period : -65 yen)  (Amount per unit provided in reserve for reduction entry during the current period <b>282</b> yen) (Balance of reserve for reduction entry per unit after the provision during the current period <b>716</b> yen)
<b>Finance, etc.</b>	<ul style="list-style-type: none"> <li>Reduce interest expenses through refinancing</li> <li>Retain part of the capital gains on sales of properties as reserve for reduction entry (Ending Jan. 2017 (FP 27))</li> <li>Partial reversal of reserve for reduction entry (Ending Jul. 2017 (FP 28))</li> </ul>		<b>Ending Jul. 2017 (FP 28) Estimated Distribution: 2,630 yen</b> (comparison with previous period : ±0 yen)  (Amount per unit provided in reserve for reduction entry during the current period <b>350</b> yen) (Balance of reserve for reduction entry per unit after the provision during the current period <b>366</b> yen)

\*Figures in the parenthesis are comparison with previous period

# Measures for Portfolio Enhancement

## Aim to maintain and improve NAV and portfolio quality through property replacements

### Background

#### 1. Investment Environment Analysis

- Recognized to be in “selling phase” since ended Jan. 2016 (FP 25)
- In the “selling phase,” aim to maintain and improve portfolio size and NAV (adjusted net asset value) by property replacement through reinvestment of sale proceeds rather than simply selling

#### 2. Deepening of Sponsor Collaboration

- TOKYU REIT sells portfolio properties to sponsor, and sponsor promotes redevelopment
- Aim for greater value enhancement of investment targeted areas through appropriate division of roles between TOKYU REIT as manager and sponsor as developer
- Aim to enhance portfolio competitiveness by acquiring properties that have both favorable location and high specifications from sponsor

### Disposition

Name of Property	Tokyu Saginuma Building	Tokyu Saginuma 2 Building	TOKYU REIT Hatchobori Building
			
Disposition Date	March 24, 2016	January 31, 2017 (scheduled)	May 31, 2016
Disposition Price	8,950 million yen	1,710 million yen	5,010 million yen
Book Value	6,596 million yen	1,165 million yen (expected value as of the scheduled transfer date)	6,796 million yen
Capital Gains/Losses	2,349 million yen	544 million yen (Amount of difference from disposition price and book value (expected value as of the scheduled transfer date))	-1,841 million yen
Purchaser	Tokyu Corporation		The Sankei Building Co., Ltd.
NOI Yield (Based on Acquisition Price)	7.48% (Note 1)	7.77%	3.12% (Note 1)
Completed	September 1978	October 1979	September 1965

(Note 1) Since Tokyu Saginuma Building and TOKYU REIT Hatchobori Building were sold in the Ended Jul 2016 (FP 26), NOI and Cap Rate for the Ended Jul 2016 (FP 26) are calculated based on actual performance up to the time of disposition.

### Property Replacement

#### Effects

##### ■ Maintain and enhance NAV

- Maintain and enhance NAV by retaining as provision of reserve for reduction entry a portion of gain on sales that is the realization of unrealized gains (Also available to maintain cash distributions through reversal of reserve for reduction entry for factors causing temporary decrease in EPS in the future, such as large tenant moving out of property, etc.)

##### ■ Maintain and enhance portfolio quality

- Replacement with property that has favorable location and high specifications is expected to lead to further stabilization of cash flows and greater total return

Decrease in weighted average property age

**20.1 years → 17.8 years**

Ratio of Tokyo central 5 wards offices

**41.4% → 45.1%**

Portfolio PML

**4.0% → 3.8%**

New earthquake resistance standards

**All properties are in compliance with the new earthquake resistance standards<sup>(Note 2)</sup>**

\* The above figures are comparison as of the End of Jan 2016 (FP 25)

(Note 2) All properties will be in compliance with the new earthquake resistance standards after the sales of Tokyu Saginuma 2 Building on January 31, 2017

### Acquisition

Name of Property	Tokyu Bancho Building
	
Address	6-2 Yonbancho, Chiyoda-ku, Tokyo, and other
Acquisition Date	March 24, 2016
Acquisition Price	12,740 million yen
Appraisal Value as of Acquisition (as of January 31, 2016)	12,800 million yen
Seller	Tokyu Corporation
NOI Yield (Based on Acquisition Price)	3.82% (Note 3)
Occupancy Rate (as of July 31, 2016)	100.0%
Completed	September 2011

(Note 3) Since Tokyu Bancho Building was acquired in the Ended July 2016 (FP 26), its NOI and Cap Rate for the Ended July 2016 (FP 26) are calculated based on actual performance from the time of acquisition.

## 2. Financial Results Overview and Forecast

# Financial Results Overview (Ended Jul 2016 (FP 26))

Distribution per unit was ¥2,695, ¥64 increase from the previous fiscal period. Part of the capital gains on sales of properties was retained as reserve for reduction entry

### Income Statement (P/L) and Distribution per Unit

Unit: million yen

	Item	Ended Jul 2016 Actual (FP 26)	Ended Jan 2016 Actual (FP 25)	Changes	Ended Jul 2016 Forecast (FP 26)	Changes
					As of Mar. 15, 2016	
Operating Condition	Operating Revenues (A)	9,500	7,289	2,211	9,516	-16
	Revenues from Real Estate Operation (B)	7,150	7,289	-138	7,172	-21
	Rental Revenues	6,683	6,717	-33	6,675	8
	Other Revenues	466	571	-104	496	-29
	Gain on Sale of Properties	2,349	—	2,349	2,344	5
	Operating Expenses (C)	5,919	4,037	1,881	6,000	-81
	Expenses from Real Estate Operation	3,362	3,368	-5	3,431	-68
	Expenses (D)	2,313	2,339	-26	2,357	-44
	NOI (B)-(D)	4,837	4,949	-111	4,814	22
	Depreciation	1,025	1,023	2	1,046	-21
	Loss from the Removal of Fixed Assets	23	5	17	26	-3
	Other Operating Expenses	715	669	45	729	-14
	Investment Management Fee	557	539	18	554	2
	Loss on Sale of Properties	1,841	—	1,841	1,839	2
	Operating Income (A)-(C)	3,580	3,251	329	3,515	64
	Non-Operating Revenues	2	4	-1	0	1
	Non-Operating Expenses	655	682	-26	658	-3
Interest Expenses	624	644	-19	624	-0	
Ordinary Income	2,927	2,572	354	2,858	69	
Net Income	2,926	2,571	354	2,857	69	
Distribution per Unit	Net Income per Unit (EPS) (¥)	2,993	2,630	363	2,922	71
	Amount Recorded as Reserve for Reduction Entry per Unit (¥)	298	—	298	292	6
	Amount of Reversal of Reserve for Reduction Entry per Unit (¥)	—	—	—	—	—
	Distribution per Unit (DPU) (¥)	2,695	2,631	64	2,630	65
Other	Occupancy Rate (%)	97.0	98.9	-1.9 pts	96.8	0.2 pts
	NOI Yield <sup>(Note)</sup> (%)	4.29	4.39	-0.1 pts	4.27	0.02 pts

(Note) Based on asset balance during the period

### Major Factors for Difference

<Comparison with previous fiscal period>

#### Revenues

Rental Revenues

- Disposition of Tokyu Saginuma Building -219 million yen
- Disposition of TOKYU REIT Hatchobori Building -54 million yen
- Acquisition of Tokyu Bancho Building +188 million yen

Other Revenues

- Other Revenues (Tokyu Ikejiri-ohashi Building, etc.) -87 million yen

Gain on Sale of Properties

- Disposition of Tokyu Saginuma Building +2,349 million yen

#### Expenses

Expenses

- Decrease in utility expenses -32 million yen

Loss on Sale of Properties

- Disposition of TOKYU REIT Hatchobori Building +1,841 million yen

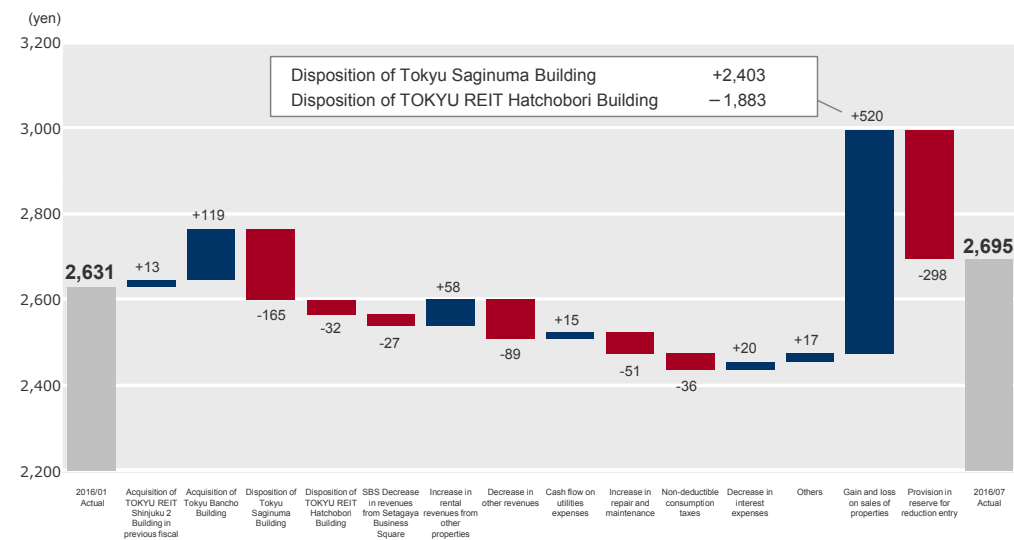
<Comparison with forecast>

#### Expenses

Expenses

- Decrease in utility expenses -43 million yen

### Breakdown of Increase/Decrease in DPU to Previous Fiscal Period





## 2. Financial Results Overview and Forecast

# Financial Results Forecast (Ending Jan 2017 and Ending Jul 2017)

## Estimated distribution per unit for Ending Jan 2017 and Ending Jul 2017 is ¥2,630

### Forecast of Income Statement (P/L) and Distribution per Unit

### Major Factors for Difference

Unit: million yen

	Item	Ended Jul 2016 Actual (FP 26)	Ended Jan 2017 Forecast (FP 27)	Changes	Ended Jul 2017 Forecast (FP 28)	Changes
			As of Sep. 13, 2016		As of Sep. 13, 2016	
Operating Condition	Operating Revenues (A)	9,500	7,485	-2,014	6,816	-669
	Revenues from Real Estate Operation (B)	7,150	6,946	-204	6,816	-129
	Rental Revenues	6,683	6,475	-208	6,360	-115
	Other Revenues	466	470	3	456	-14
	Gain on Sale of Properties	2,349	539	-1,809	—	-539
	Operating Expenses (C)	5,919	3,995	-1,924	3,998	2
	Expenses from Real Estate Operation	3,362	3,299	-63	3,328	29
	Expenses (D)	2,313	2,252	-60	2,276	24
	NOI (B)-(D)	4,837	4,693	-143	4,539	-153
	Depreciation	1,025	1,026	0	1,045	18
	Loss from the Removal of Fixed Assets	23	20	-3	6	-13
	Other Operating Expenses	715	696	-18	669	-26
	Investment Management Fee	557	553	-4	529	-23
	Loss on Sale of Properties	1,841	—	-1,841	—	—
	Operating Income (A)-(C)	3,580	3,490	-90	2,818	-672
Non-Operating Revenues	2	0	-1	0	0	
Non-Operating Expenses	655	642	-13	588	-54	
Interest Expenses	624	614	-9	561	-53	
Ordinary Income	2,927	2,848	-78	2,230	-617	
Net Income	2,926	2,847	-78	2,229	-617	
Distribution per Unit	Net Income per Unit (EPS) (¥)	2,993	2,912	-81	2,280	-632
	Amount Recorded as Reserve for Reduction Entry per Unit (¥)	298	282	-16	—	-282
	Amount of Reversal of Reserve for Reduction Entry per Unit (¥)	—	—	—	350	350
	Distribution per Unit (DPU) (¥)	2,695	2,630	-65	2,630	—
Others	Occupancy Rate (%)	97.0	96.8	-0.2 pts	95.4	-1.4 pts
	NOI Yield <sup>(Note)</sup> (%)	4.29	4.17	-0.12 pts	4.12	-0.06 pts

#### <Comparison between Ending Jan 2017 and Ended Jul 2016>

<u>Revenues</u>		
Rental Revenues		
• Disposition of Tokyu Saginuma Building and TOKYU REIT Hatchobori Building		-190 million yen
• Setagaya Business Square		-74 million yen
• Tokyu Bancho Building (contribution throughout the period)		+62 million yen
Gain on Sale of Properties		
• Tokyu Saginuma Building (what posted in the previous period)		-2,349 million yen
• Tokyu Saginuma 2 Building		+539 million yen
<u>Expenses</u>		
Expenses		
• Decrease in repair and maintenance		-99 million yen
Loss on Sale of Properties		
• TOKYU REIT Hatchobori Building (what posted in the previous period)		-1,841 million yen

#### <Comparison between Ending Jul 2017 and Ending Jan 2017>

<u>Revenues</u>		
Rental Revenues		
• Disposition of Tokyu Saginuma 2 Building		-59 million yen
• TOKYU REIT Toranomon Building		-48 million yen
Gain on Sale of Properties		
• Tokyu Saginuma 2 Building (what posted in the previous period)		-539 million yen
<u>Expenses</u>		
Non-Operating Expenses		
• Decrease in interest expenses		-53 million yen

(Note) Based on asset balance during the period

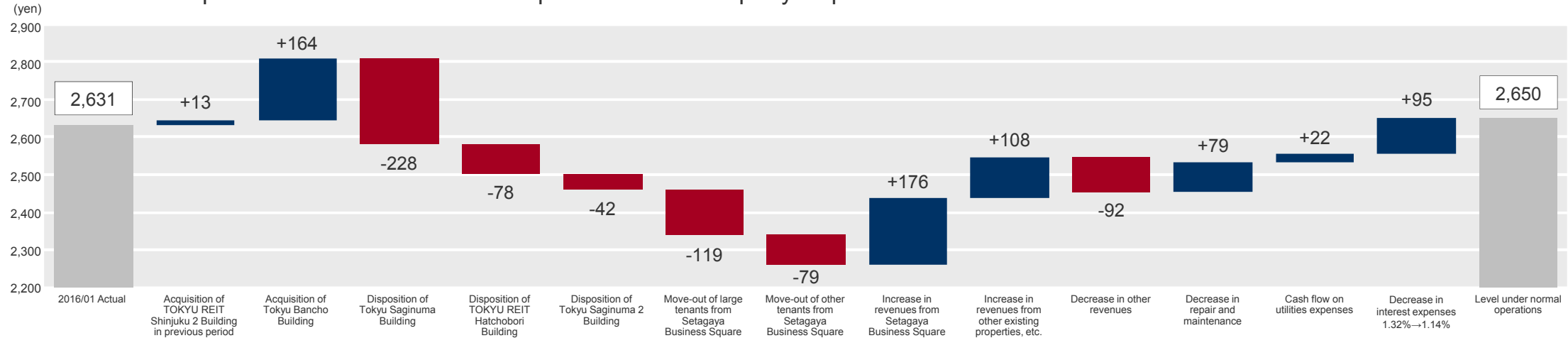
Prepared on September 13, 2016

## 2. Financial Results Overview and Forecast

# Distribution per Unit Level Under Normal Operations

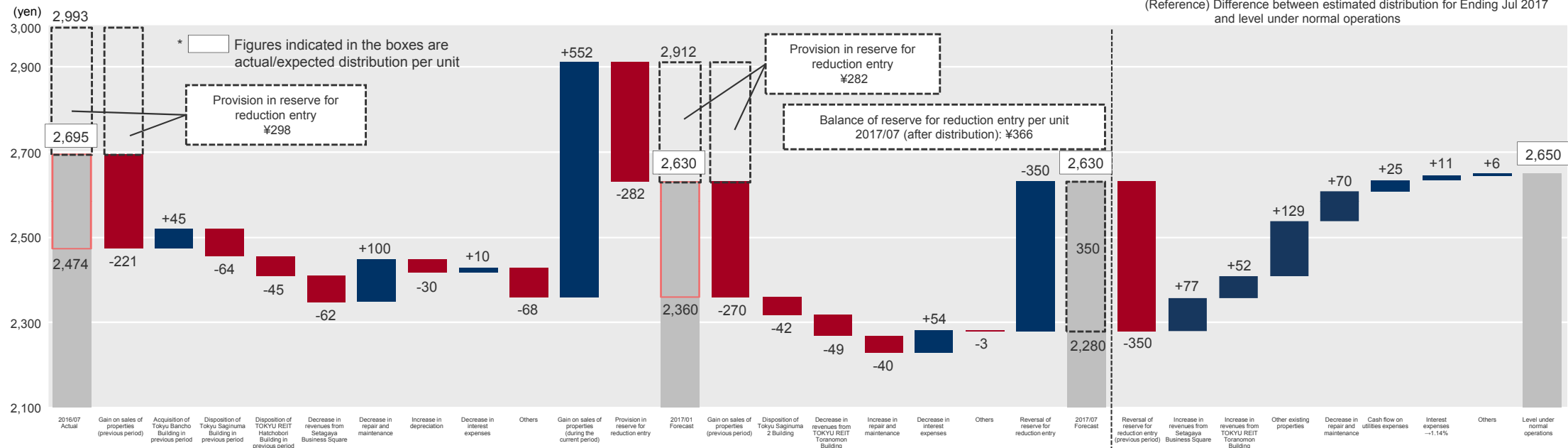
**Aim to achieve ¥2,650 distribution per unit level under normal operations by focusing on internal growth**

■ Distribution per Unit Level Under Normal Operations after Property Replacements



■ Breakdown of Distribution per Unit by Variable Factor (Ended Jul 2016 Actual — Ending Jul 2017 Forecast)

(Reference) Difference between estimated distribution for Ending Jul 2017 and level under normal operations



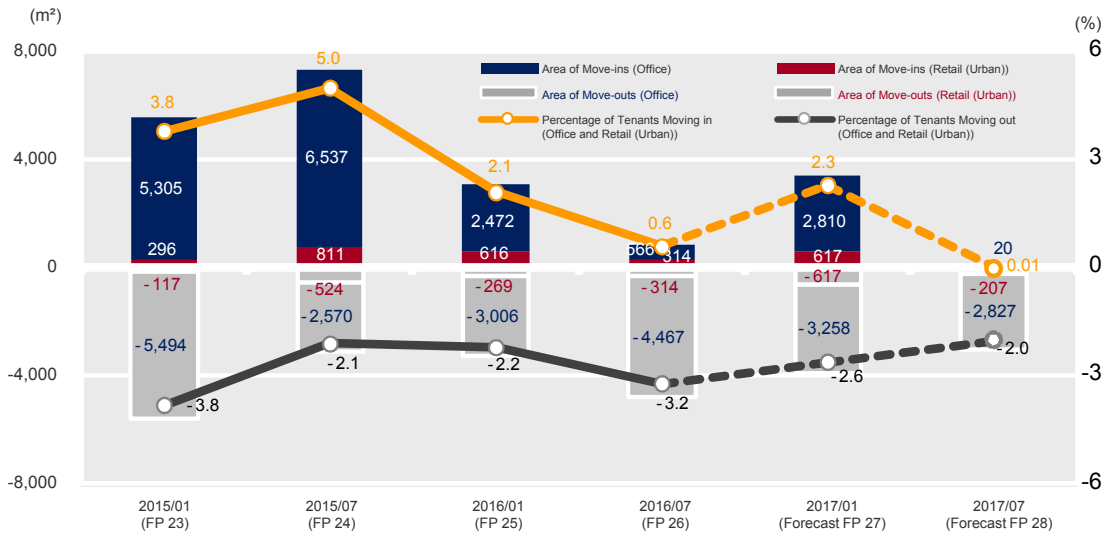
### 3. Investment Performance Results and Future Outlook



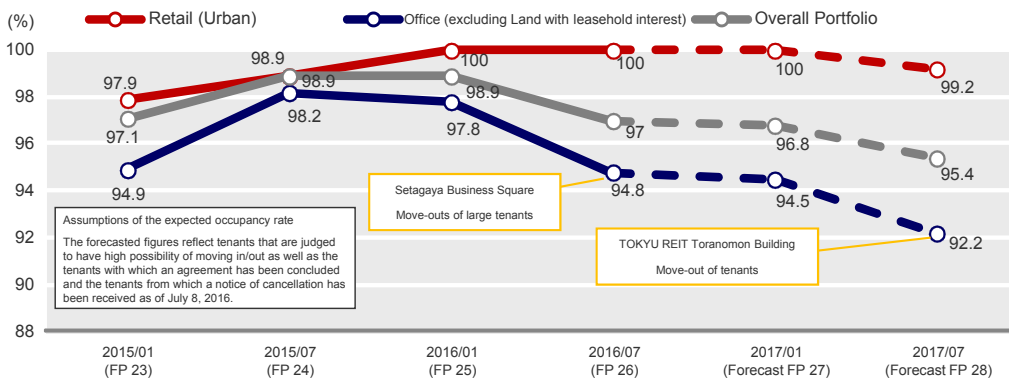
## Portfolio Occupancy Status

**Aim for early lease-up although a temporary drop in occupancy rate is expected due to move-outs of large tenants of Setagaya Business Square**

#### Area and Ratio of Tenant Turnover



#### Period-End Occupancy Rate



#### Status of Tenant Turnover

Name of Property		Ended Jul 2016 (FP 26) Actual	Ended Jan 2017 (FP 27) Forecast	Ended Jul 2017 (FP 28) Forecast
<b>Retail Properties</b>				
cocoti	Move-ins	314.21 m²	324.97 m²	-
	Move-outs	314.21 m²	324.97 m²	207.08 m²
	Occupancy Rate	100.0%	100.0%	97.5%
Lexington Aoyama	Move-ins	-	291.77 m²	-
	Move-outs	-	291.77 m²	-
	Occupancy Rate	100.0%	100.0%	100.0%
<b>Office</b>				
Setagaya Business Square	Move-ins	565.76 m²	2,281.15 m²	20.28 m²
	Move-outs	4,183.98 m²	1,562.54 m²	457.25 m²
	Occupancy Rate	80.1%	83.0%	81.3%
TOKYU REIT Shibuya R Building	Move-ins	-	283.17 m²	-
	Move-outs	283.17 m²	279.08 m²	-
	Occupancy Rate	94.6%	94.7%	94.7%
TOKYU REIT Shinjuku Building	Move-ins	-	245.31 m²	-
	Move-outs	-	851.81 m²	-
	Occupancy Rate	100.0%	90.2%	90.2%
Tokyu Bancho Building	Move-ins	-	-	-
	Move-outs	-	564.69 m²	-
	Occupancy Rate	100.0%	90.1%	90.1%
TOKYU REIT Toranomon Building	Move-ins	-	-	-
	Move-outs	-	-	2,369.26 m²
	Occupancy Rate	100.0%	100.0%	76.9%

#### Major Leasing Activities

##### (Retail Properties)

- Occupancy rate at 100% as of the End of Jul 2016 (FP 26)
- Tenant replacement for 1 section (207m²) in cocoti is scheduled in the Ending Jul 2017 (FP 28)

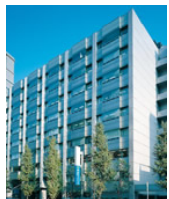
##### (Office Properties)

##### Setagaya Business Square (details on page 15)

- Large tenants moved out from 10 sections (3,752m²) in the end of May 2016 (FP 26)

##### TOKYU REIT Toranomon Building

- A tenant is scheduled to move out from 2 sections (2,369m²) at the end of Mar 2017 (FP 28)
- Aim to attract tenants without downtime as the cancellation notice is given approximately a year before the date of move-out
- Implemented installation of roof-top refreshing space in September 2016 in order to further enhance competitiveness
- Enhancement of competitiveness of the area due to development in the surrounding areas of new Toranomon Station on the Tokyo Metro Hibiya Line nearby



TOKYU REIT Toranomon Building

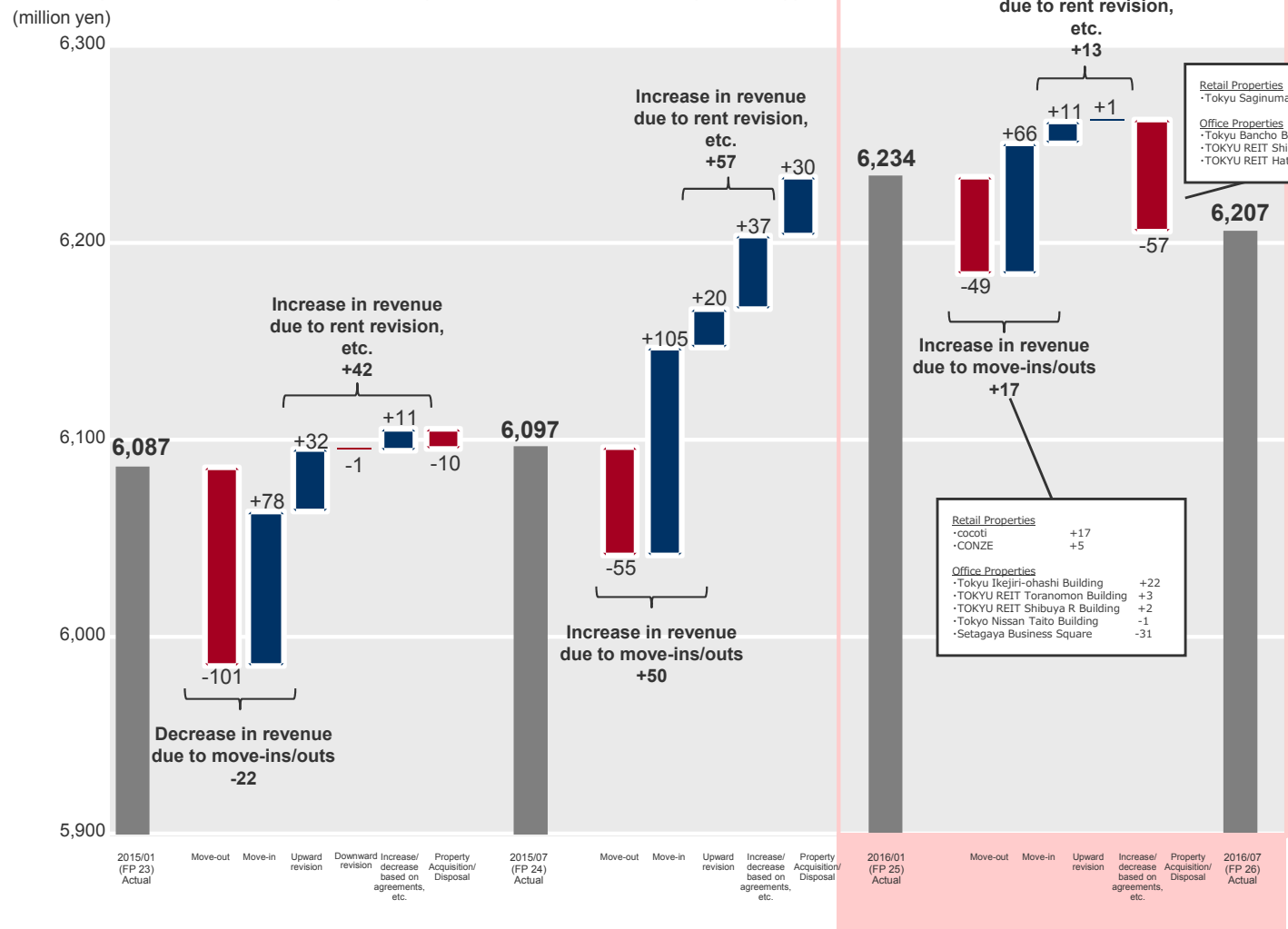
## Rental Revenue Results

Although upward revision of rent is continuing, revenue decreased overall due to property dispositions. Continuously aim to increase rental revenues along with leasing

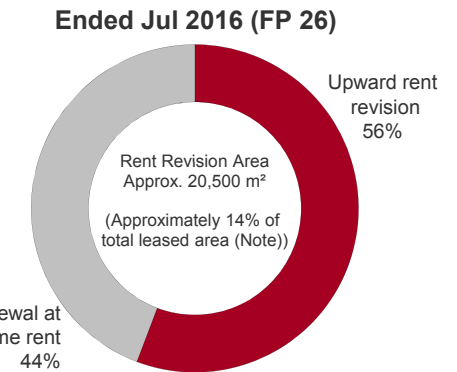
#### ■ Breakdown of Increase/Decrease in Rental Revenues

(Ended Jul 2015 (FP 24) - Ended Jul 2016 (FP 26))

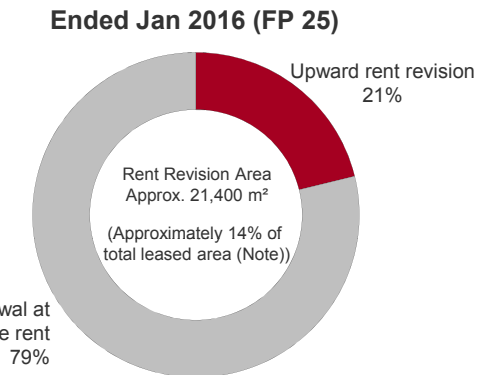
#### ■ Rent Revision Trends (Retail (Urban) and Office)



Ended Jul 2016 (FP 26)



Upward rent revision area: Approx. 11,400 m<sup>2</sup>  
Rate of increase in rent: **+5.3%**



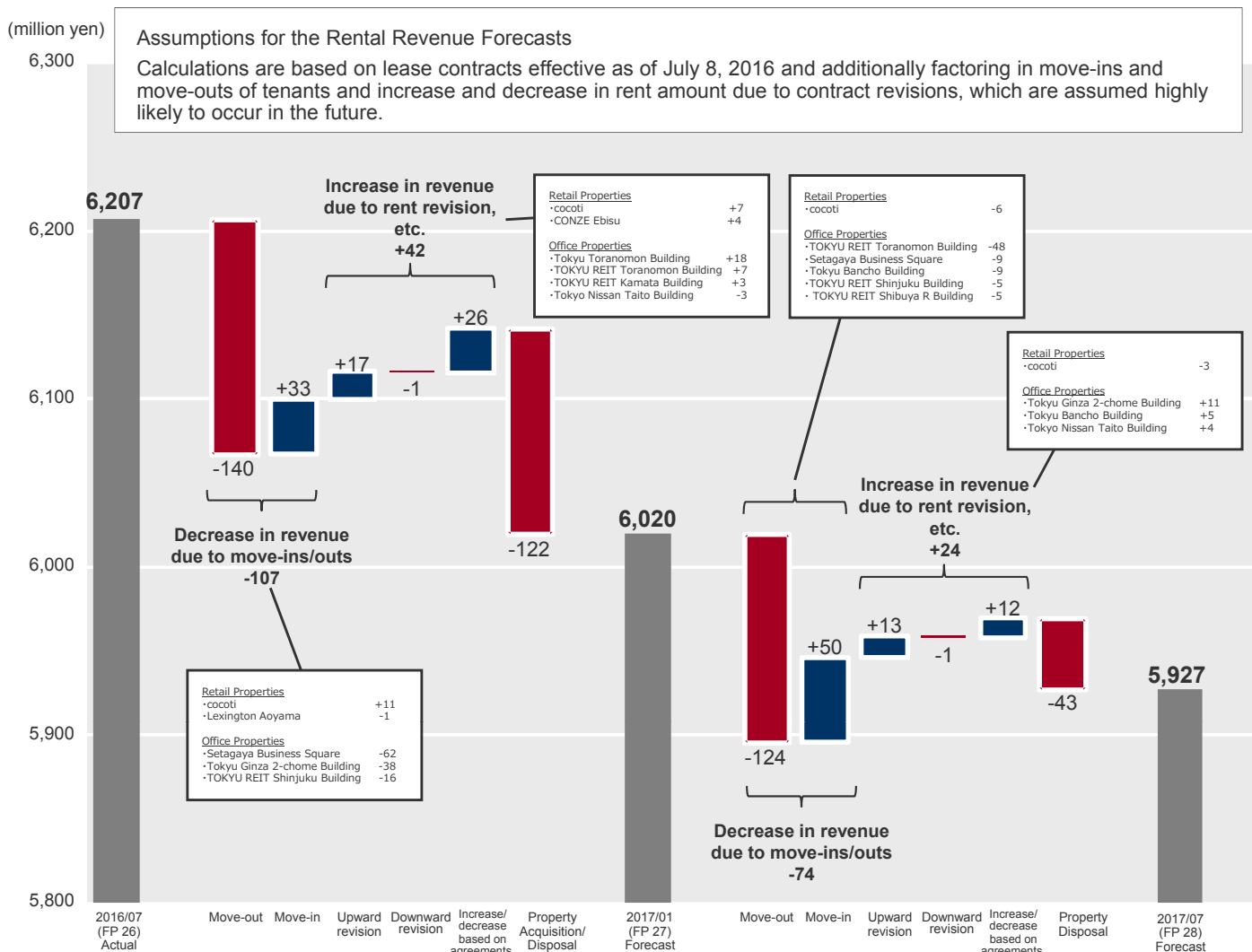
Upward rent revision area: Approx. 4,500 m<sup>2</sup>  
Rate of increase in rent: **+6.0%**

\* No downward rent revision in both previous and current fiscal periods  
(Note) Total leased area of Retail (Urban) and Office (excluding Land with leasehold interest)

## Rental Revenue Outlook

Decrease in overall revenue is expected due to move-outs and property dispositions although there will be move-ins and upward rent revisions. Will focus on leasing toward increase in revenues

■ Breakdown of Increase/Decrease in Rental Revenues (Ended Jul 2016 (FP 26) - Ending Jul 2017 (FP 28)) ■ Vacant Section Forecasts



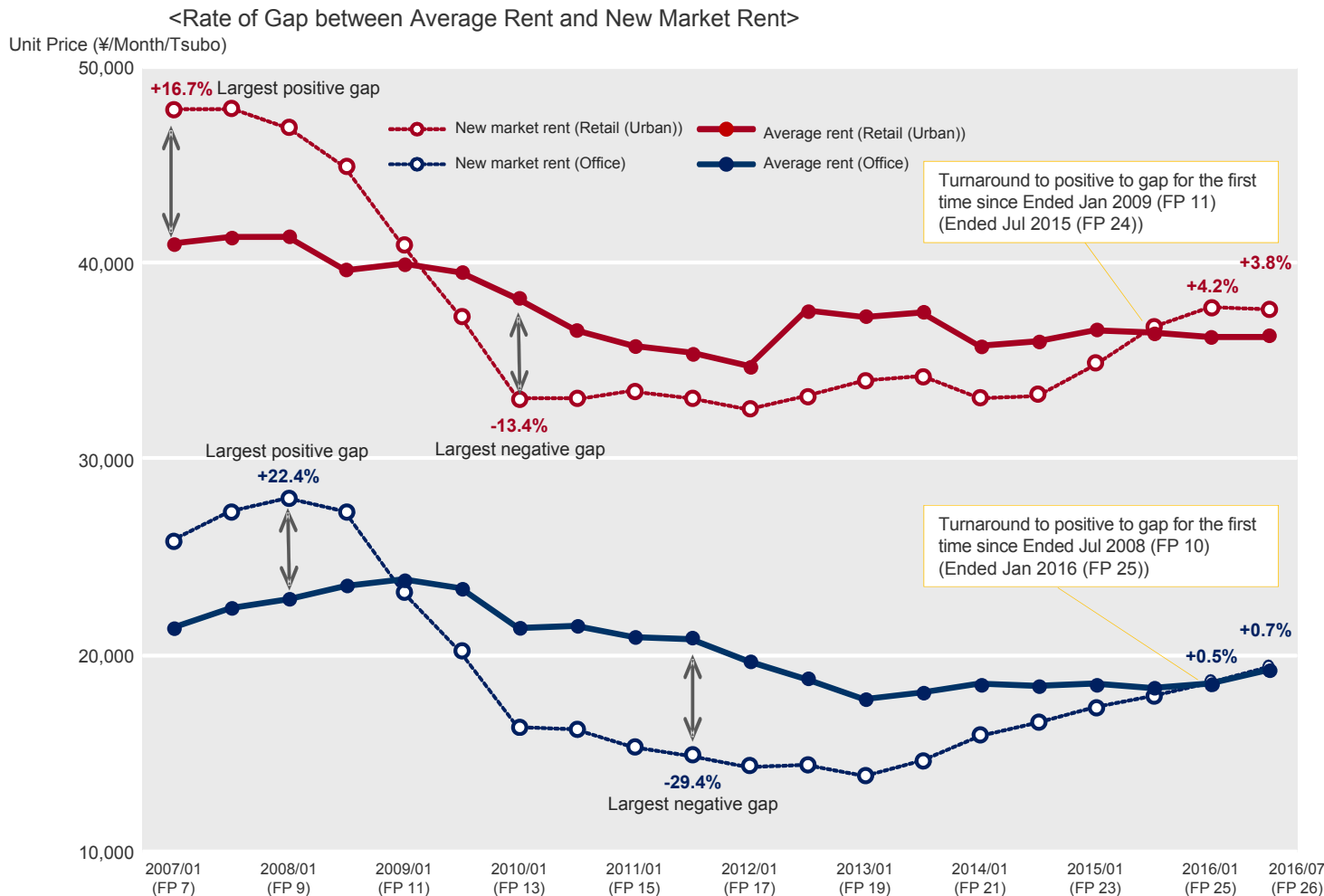
Name of Property	End of Jan 2017 (FP 27)	End of Jul 2017 (FP 28)
cocoti	-	207.08 m <sup>2</sup> (1 section)
Setagaya Business Square	4,095.37 m <sup>2</sup> (11 sections)	4,532.34 m <sup>2</sup> (14 sections)
TOKYU REIT Toranomon Building	-	2,369.26 m <sup>2</sup> (2 sections)
Tokyu Ikejiri-ohashi Building	568.87 m <sup>2</sup> (1 section)	568.87 m <sup>2</sup> (1 section)
TOKYU REIT Shinjuku Building	606.50 m <sup>2</sup> (1 section)	606.50 m <sup>2</sup> (1 section)
TOKYU REIT Shibuya R Building	279.08 m <sup>2</sup> (1 section)	279.08 m <sup>2</sup> (1 section)
Tokyu Bancho Building	564.69 m <sup>2</sup> (2 sections)	564.69 m <sup>2</sup> (2 sections)

\* Warehouse sections aren't included  
 \* Residential sections of Tokyu Nissan Taito Building aren't included  
 \* Figures for Setagaya Business Square are the values after conversion with the 55% co-ownership interest.  
 \* Figures for Tokyu Bancho Building are the values after conversion with 49% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest.

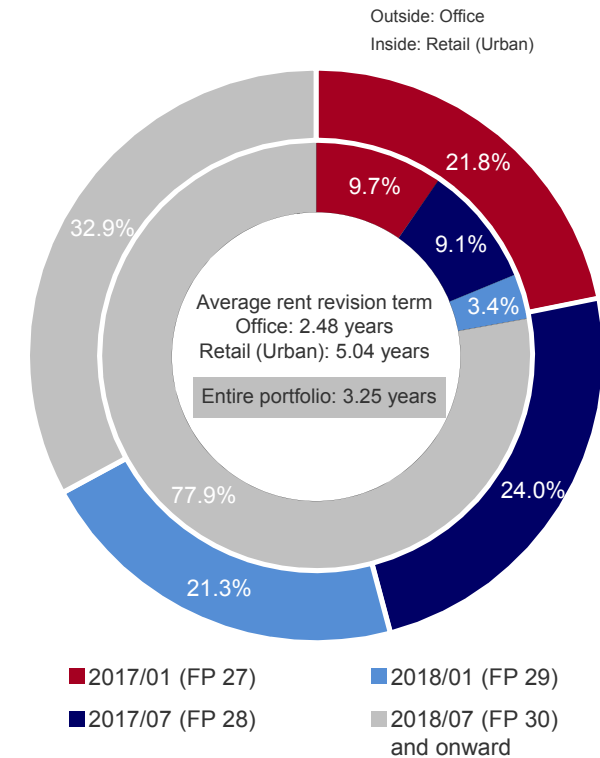
# Rent Gap and Percentage of Tenants Facing Rent Revision

**Positive gap continues for rent gap. Will aim for upward rent revisions at the timing of rent revisions**

■ Change in Rent Gap



■ Percentage of Tenants Facing Rent Revision



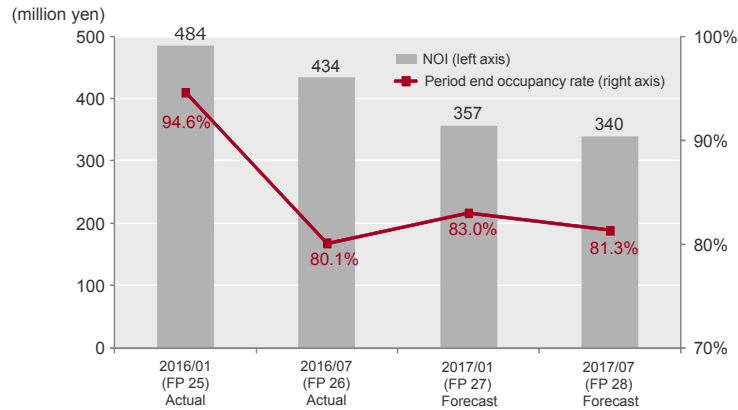
\*Percentage calculated by dividing rent for tenants facing rent revision by total rent by asset class.  
 \*Average rent revision term is calculated by weighted average of monthly rent at the end of FP 26.  
 \*Based on lease contract concluded by July 8, 2016.  
 \*Rent includes common area charges (excludes income from parking, warehousing and billboards).

\* In calculating the average rent, vacant spaces have not been factored in. \*Both the average rent and new market rent include common area charges (excludes income from parking, warehousing and billboards).  
 \*(Office) OKI System Center (Land with leasehold interest) is excluded. \*New market rent is the mean value of rents appraised by CBRE for individual properties.  
 \*Retail (Urban) new market rent is prepared by Tokyuu REIM based on various reports and other materials.

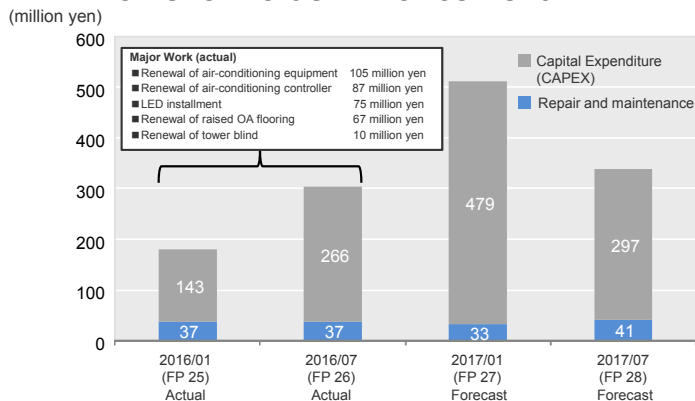
## Status of Setagaya Business Square

### Will aim for early lease-up by promoting aggressive construction works for value enhancement

#### ■ Results and Forecasts of Occupancy Rate and NOI



#### ■ Promotion of Aggressive Construction Works for Value Enhancement

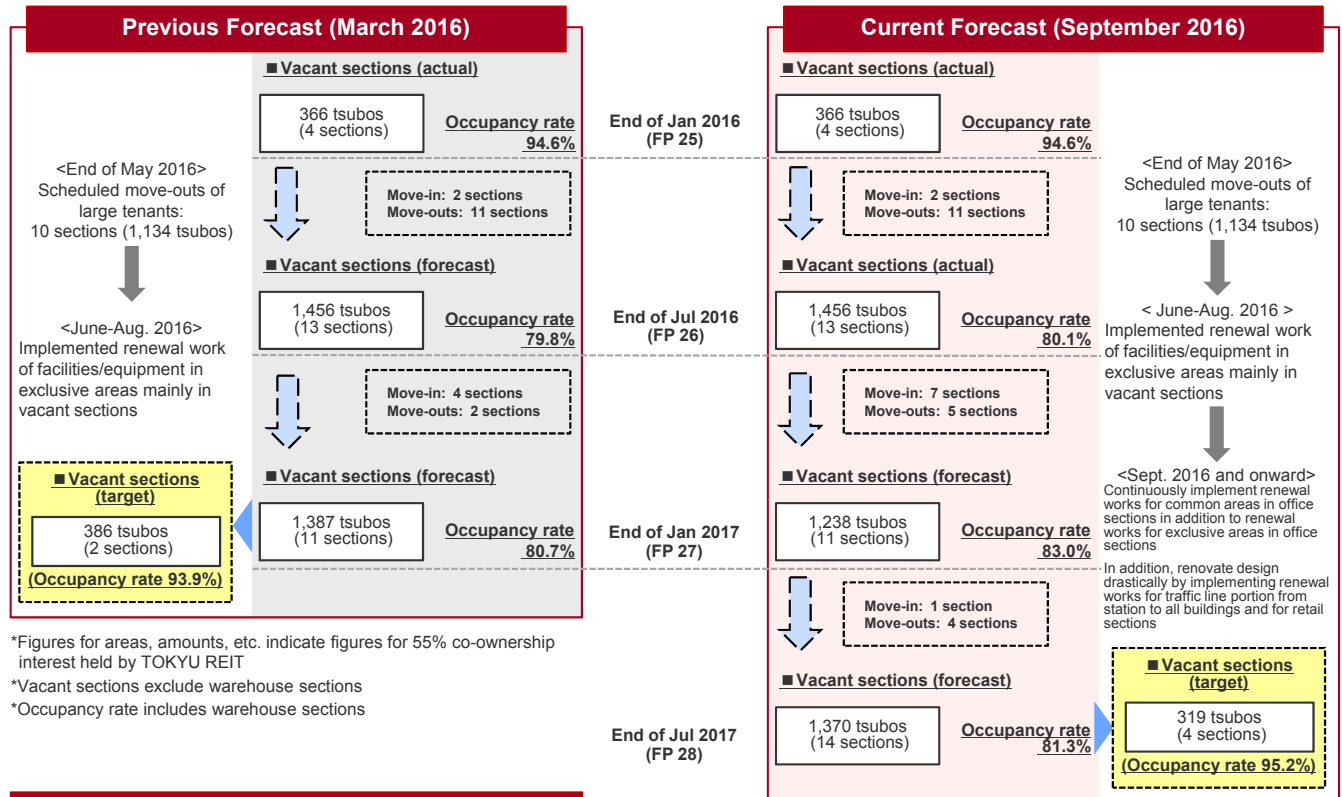


#### ■ Major Works in Ending Jan 2017 (FP 27) and Ending Jul 2017 (FP 28)

Work detail	Ending Jan 2017 (FP 27) Forecast	Ending Jul 2017 (FP 28) Forecast
Renewal of traffic line to station and retail sections	188 million yen	-
Renewal of exclusive areas in office sections	99 million yen	225 million yen
Renewal of raised OA flooring	48 million yen	16 million yen
LED installment	35 million yen	51 million yen
Renewal of tower blind	16 million yen	-
Renewal of air-conditioning equipment	-	157 million yen
Renewal of common areas in office sections	157 million yen	-

\*Amount is the total of repair and maintenance and capital expenditure

#### ■ Future Leasing Activity Targets



\*Figures for areas, amounts, etc. indicate figures for 55% co-ownership interest held by TOKYU REIT  
 \*Vacant sections exclude warehouse sections  
 \*Occupancy rate includes warehouse sections

#### Result and Outlook of Leasing Activities

##### Current Fiscal Period (February to July 2016)

■ 2 sections became occupied and agreements have been concluded for 5 sections (expect to be occupied in Ending Jan 2017 (FP 27))

Occupied tenant: Expansion of floor area within the property, TOKYU group company

Agreements concluded tenants:

Local company at Setagaya, general nursing care business company, TOKYU group company, etc.

##### Next Fiscal Period and Onward (August 2016 - )

■ 6 sections are under negotiation with tenant candidates on contract terms

Breakdown:

2 sections are expected to be occupied in Ending Jan 2017 (FP 27).

1 section is expected to be occupied in Ending Jul 2017 (FP 28)

3 sections are sections expected to be vacant (14 sections) in Ending Jul 2017 (FP 28)

Tenant candidates: Expansion of floor area within the property, local company at Setagaya, medical software, mail-order company, etc.

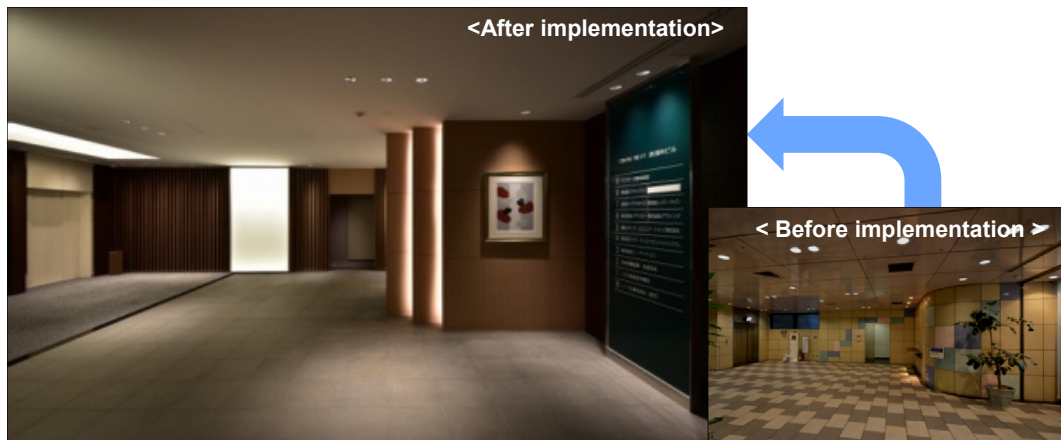




## Property Competitiveness Enhancement Measures

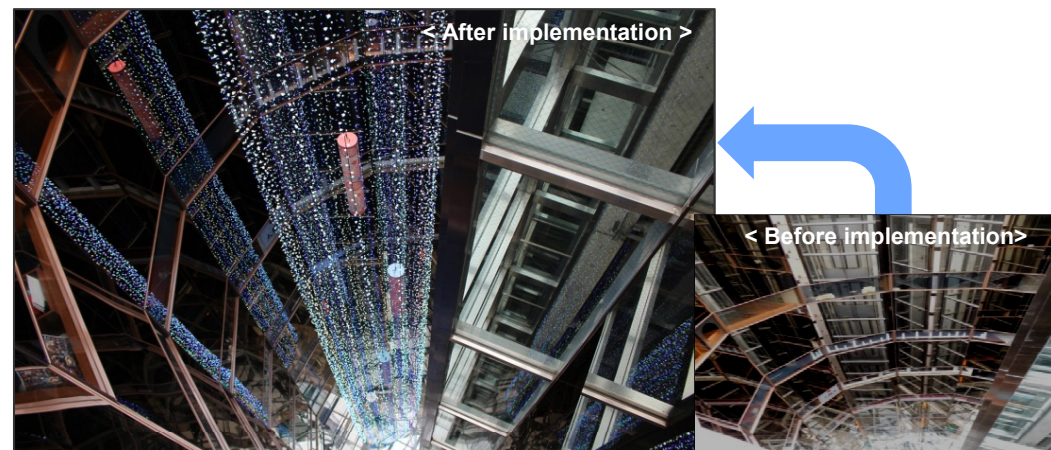
### Continuously implement renovations of common use areas in addition to renewals for exclusive areas of tenants

Entrance Renovation Work (TOKYU REIT Shibuya R Building)



- Entrance renovation work on the 1st floor was completed in summer 2016
- Together with bathroom renovation work implemented in 2014, will aim for enhancement of asset value and further improvement of competitiveness in leasing activities

Vaulted Ceiling Space Decoration Work (KALEIDO Shibuya Miyamasuzaka)



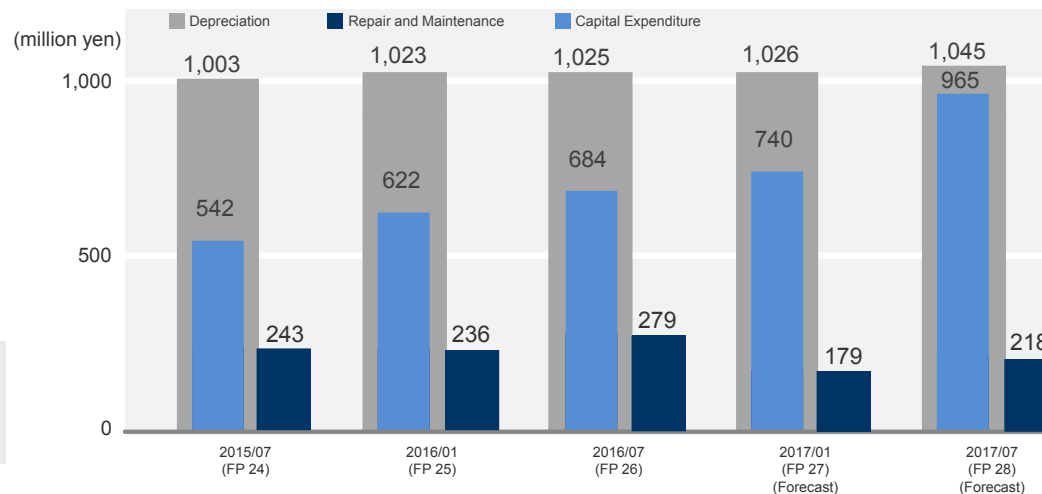
- Implemented decoration work for vaulted ceiling space (common use area) at the center of building from winter 2015 with an aim to maintain and improve restaurant tenants' ability to attract customers
- Aim to further improve competitiveness of the retail facility by utilizing structure of the vaulted ceiling space which used kaleidoscope as its motif

Renovation Works on Bathrooms and Kitchens on Each Floor (Tokyu Ikejiri-ohashi Building)



- Implemented renovation works on bathrooms and kitchens in each floor from Ended Jan 2016 (FP 25) to Ended Jul 2016 (FP 26)
- Aim to improve competitiveness when conducting new leasing activities and raising mid-to-long term rent by meeting demand to increase bathrooms from occupying tenants

### Changes in Depreciation, Repair and Maintenance and Capital Expenditure



### 3. Operation Results and Outlook

## Status of Appraisal Value at the End of Fiscal Period

Appraisal value at the end of fiscal period increased by 1.6 billion yen mainly due to the decrease of cap rate

#### ■ Appraisal Value at the end of Period

	End of Jul 2016 (FP 26)	End of Jan 2016 (FP 25)	Change
Number of Properties	29 Properties	30 Properties	-1 Properties
Appraisal value	244.5 billion yen	242.8 billion yen	+1.6 billion yen
Book value	211.7 billion yen	212.7 billion yen	-0.9 billion yen
Unrealized gains	32.7 billion yen	30.1 billion yen	+2.5 billion yen
Unrealized gains over book value	15.5%	14.2%	+1.3pts
Cap Rate	3.95%	4.03%	-0.08pts

#### ■ Changes in Each Property (Comparison with Previous Fiscal Period)(Note)

##### <Cap Rate>

	End of Jul 2016 (FP 26)	End of Jan 2016 (FP 25)
Decrease	8	27
Unchanged	20	0
Increase	0	2

##### <Appraisal value>

	End of Jul 2016 (FP 26)	End of Jan 2016 (FP 25)
Increase	16	27
Unchanged	11	1
Decrease	1	1

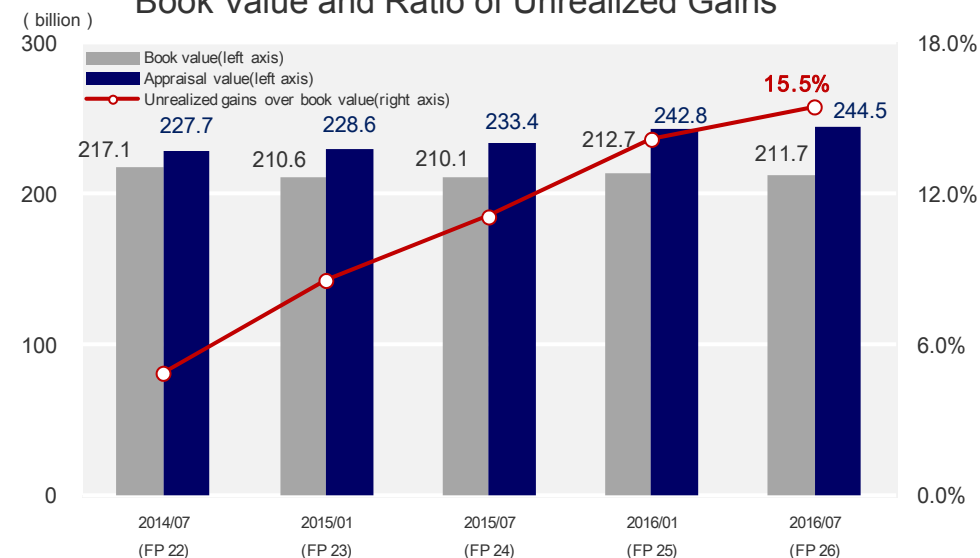
(Note) Excludes properties acquired during the period

Ended Jan 2016 (FP 25) 29 properties (excluding TOKYU REIT Shinjuku 2 Building)

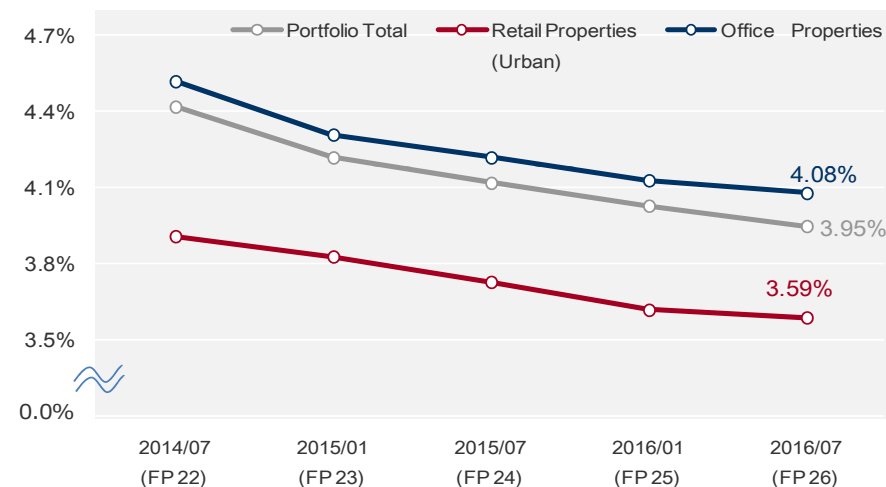
Ended Jul 2016 (FP 26) 28 properties (excluding Tokyu Bancho Building)

\*Please refer to page 32 for details of appraisal value of each property at the end of fiscal period

#### ■ Changes in Appraisal Value at the End of Fiscal Period, Book Value and Ratio of Unrealized Gains



#### ■ Changes in Cap Rate



## Interest-Bearing Debt Status

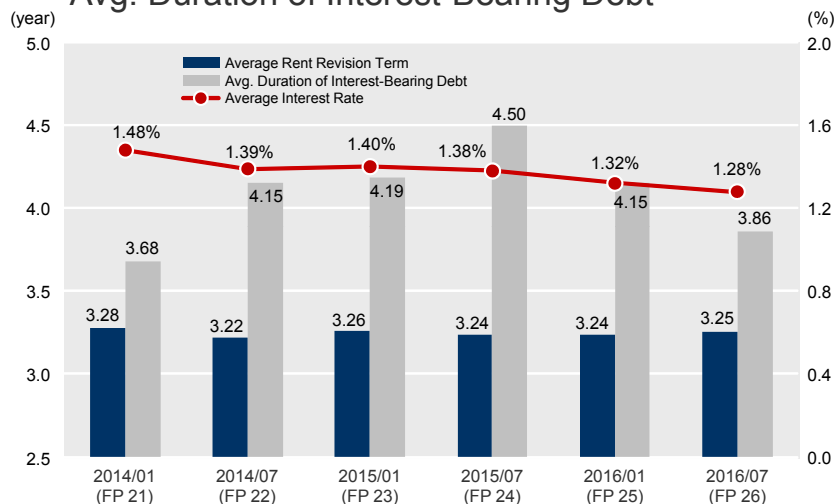
### Conservative financial management focusing on fund procurement stability

#### Major Financial Indices

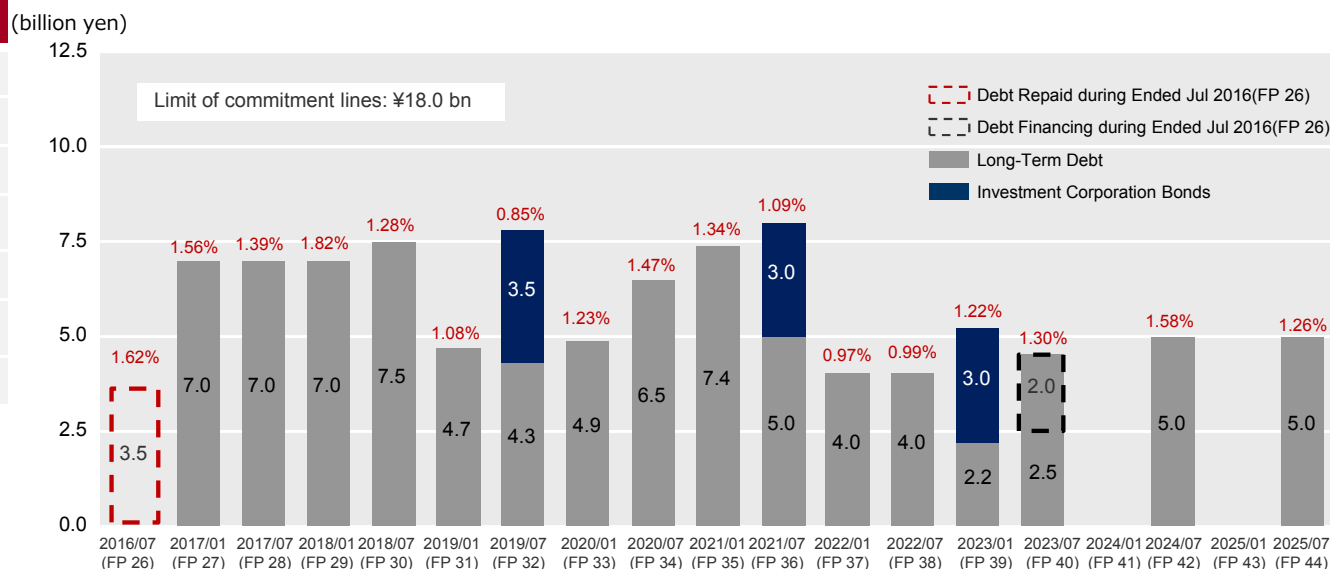
	End of Jul 2016 (FP 26)	End of Jan 2016 (FP 25)	Change
Total Interest-Bearing Debt	95.5 billion yen	97.0 billion yen	-1.5 billion yen
Average Interest Rate	1.28%	1.32%	-0.04 pts.
Avg. Duration	3.86 years	4.15 years	-0.29 years
Long-Term Fixed-Rate Ratio	100%	100%	±0 pts
LTV / Total Assets	43.1%	43.5%	-0.4 pts
LTV based on appraisal value	40.8%	41.6%	-0.8 pts
Acquisition Capacity (Note)	44.8 bn yen	40.8 bn yen	+4.0 bn yen

(Note) Assumed LTV based on appraisal value to be 50%

#### Average Rent Revision Term and Avg. Duration of Interest-Bearing Debt



#### Breakdown by Repayment/Redemption Dates of Interest-Bearing Debt (as of End of Jul 2016 (FP 26))



#### Refinancing during Ended Jul 2016 (FP 26) (Actual)

- Daido Life Insurance ¥3.0 bn (8 years 1.77%) → ¥1.5 bn (7 years 0.57%)
- Mitsubishi UFJ Trust and Banking ¥0.5 bn (3 years 0.78%) → ¥0.5 bn (7 years 0.46%)

\*In addition to refinancing above, procured short-term debt of ¥4.0 bn and repaid it during Ended Jul 2016 (FP 26)

#### Borrowings to be due during Ending Jan 2017 (FP 27)

- Sumitomo Mitsui Trust Bank ¥5.0 bn ( 6 years 1.63%)
- Nippon Life Insurance ¥2.0 bn (5.5 years 1.37%)

#### Borrowings to be due during Ending Jul 2017 (FP 28)

- Sumitomo Mitsui Trust Bank ¥4.0 bn (6 years 1.48%)
- Mizuho Bank ¥2.0 bn (6 years 1.45%)
- The Norinchukin Bank ¥1.0 bn (5 years 0.94%)

#### Rating

JCR	Long-Term: AA- (Stable)
R&I	A+ (Stable)
S&P	Long-Term: A (Stable) Short-Term: A-1

#### TOKYU REIT's Debt Management Policy

- High long-term debt ratio that do not depend on short-term debt
- Control each period's repayment amount by long average duration of interest-bearing debt
- Control issuance of investment corporation bonds by focusing on highly-stable indirect procurement
- Secure transparency of effective interest rate level by applying no borrowing expenses

## 4. Investment Management Strategy

Daikanyama Forum

## Investment Policy

### Investment in “Highly Competitive Properties” in “Areas with Strong Growth Potential”

#### ■ Areas with Strong Growth Potential

##### • Investment limited to the Tokyo Metropolitan Area

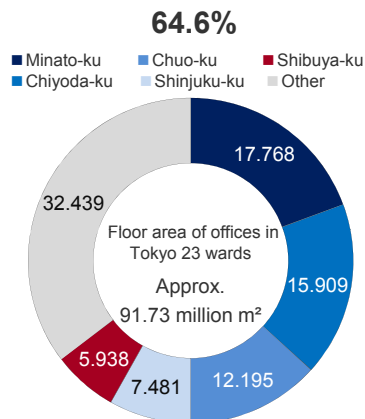
Change in Population in Three Major Metropolitan Areas (cumulative total for past 10 years)\*1

<b>Tokyo Metropolitan Area</b>	<b>+1,104,476</b>
Osaka Metropolitan Area	-82,002
Nagoya Metropolitan Area	+40,761



##### • Concentrated Investment in Tokyo’s central 5 wards where office demand concentrates and in areas along Tokyu rail lines where the population continues to be on an upward trend (over 85% of investments are conducted in these areas)

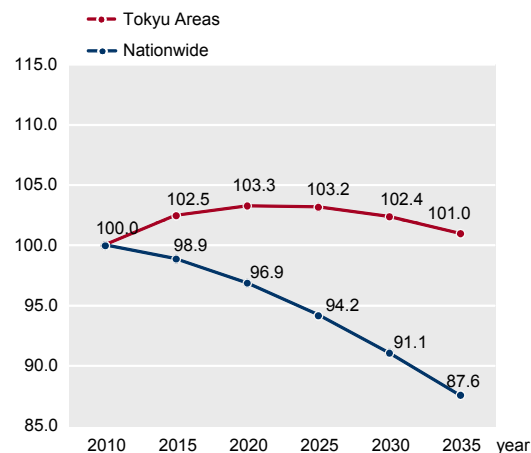
Percentage of Office Floor Area in Tokyo’s Central 5 Wards among Office Floor Area in Tokyo 23 Wards\*2



\*1 Source: Population Movement Report from Basic Resident Register, Ministry of Internal Affairs and Communications

\*2 Source: Outline of “Land in Tokyo 2014 (land related sourcebook)” by Tokyo Metropolitan Government

Population Forecasts for Tokyu Areas (Year 2010 = 100)\*3



\*3 Prepared by Tokyu Corporation based on the 2013 National Institute of Population and Social Security Research’s data by municipalities

#### ■ Highly Competitive Properties

##### • Focus on location

Offices are primarily located within a seven-minute walk from the nearest station

For retail properties, various surveys and analysis in many aspects including purchasing power potential of the trade zone, growth potential, compatibility of tenants with the trade zone, and status of competition are conducted

##### • Size of properties

Properties primarily worth over 4 billion yen respectively

Offices have over 5,000m² of total floor space and over 330m² of exclusive area in typical floor space as a rule

##### • Holding ratio of each asset type

Office : Retail = 60 : 40

##### • Earthquake resistance

Control earthquake risks due to investment limited to regions through portfolio PML (at 10% or lower)

#### < Total return orientation >

In addition to income gains of each period, also focus on future property value (terminal value) stability and liquidity

## Sponsor Collaboration

### Aim for stable growth through sponsor collaboration

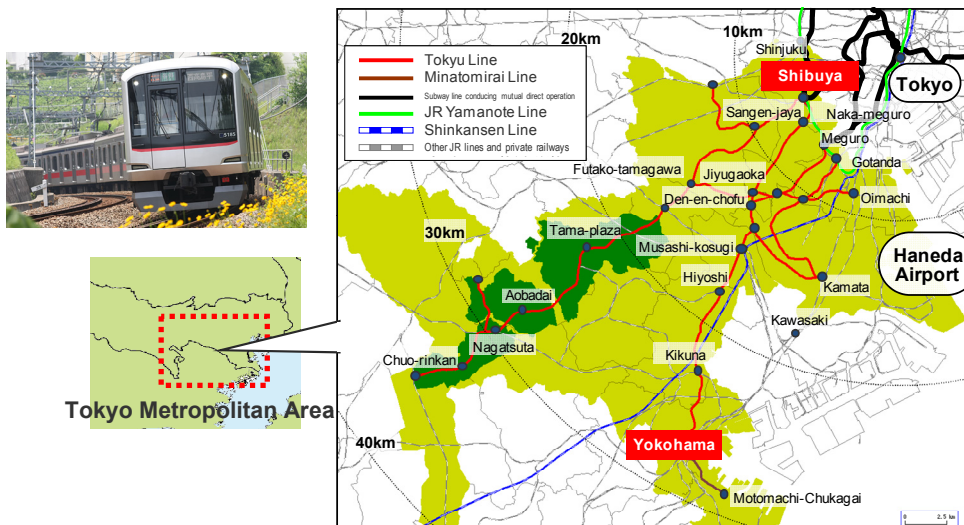
#### ■ Outline of Sponsor (Tokyu Corporation)

With Shibuya as its base, it develops the railway businesses on 8 lines with a total length of 104.9km in the southwestern part of Tokyo and Kanagawa Metropolitan Areas and is used by 3.06 million people per day (second largest number of users following Tokyo Metro among major private railways)

The population of the Tokyu Areas (17 cities and wards) where Tokyu rail lines pass through is approximately 5.3 million people. Tokyu Corporation develops and owns many rental properties mainly in the Tokyu Areas and develops business in various fields that are closely related to daily living

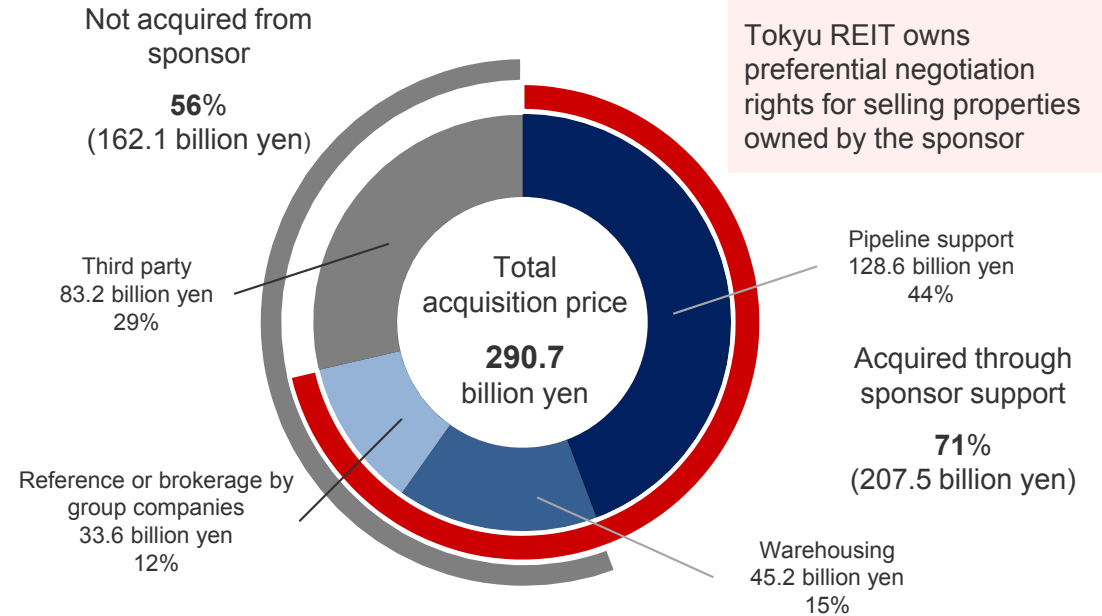
Tokyu REIT sets Tokyu Areas where synergistic effects with sponsors are expected as concentrated investment areas

< Tokyu Lines Route Map and Tokyu Areas >



Source: IR material of Tokyu Corporation

#### ■ Status of Pipeline Support



#### ■ Properties Co-owned with Tokyu Group

<Setagaya Business Square> <Tokyu Bancho Building>



55% of co-ownership interest is owned by Tokyu REIT and 45% by Tokyu Corporation



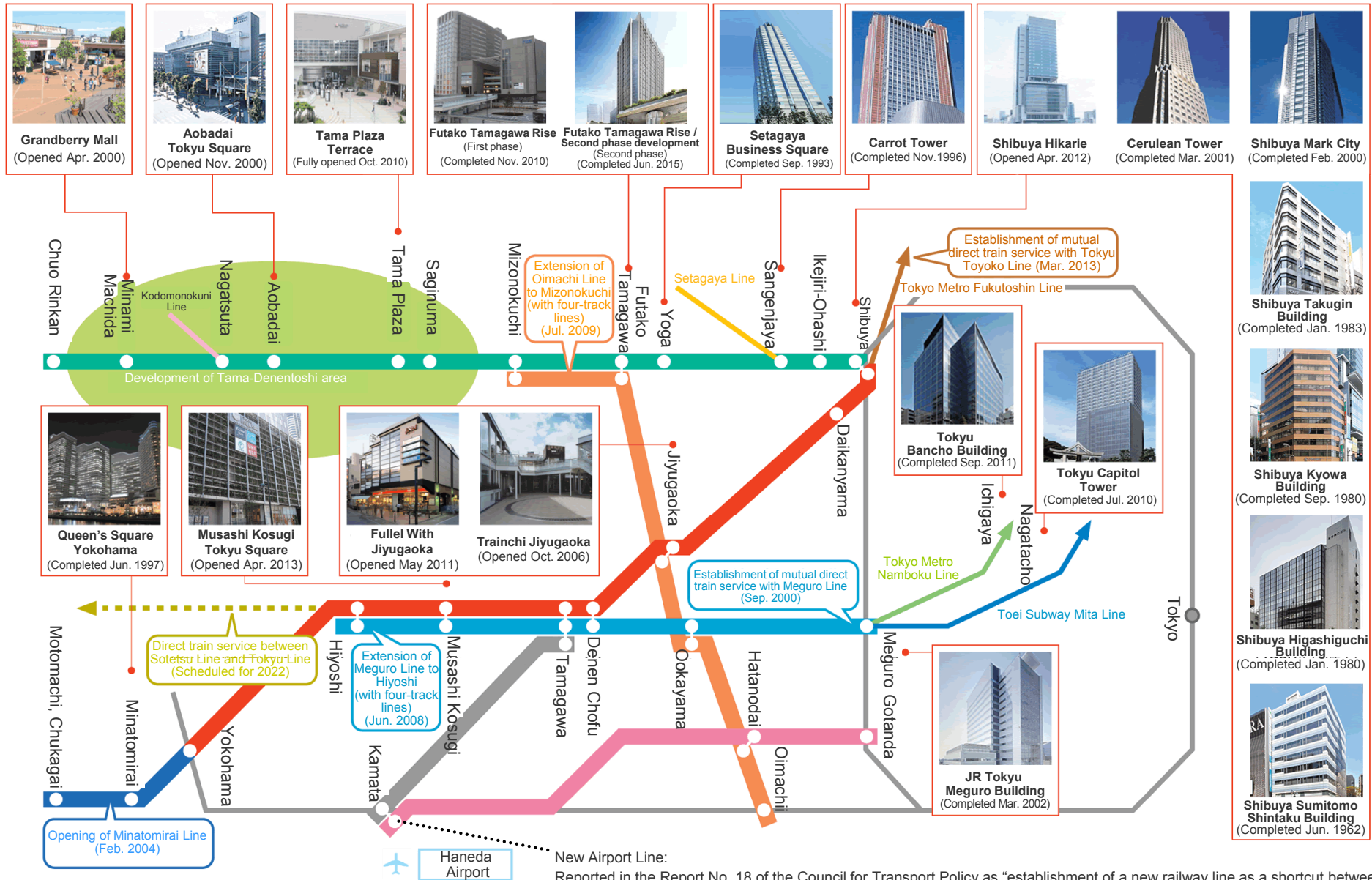
49% of quasi-co-ownership interest is owned by Tokyu REIT and the remaining 51% by Tokyu Corporation among the trust beneficiary interest of the 95.1% compartmentalized ownership interest

Aims for enhancement of asset value by attracting tenants and promoting strategical investments through collaboration with Tokyu Group.

# 4. Investment Management Strategy

## Major Properties Owned by Tokyu Corporation

Tokyu Corporation owns and develops many rental properties along its railway lines.

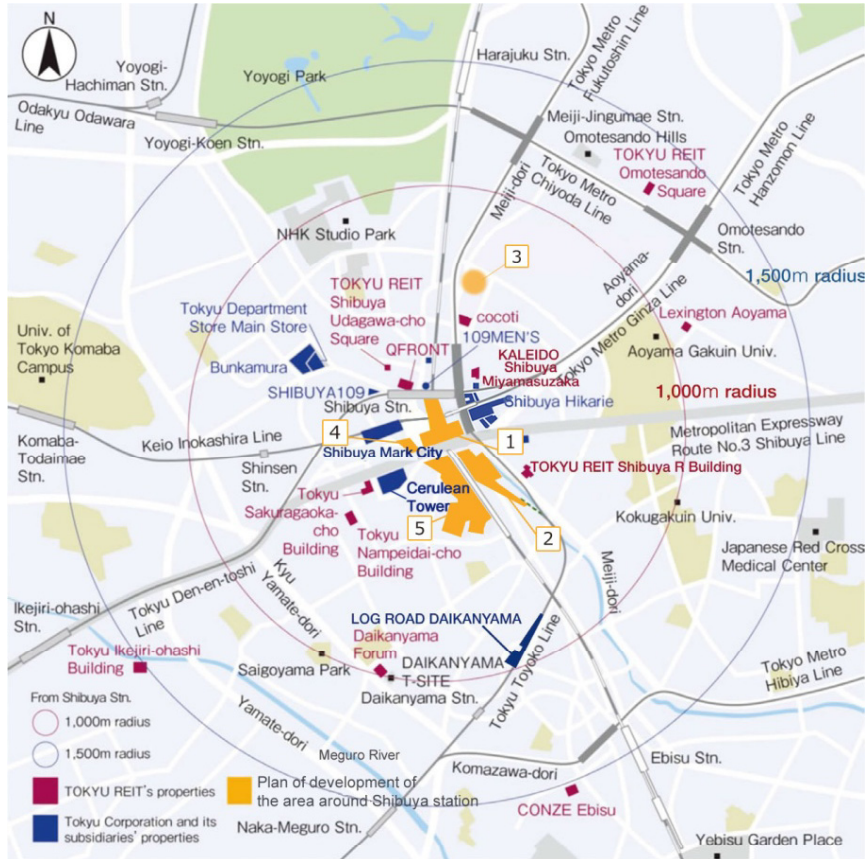


New Airport Line: Reported in the Report No. 18 of the Council for Transport Policy as "establishment of a new railway line as a shortcut between Keikyu Airport Line and Tokyu Tamagawa Line," in January 2000 as well as in the Council of Transport Policy in April 2016.

# 4. Investment Management Strategy

## Status of Redevelopment around Shibuya Station

Redevelopments underway mainly by Tokyu Group around Shibuya Station where properties owned by Tokyu REIT concentrate



\* Some properties are only partially owned by TOKYU REIT or Tokyu Corporation and its subsidiaries.  
 \* As of the date this presentation was prepared, TOKYU REIT has no plan to acquire properties owned by Tokyu Corporation and its subsidiaries.

### 1. Shibuya Station Area



Implementing body	Tokyu Corporation, East Japan Railway Company, Tokyo Metro
Usage	Office, store, observation facility, parking lot, etc.
Total floor space	Approx. 276,000m <sup>2</sup>
Height	East building: Approx. 230m Central building: Approx. 61m West building: Approx. 76m
Opening	East building: fiscal 2019 (scheduled) Central building, west building: to be completed in fiscal 2027 (scheduled)

### 2. Shibuya Station South Area



Implementing body	Tokyu Corporation, etc.
Usage	Office, store, hotel, hall, parking lot, etc.
Total floor space	Approx. 116,700m <sup>2</sup>
Height	Approx. 180m
Opening	Autumn 2018 (scheduled)

### 3. Shibuya Miyashitacho Development Plan (Note)



Implementing body	Shibuya Miyashitacho Realty
Usage	Office, store, apartment, etc.
Total floor space	Approx. 35,000m <sup>2</sup>
Height	Approx. 71m
Opening	Spring 2017 (scheduled)

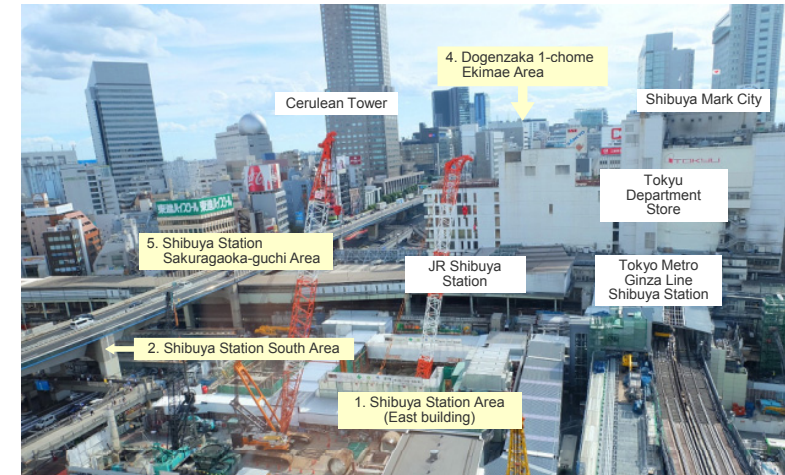
(Note) Scheduled to be connected with adjacent building cocoti

### 4. Dogenzaka 1-chome Ekimae Area

Implementing body	Dogenzaka 1-chome Ekimae Area Urban Redevelopment Association (Member: Tokyu Land Corporation)
Usage	Office, store, parking lot, etc.
Total floor space	Approx. 58,680m <sup>2</sup>
Height	Approx. 110m
Opening	Fiscal 2019 (scheduled)

### 5. Shibuya Station Sakuragaoka-guchi Area

Implementing body	Shibuya Station Sakuragaoka-guchi Area Urban Redevelopment Association (Member: Tokyu Land Corporation)
Usage	Office, store, residences, church, parking lot, etc.
Total floor space	Approx. 252,870m <sup>2</sup>
Height	A1 building: Approx. 180m A2 building: Approx. 90m B building: Approx. 150m C building: Approx. 30m
Opening	To be completed in 2020 (scheduled)



Current Appearance Around Shibuya Station  
 (Photo of Shibuya Station Area taken from Shibuya Hikarie in August 2016)

### List of Properties Owned by TOKYU REIT in Greater Shibuya Area (12 Properties)

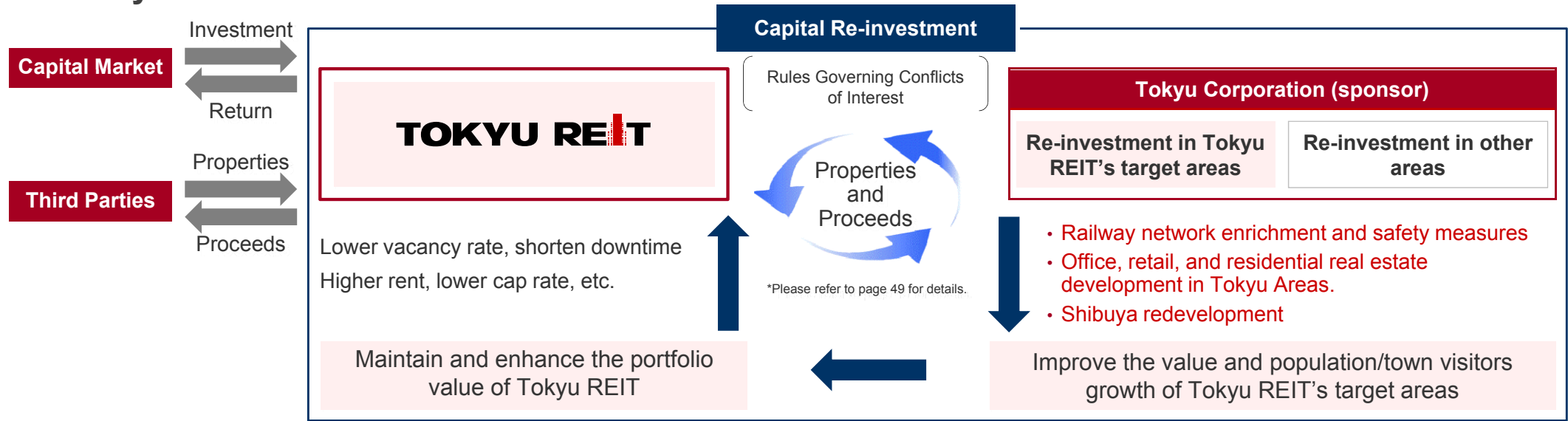
Acquisition Price : 93.2 billion  
 Appraisal Value : 111.6 billion





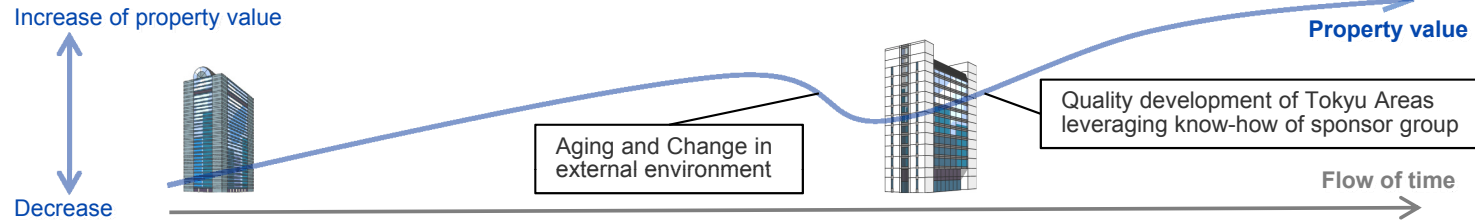
## Investment Strategy through Sponsor Collaboration (Capital Re-investment Model)

Continuous value enhancement of portfolio with overlap of investment target area of sponsor and Tokyu REIT



### Sponsor Collaboration in Line with Stages of Life of Property (medium- to long-term)

Aim for ceaseless value enhancement in investment targeted areas through division of roles with sponsor



< Concrete examples >



Tokyu Saginuma Building

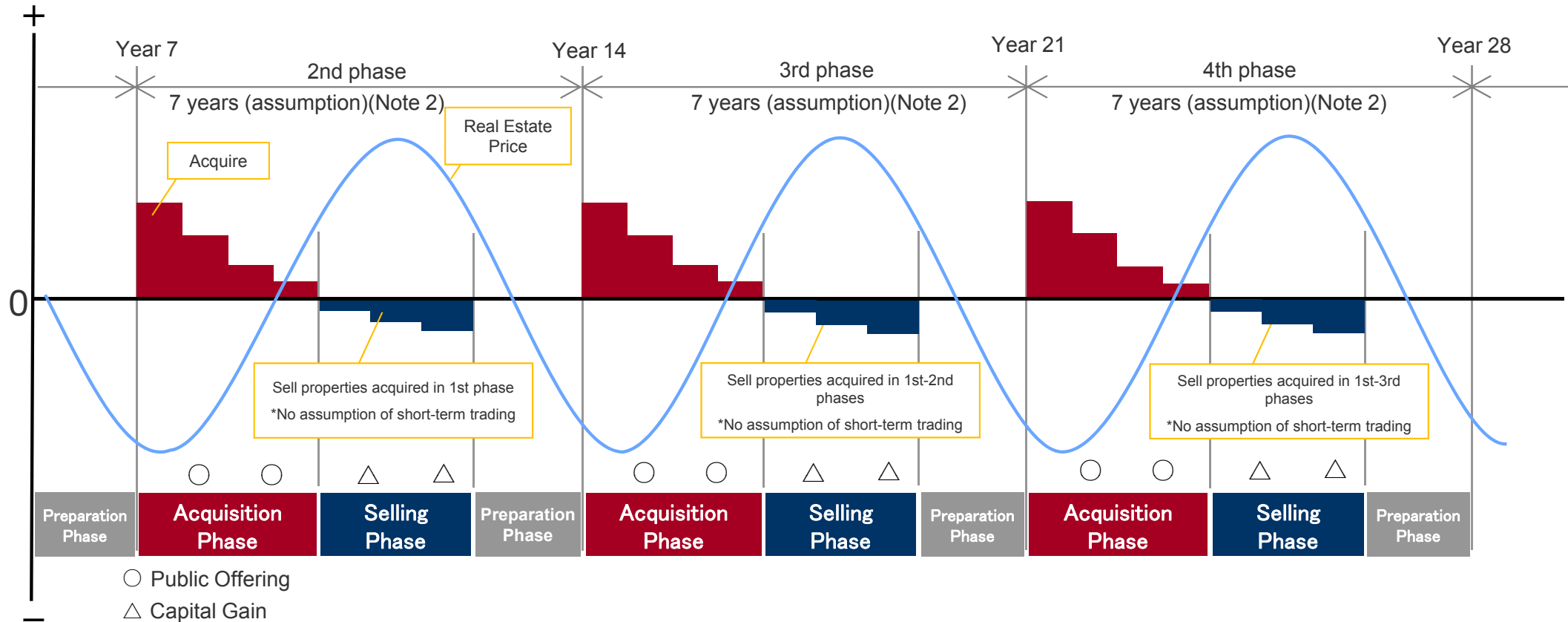
- 1978 Developed by sponsor
- 2003 Acquired from sponsor
- 2011 Renewal (GMS→NSC)
- 2016 Transferred by sponsor
- Future Scheduled to be redeveloped in line with the redevelopment in the vicinity of the station

Owner		Sponsor	Tokyu REIT	Sponsor	Tokyu REIT
Stages of property		Development	Management	Redevelopment	Management
Division of roles	Tokyu REIT	—	Attracting prime tenants Effective renovations	—	Attracting prime tenants Effective renovations
	Sponsor	Enhancement of added value of Tokyu Areas through property development	Re-investment of funds from sales in Tokyu Areas, etc.	Enhancement of added value of Tokyu Areas through redevelopment	Re-investment of funds from sales in Tokyu Areas, etc.

# Long-Term Investment Management Strategy (Surf Plan)

## Value & Contrary

Through a value and contrarian investment approach (Note 1) that focuses on the cyclicity of real estate prices, TOKYU REIT secures capital gains while replacing properties, and achieves improvement of both portfolio quality (rejuvenating average age of properties, etc.) and adjusted ROE (capital yield after deduction of capital gains/losses).



(Note 1) It is not intended for TOKYU REIT to engage in short-term trading in property investments.

(Note 2) Indicated as 7 years as of matter of convenience, and actual assumptions differ.

**5. Appendix**

TOKYU REIT Shibuya R Building After renovation of the entrance on 1st floor

# Portfolio Summary (1)

## Establishment of a low risk, steady return portfolio with promising future growth potential

### Investment Criteria of TOKYU REIT and Status at the End of Fiscal Period

	Investment Criteria	End of Jul 2016 (FP 26)
Target Area	Limited to the Tokyo Metropolitan Area. Investing 85% or more in major target areas (Tokyo's central 5 wards and in areas along Tokyu rail lines)	Ratio of major target area: 93.8% (Note 1)
Target properties, Ratio	Office (approx.60%) Retail (approx.40%)	Office: 62.4%, Retail: 37.6% (Note 1)
Size of properties	Valued at over 4.0 billion yen as a rule (Over 5,000m <sup>2</sup> of total floor space and over 330m <sup>2</sup> of exclusive area in typical floor space (for office properties) as a rule)	Approx.7.7 billion yen per property (Note 2)
Location	(Office properties) Within a 7-minute walk to the nearest station as a rule (Retail properties) Judgements concerning acquisition are made based on surveys and analysis of trade zones	Ratio within 3-minute walk from station: 78.0% (Note 2)

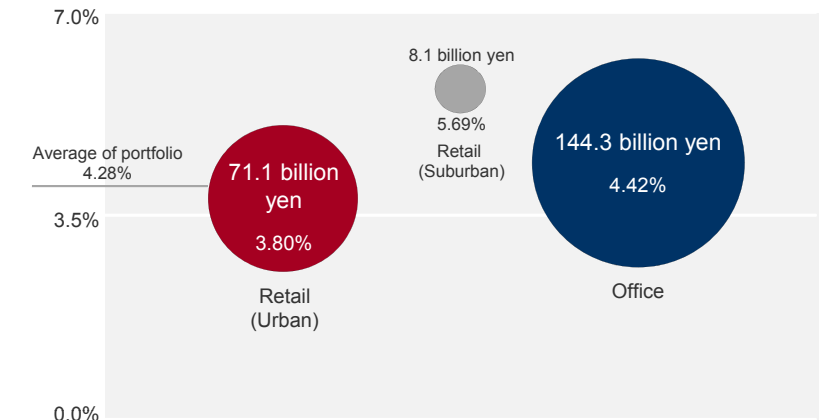
(Note 1) Based on appraisal value at the end of fiscal period.  
 (Note 2) Based on acquisition price.

### Portfolio Overview

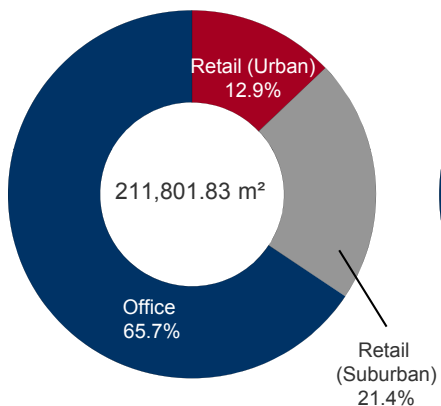
Number of properties	Occupancy rate	Leasable area	Number of tenants	Acquisition price	NOI Yield	Yield after depreciation
29	97.0%	211,801.83 m <sup>2</sup>	206	223.6 billion yen	4.28%	3.35%

### <NOI yield and asset size by segment>

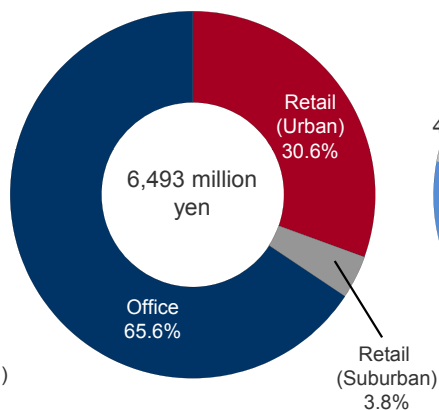
\*Based on acquisition price



### <Total Leasable Area by Segment>

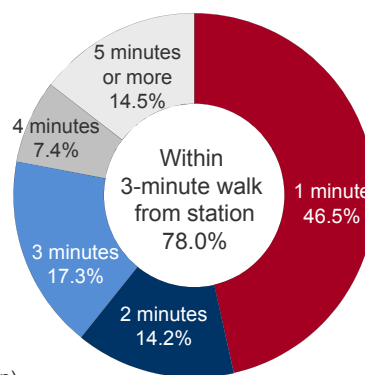


### <Rental Revenues by Segment>



### <Locations within walking distance from station>

\*Based on acquisition price



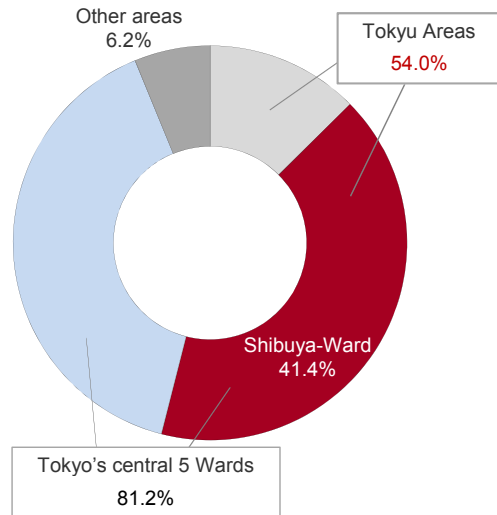
\* NOI yield includes properties sold during the period

(Note 3) Excludes Tokyu Saginuma 2 Building scheduled to be sold on January 31, 2017.

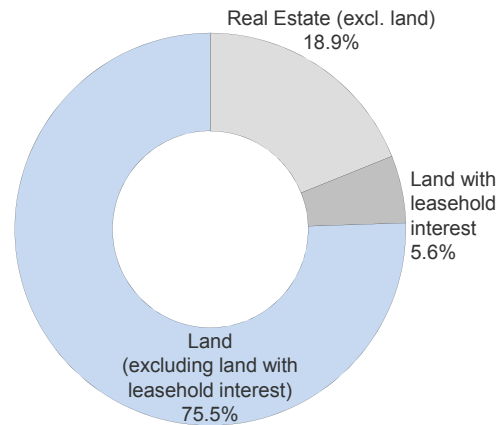
# Portfolio Summary (2)

## Portfolio Data

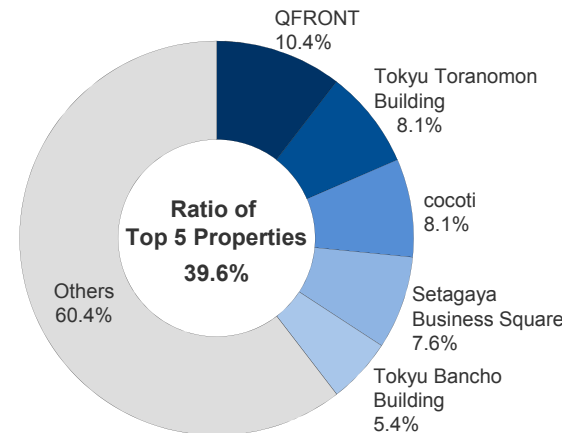
<Area ratio>  
Based on appraisal value at the end of period



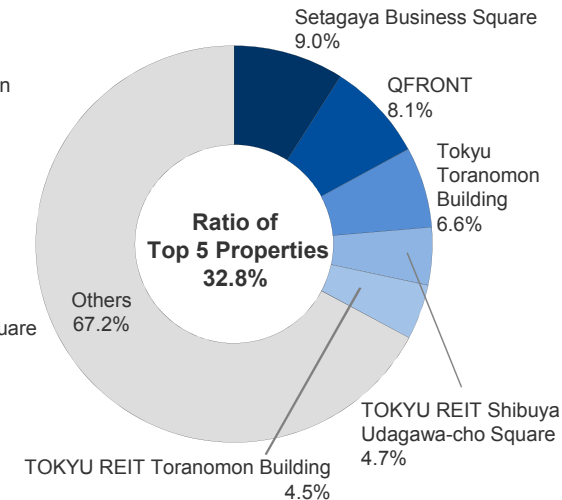
<Land / Building Ratio>  
Based on book value



<Property Ratio>  
Based on appraisal value at the end of the period



<Composition Ratio for NOI of each property>



\* Composition ratio of NOI includes properties sold during the period

## Major Tenants

Ranking	Tenant name	Business category	Property name	Expiration date	Leased area (m <sup>2</sup> )	Ratio (Note 1)
1	DAIWA INFORMATION SERVICE Co., Ltd	Real estate	Shonan Mall Fill (land with leasehold interest)	3/31/2033	44,078.12	21.4%
2	OKI Electric Industry Co., Ltd	Electric equipment	OKI System Center (land with leasehold interest)	3/26/2033	17,019.19	8.3%
3	Tokyu Corporation	Land transportation	Tokyu Nampoedai-cho Building	12/31/2021	7,148.18	3.5%
			Tokyu Sakuragaoka-cho Building	12/31/2021	3,878.36	1.9%
4	VENDOR SERVICE CO., LTD.	Wholesale	Tokyu Toranomon Building	3/31/2017	4,922.75	2.4%
5	TSUTAYA Co., Ltd.	Wholesale	QFRONT	12/14/2019 (Note 2)	4,044.10	2.0%
6	OPT Holding Inc.	Other financial services	Tokyu Bancho Building (Note 3)	12/31/2016	3,952.84	1.9%
7	NTT DATA Corporation	Service	Tokyu Toranomon Building	6/30/2018	3,938.20	1.9%
8	Tokyu Agency Inc.	Service	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1/31/2023	3,533.03	1.7%
9	The Dai-ichi Building Co., Ltd	Real estate	TOKYU Ginza 2-chome Building	9/30/2016	3,278.04	1.6%
10	Tokyu Community Corp	Service	Setagaya Business Square (Note 4)	7/31/2017 (Note 2)	3,123.03	1.5%
Total of top 10 tenants in leased area					98,915.84	48.1%
Total leased area as of the End of Jul 2016 (FP 26)(29 properties)					205,502.20	100.0%

(Note 1) "Ratio" indicates ratio of tenant's leased areas to total leased area of 29 properties held as of end of Jul 2016 FP (FP 26).

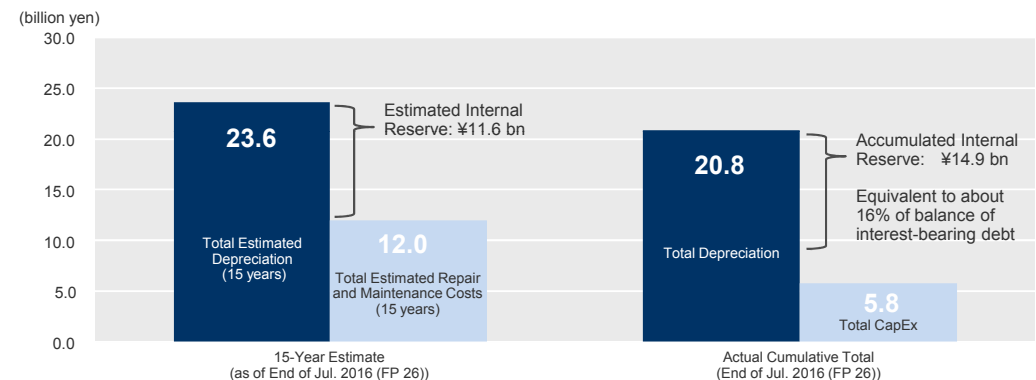
(Note 2) Expiration date of contract for largest leased area in plural leased area.

(Note 3) Leased areas for the tenants of Tokyu Bancho Building are indicated as 49% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest.

(Note 4) Leased areas of tenants in Setagaya Business Square are indicated as 55% (co-ownership interest).

## Balance of Depreciation and Repair and Maintenance Cost Estimates

The source of funds for CapEx is limited to the amount of depreciation for REITs, as 100% of profits are distributed. Therefore, we manage by focusing on maintaining the proper balance between long-term repair and maintenance estimates and accumulated depreciation estimates



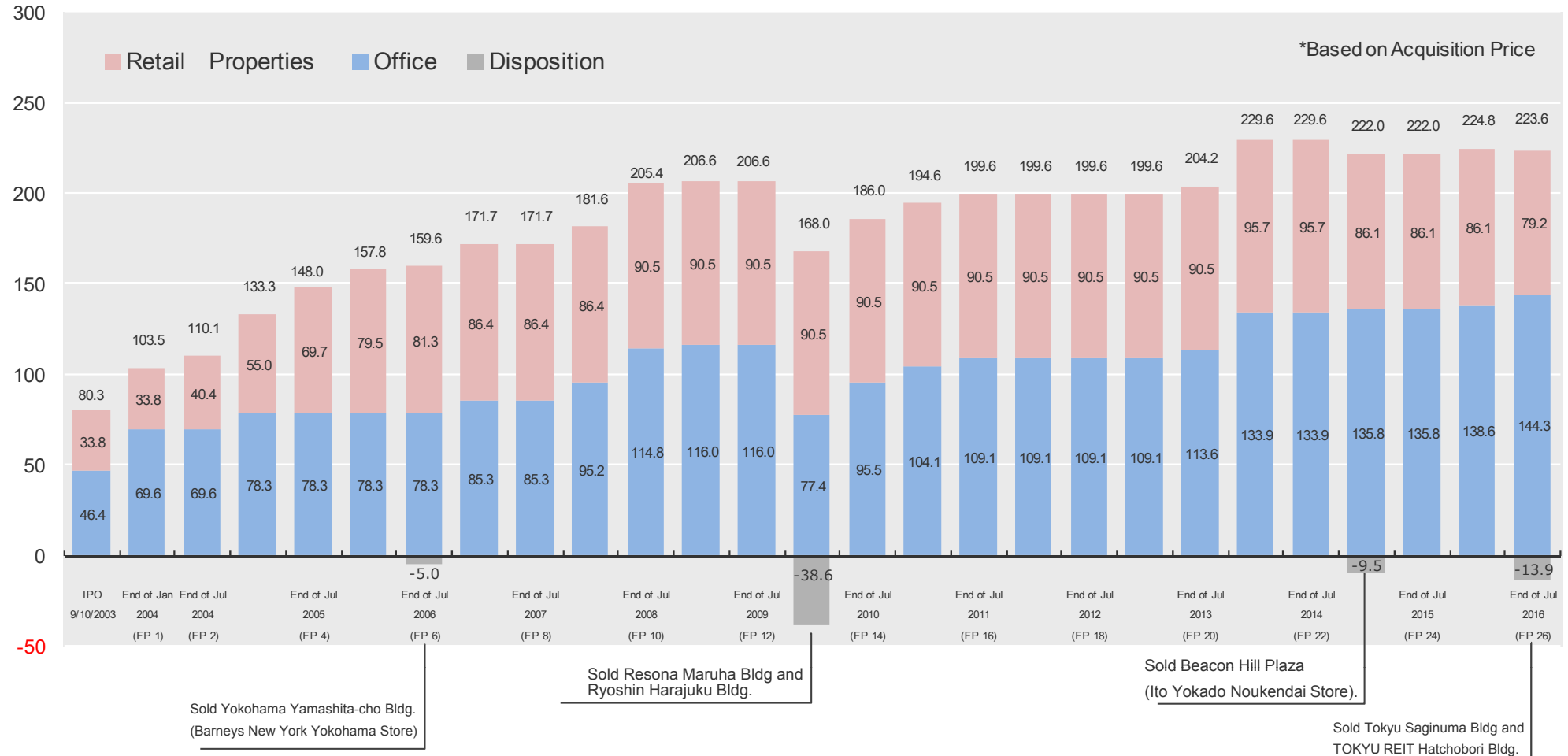
\* Repair and maintenance cost estimates are updated when appropriate.

\* Not including Shonan Mall Fill (land with leasehold interest) and OKI System Center (land with leasehold interest)

# Changes in Asset Size

**Aims to achieve an asset size of more than 300 billion yen by implementing selective investments and asset replacement**

( billion )



	2004/01 (FP 1)	2004/07 (FP 2)	2005/01 (FP 3)	2005/07 (FP 4)	2006/01 (FP 5)	2006/07 (FP 6)	2007/01 (FP 7)	2007/07 (FP 8)	2008/01 (FP 9)	2008/07 (FP 10)	2009/01 (FP 11)	2009/07 (FP 12)	2010/01 (FP 13)	2010/07 (FP 14)	2011/01 (FP 15)	2011/07 (FP 16)	2012/01 (FP 17)	2012/07 (FP 18)	2013/01 (FP 19)	2013/07 (FP 20)	2014/01 (FP 21)	2014/07 (FP 22)	2015/01 (FP 23)	2015/07 (FP 24)	2016/01 (FP 25)	2016/07 (FP 26)
Number of Properties	12	13	16	17	17	17	19	19	20	23	23	23	21	23	25	26	26	26	26	27	30	30	29	29	30	29
Average Investment ( billion )	8.6	8.4	8.3	8.7	9.2	9.3	9.0	9.0	9.0	8.9	8.9	8.9	8.0	8.0	7.7	7.6	7.6	7.6	7.6	7.5	7.6	7.6	7.6	7.6	7.4	7.7
Information on Properties for Sale(Note 1)	100	146	108	153	161	118	92	88	92	108	82	44	165	192	96	113	106	65	51	54	61	56	65	40	18	24
Deliberation Rate(Note 2)	37.5%	47.6%	39.7%	41.8%	33.6%	51.8%	54.5%	55.6%	33.3%	29.5%	11.9%	9.4%	20.2%	16.7%	17.4%	12.3%	23.7%	27.7%	21.6%	20.5%	27.3%	35.0%	31.9%	31.0%	38.5%	35.3%

(Note 1)The Information on Properties for Sale Index was created through indexation of the number of information on property for sale acquired by Tokyu REIM by setting that of the 1st period as 100.

(Note 2)Deliberation Rate is the percentage of the number of cases considered within TOKYU REIT out of the number of information on properties for sale acquired by Tokyu REIM.

## 5. Appendix

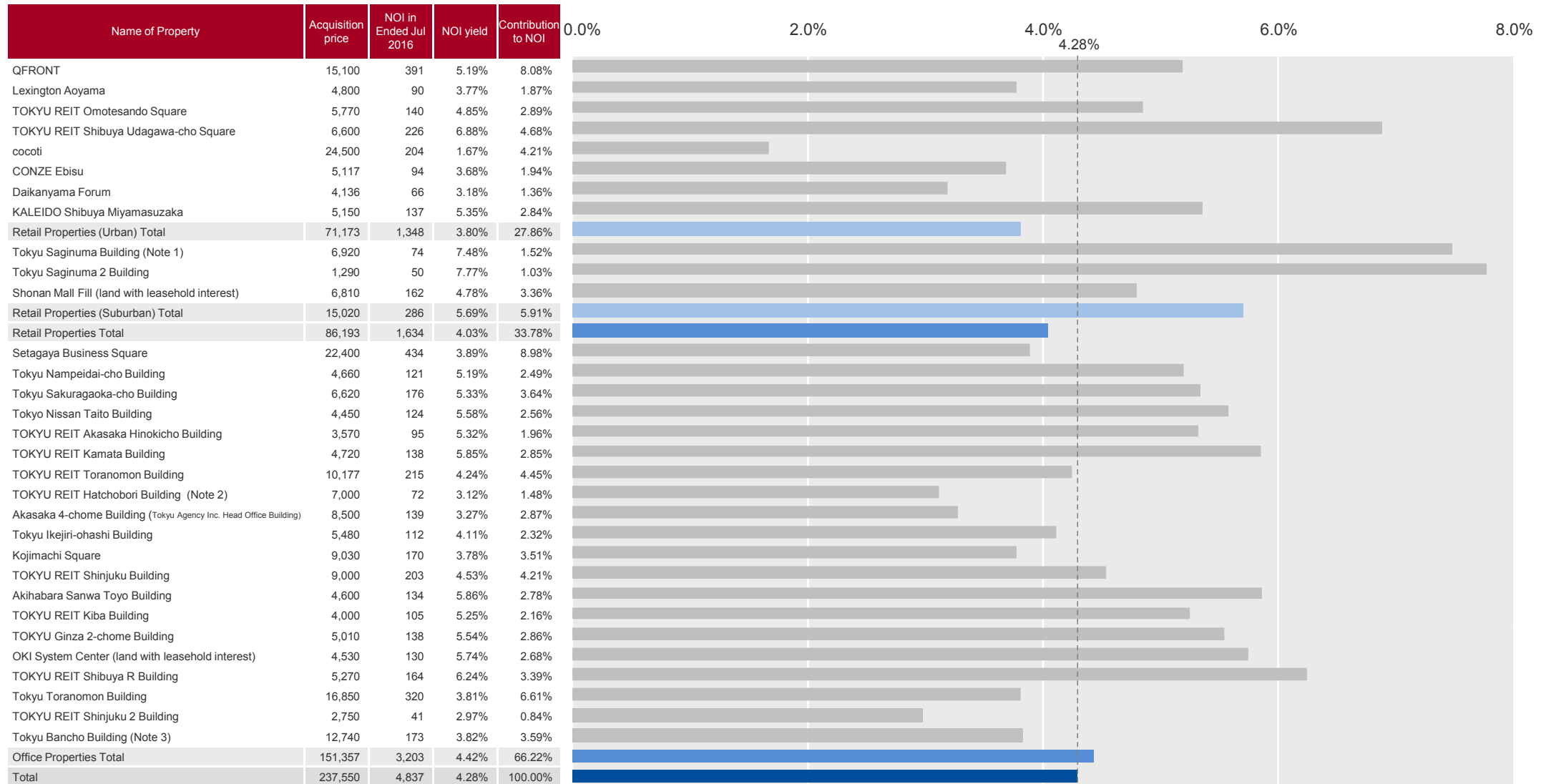
# NOI Yield for Each Property (Ended Jul 2016 (FP 26))

Overall 4.28%

Retail 4.03%

Office 4.42%

(In JPY mn)



(Note 1) Since Tokyu Saginuma Building was sold in Ended Jul 2016 (FP 26), NOI and yield for the property are calculated based on actual performance up to the time of disposition.

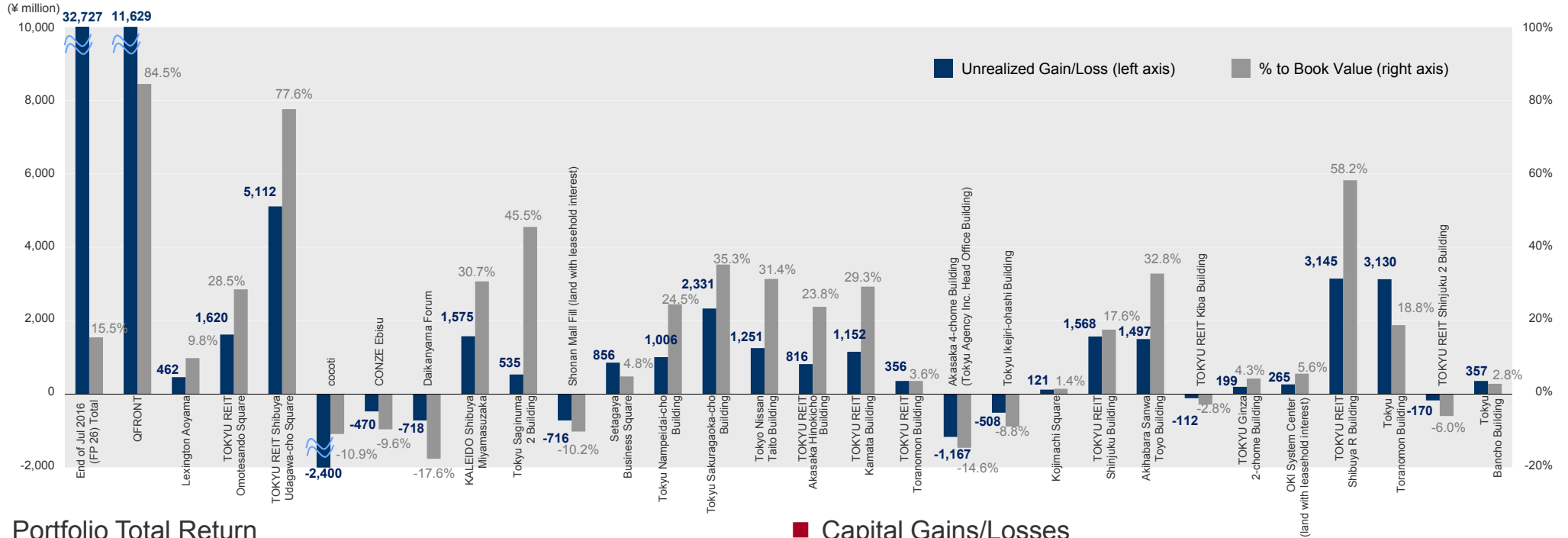
(Note 2) Since TOKYU REIT Hatchobori Building was sold in Ended Jul 2016 (FP 26), NOI and yield for the property are calculated based on actual performance up to the time of disposition.

(Note 3) Since Tokyu Bancho Building was acquired in Ended Jul 2016 (FP 26), its NOI and yield for Ended Jul 2016 (FP 26) are calculated based on actual performance from the time of acquisition.

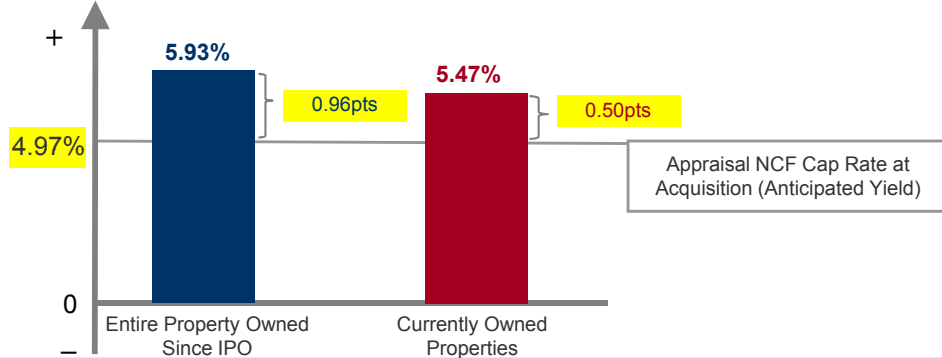
# Unrealized Gains/Losses and Total Return by Property

## Portfolio Total Return Exceeds Appraisal NCF Cap Rate at Acquisition

### Unrealized Gains/Losses and Percentage Against Book Value by Property (As of End of Jul 2016 (FP 26))



### Portfolio Total Return



### Capital Gains/Losses

Accumulated Capital Gain (Acquisition: 35 properties, Disposition: 6 properties) **¥13.6 bn**

(Breakdown)

Capital Gains	¥22.7 bn	Tokyu Saginuma Building	¥2.3 bn (2016/07 (FP 26))
		Beacon Hill Plaza (Ito-Yokado Noukendai store)	¥0.4 bn (2015/01 (FP 23))
		Resona Maruha Building	¥18.2 bn (2010/01 (FP 13))
		Yokohama Yamashita-cho Building (Barneys New York Yokohama Store)	¥1.6 bn (2006/07 (FP 6))
		TOKYU REIT Hatchobori Building	-¥1.8 bn (2016/07 (FP 26))
Capital Losses	-¥9.0 bn	TOKYU REIT Hatchobori Building	-¥1.8 bn (2016/07 (FP 26))
		Ryoshin Harajuku Building	-¥7.1 bn (2010/01 (FP 13))

\*The entire property owned since IPO targets 35 properties (acquisition price ¥290,736 mn) by adding the properties that have been disposed to the current portfolio

\*Fiscal period end appraisal values are utilized as the deemed disposal price (sale price) of owned properties for the calculation of IRR

\*Acquisition price does not include capitalized expenses (such as broker's fees, first year's property / city planning tax, compensation for specialist agents)

\*Cash flow from leasehold and security deposits are not included.



## 5. Appendix

# Appraisal Value at End of Period by Property

Unit: million yen

Name of Property	Acquisition Price	Investment Ratio	Appraisal Value at End of Period		Increase / Decrease	NCF (Direct capitalization method)			NCF cap rate (Direct cap rate)			Appraiser (Note1)
			Ended Jul 2016 FP 26	Ended Jan 2016 FP 25		Ended Jul 2016 FP 26	Ended Jan 2016 FP 25	Change	Ended Jul 2016 FP 26	Ended Jan 2016 FP 25	Change (pts)	
QFRONT	15,100	6.8%	25,400	25,200	200	790	784	6	3.10%	3.10%	-	a
Lexington Aoyama	4,800	2.1%	5,180	4,840	340	196	182	14	3.70%	3.70%	-	a
TOKYU REIT Omotesando Square	5,770	2.6%	7,300	7,290	10	275	275	-	3.70%	3.70%	-	a
TOKYU REIT Shibuya Udagawa-cho Square	6,600	3.0%	11,700	11,600	100	435	430	5	3.70%	3.70%	-	b
cocoti	24,500	11.0%	19,700	19,300	400	726	733	-7	3.60%	3.70%	-0.10	c
CONZE Ebisu	5,117	2.3%	4,440	4,340	100	173	173	-	3.80%	3.90%	-0.10	c
Daikanyama Forum	4,136	1.8%	3,360	3,360	-	144	144	-	4.10%	4.10%	-	b
KALEIDO Shibuya Miyamasuzaka	5,150	2.3%	6,710	6,340	370	266	258	8	3.90%	4.00%	-0.10	b
<b>Retail Properties (Urban) Total (8 properties)</b>	<b>71,173</b>	<b>31.8%</b>	<b>83,790</b>	<b>82,270</b>	<b>1,520</b>	<b>3,006</b>	<b>2,980</b>	<b>26</b>	<b>3.59%</b>	<b>3.62%</b>	<b>-0.03</b>	
Tokyu Saginuma 2 Building	1,290	0.6%	1,710	1,710	-	97	97	-	5.60%	5.60%	-	a
Shonan Mall Fill (land with leasehold interest)	6,810	3.0%	6,310	6,310	-	332	332	-	5.10%	5.10%	-	b
<b>Retail Properties (Suburban) Total (2 properties)</b>	<b>8,100</b>	<b>3.6%</b>	<b>8,020</b>	<b>8,020</b>	<b>-</b>	<b>429</b>	<b>429</b>	<b>-</b>	<b>5.35%</b>	<b>5.35%</b>	<b>-</b>	
<b>Retail Properties Total (10 properties)</b>	<b>79,273</b>	<b>35.4%</b>	<b>91,810</b>	<b>90,290</b>	<b>1,520</b>	<b>3,435</b>	<b>3,409</b>	<b>26</b>	<b>3.74%</b>	<b>3.78%</b>	<b>-0.04</b>	
Setagaya Business Square	22,400	10.0%	18,700	18,700	-	845	848	-3	4.50%	4.50%	-	a
Tokyu Nampeidai-cho Building	4,660	2.1%	5,120	5,120	-	213	213	-	4.10%	4.10%	-	a
Tokyu Sakuragaoka-cho Building	6,620	3.0%	8,940	8,890	50	344	343	1	3.80%	3.80%	-	a
Tokyo Nissan Taito Building	4,450	2.0%	5,240	5,240	-	239	240	-1	4.50%	4.50%	-	a
TOKYU REIT Akasaka Hinokicho Building	3,570	1.6%	4,250	4,250	-	173	173	-	4.00%	4.00%	-	a
TOKYU REIT Kamata Building	4,720	2.1%	5,090	5,090	-	245	245	-	4.80%	4.80%	-	a
TOKYU REIT Toranomon Building	10,177	4.6%	10,300	10,300	-	404	404	-	3.90%	3.90%	-	a
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	8,500	3.8%	6,820	6,800	20	271	270	1	3.90%	3.90%	-	b
Tokyu Ikejiri-ohashi Building	5,480	2.5%	5,250	5,140	110	242	242	-	4.60%	4.70%	-0.10	c
Kojimachi Square	9,030	4.0%	8,530	8,530	-	335	335	-	3.90%	3.90%	-	a
TOKYU REIT Shinjuku Building	9,000	4.0%	10,500	10,200	300	399	399	-	3.70%	3.80%	-0.10	c
Akihabara Sanwa Toyo Building	4,600	2.1%	6,060	6,050	10	265	264	1	4.30%	4.30%	-	b
TOKYU REIT Kiba Building	4,000	1.8%	3,840	3,770	70	194	195	-1	5.00%	5.10%	-0.10	b
Tokyu Ginza 2-chome Building	5,010	2.2%	4,880	5,080	-200	217	225	-8	4.40%	4.40%	-	a
OKI System Center (land with leasehold interest) (Note 2)	4,530	2.0%	5,040	5,040	-	265	265	-	5.20%	5.20%	-	b
TOKYU REIT Shibuya R Building	5,270	2.4%	8,550	7,910	640	332	315	17	3.80%	3.90%	-0.10	b
Tokyu Toranomon Building (Note 3)	16,850	7.5%	19,800	19,700	100	640	620	20	3.30%	3.30%	-	a
TOKYU REIT Shinjuku 2 Building	2,750	1.2%	2,680	2,650	30	108	110	-2	3.90%	4.00%	-0.10	c
Tokyu Bancho Building (new acquisition in Ended Jul 2016 (FP 26))(Note 4)	12,740	5.7%	13,100	12,800	300	492	490	2	3.60%	3.70%	-0.10	c
<b>Office Properties Total (19 properties)</b>	<b>144,357</b>	<b>64.6%</b>	<b>152,690</b>	<b>151,260</b>	<b>1,430</b>	<b>6,223</b>	<b>6,195</b>	<b>28</b>	<b>4.08%</b>	<b>4.10%</b>	<b>-0.02</b>	
<b>Ended Jul 2016 (FP 26) Total (29 properties)</b>	<b>223,630</b>	<b>100.0%</b>	<b>244,500</b>	<b>241,550</b>	<b>2,950</b>	<b>9,657</b>	<b>9,604</b>	<b>53</b>	<b>3.95%</b>	<b>3.98%</b>	<b>-0.03</b>	

(Note 1) a. Japan Real Estate Institute, b. Japan Valuers Co., Ltd., c. Daiwa Real Estate Appraisal Co., Ltd.

(Note 2) For OKI System Center (land with leasehold interest), direct capitalization method is not employed for its appraisal value at end of period. Accordingly, annual cash flow and discount rate under the DCF approach are indicated for NCF (Direct Capitalization Method) and NCF Cap Rate (Direct Cap Rate).

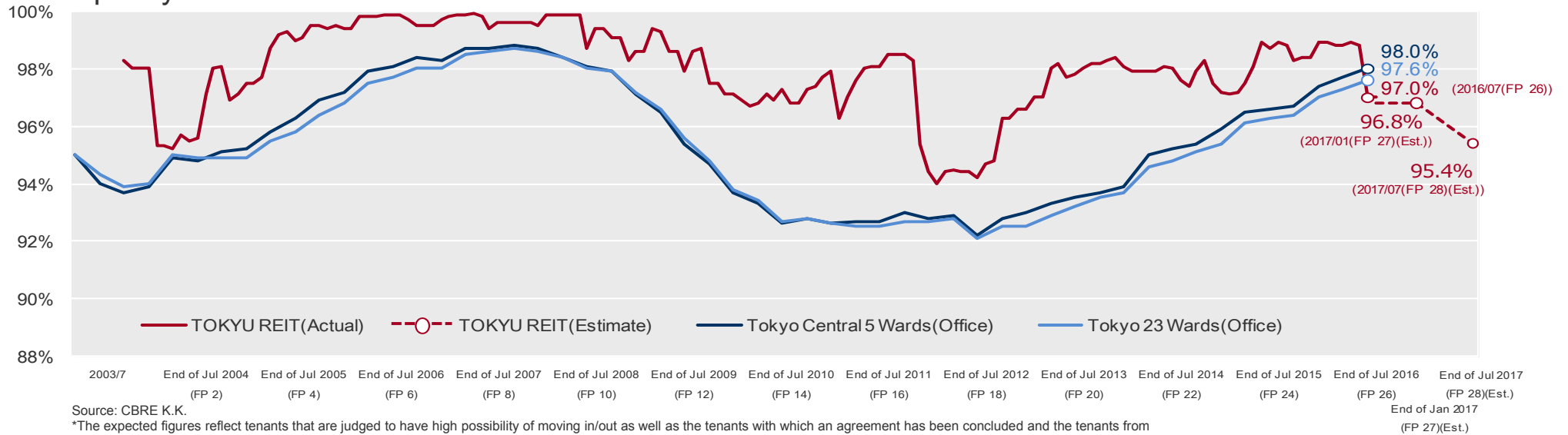
(Note 3) As for assumptions of "Appraisal Value at End of Period," "NCF (Direct Capitalization Method)" and "NCF Cap Rate (Direct Cap Rate)" for Tokyu Toranomon Building, which contiguous land was acquired on January 9, 2015, please refer to "Portfolio Cap Rate (by appraisal value in DATA BOOK)."

(Note 4) Since Tokyu Bancho Building was acquired during the period, NCF and NCF Cap Rate for Ended Jan 2016 (FP 25) are calculated by using the appraisal report obtained on acquisition of the property (as of Jan. 31, 2016).

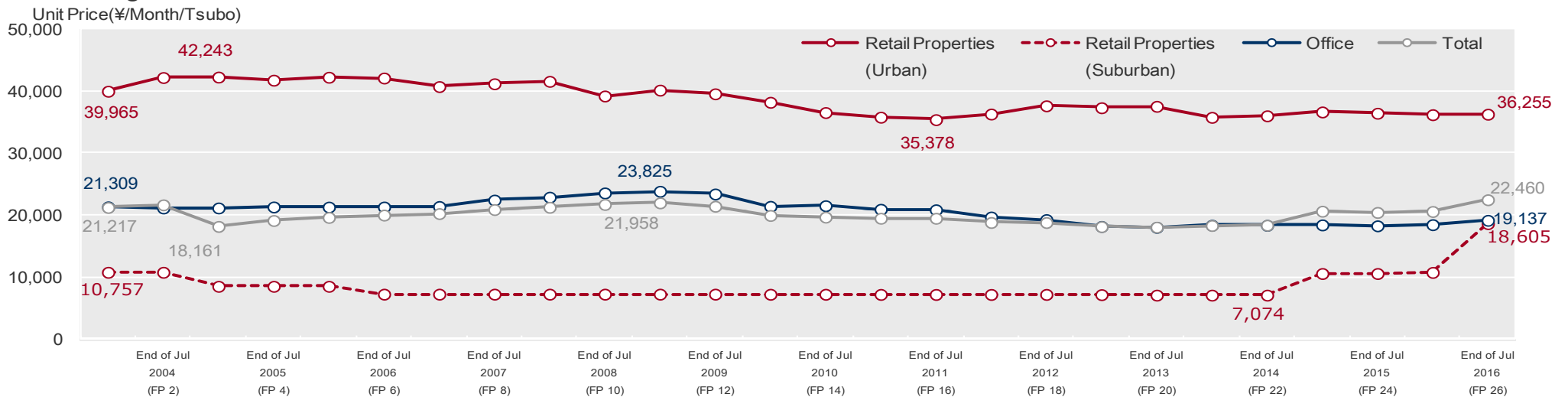
\*Appraisal Value at End of Period is determined by using several methodologies including the direct capitalization approach and DCF approach. Therefore, the Appraisal Value may differ from the above NCF figures divided by the NCF Cap Rate. Therefore, the total change in NCF and change in NCF Cap Rate may not add up to Increase/Decrease (%).

# Track Records ① (Occupancy Rate/Rent)

## Occupancy Rate



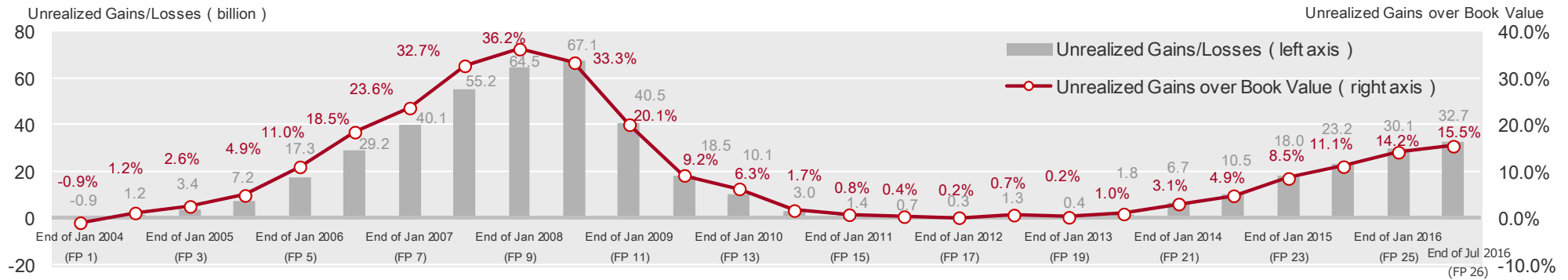
## Average Rent



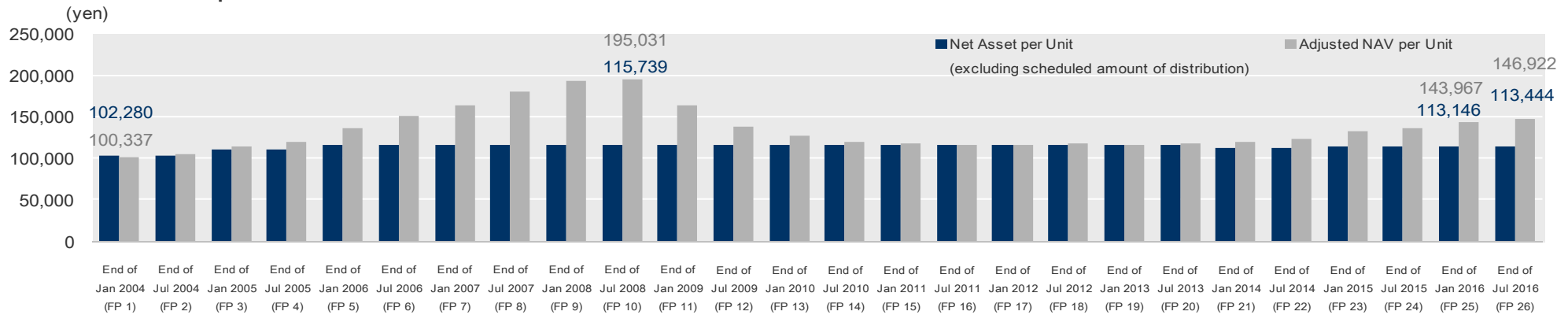
\*In calculating the above unit price, we haven't factored in vacant spaces.  
 \*Shonan Mall Fill (Land with leasehold interest) is not included in Retail (Suburban).  
 \*OKI System Center (Land with leasehold interest) is not included in Office.  
 \*Includes common area charges and excludes income from parking, warehouses, etc.

# Track Records ② (Unrealized Gains / Losses and NAV)

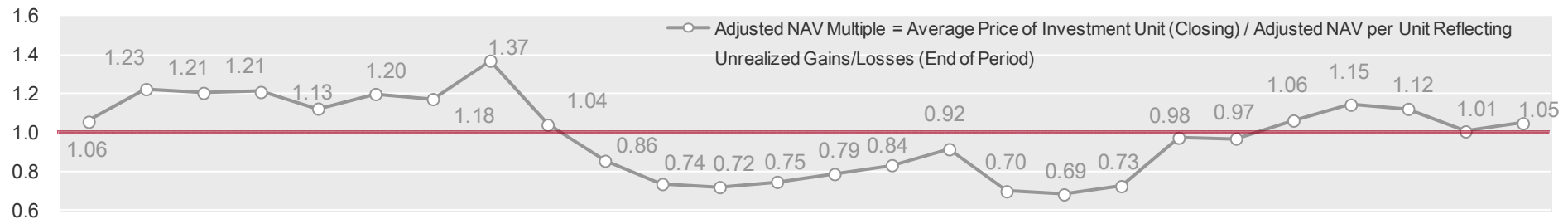
## ■ Unrealized Gains and Unrealized Gains over Book Value



## ■ Net Asset per Unit/NAV



## ■ Adjusted NAV Multiple

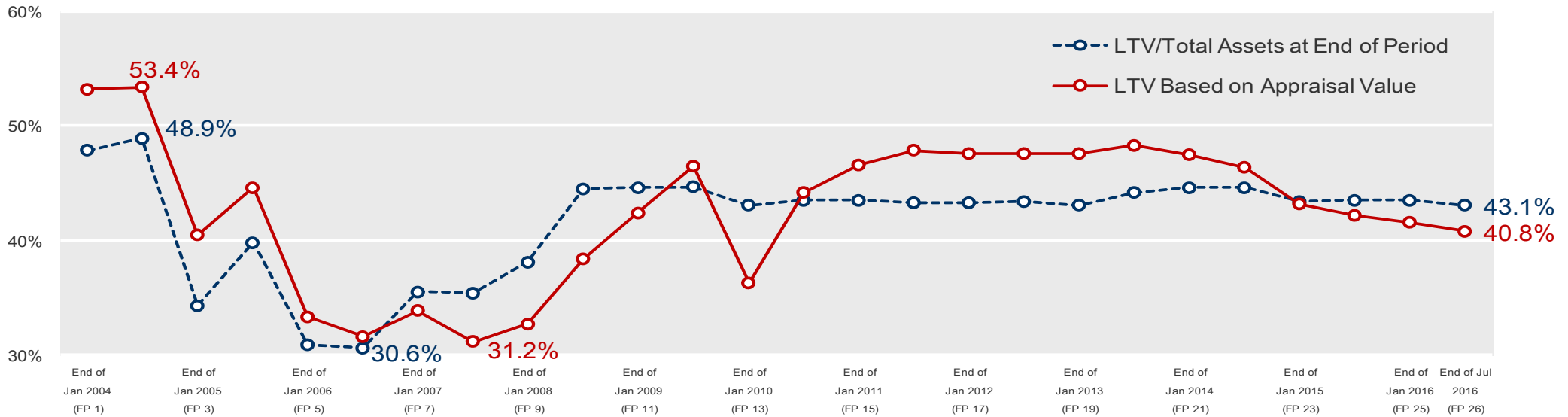


	End of Jan 2004 (FP 1)	End of Jul 2004 (FP 2)	End of Jan 2005 (FP 3)	End of Jul 2005 (FP 4)	End of Jan 2006 (FP 5)	End of Jul 2006 (FP 6)	End of Jan 2007 (FP 7)	End of Jul 2007 (FP 8)	End of Jan 2008 (FP 9)	End of Jul 2008 (FP 10)	End of Jan 2009 (FP 11)	End of Jul 2009 (FP 12)	End of Jan 2010 (FP 13)	End of Jul 2010 (FP 14)	End of Jan 2011 (FP 15)	End of Jul 2011 (FP 16)	End of Jan 2012 (FP 17)	End of Jul 2012 (FP 18)	End of Jan 2013 (FP 19)	End of Jul 2013 (FP 20)	End of Jan 2014 (FP 21)	End of Jul 2014 (FP 22)	End of Jan 2015 (FP 23)	End of Jul 2015 (FP 24)	End of Jan 2016 (FP 25)	End of Jul 2016 (FP 26)
Average Investment Unit Price	¥106,165	¥128,619	¥138,141	¥145,216	¥153,304	¥180,487	¥191,661	¥248,307	¥200,132	¥167,180	¥120,714	¥99,354	¥95,715	¥94,172	¥98,085	¥106,931	¥81,328	¥80,332	¥84,558	¥115,068	¥116,503	¥131,777	¥150,756	¥153,975	¥145,209	¥154,325

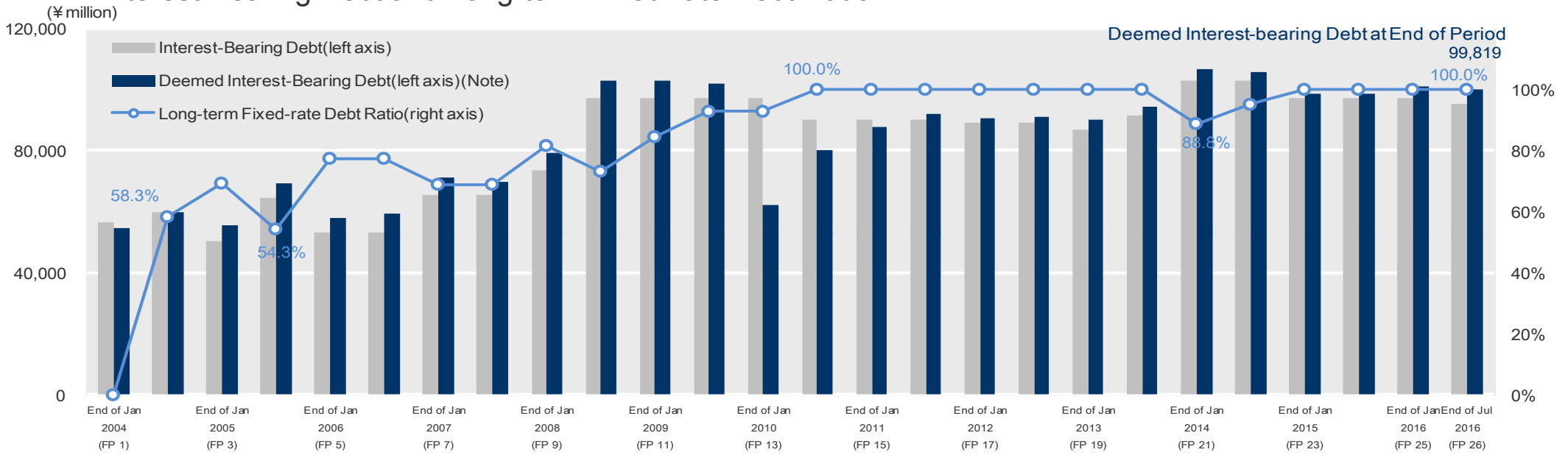
\*Investment unit price, NAV and adjusted NAV stated in this document have been adjusted to take into account the split of investment units (five-for-one split) conducted on February 1, 2014 for pre-split figures.

# Track Records ③ (LTV/Interest-Bearing Debt/Long-term Fixed-rate Debt Ratio)

■ LTV/Total Assets at End of Period and LTV Based on Appraisal Value



■ Interest-Bearing Debt and Long-term Fixed-rate Debt Ratio

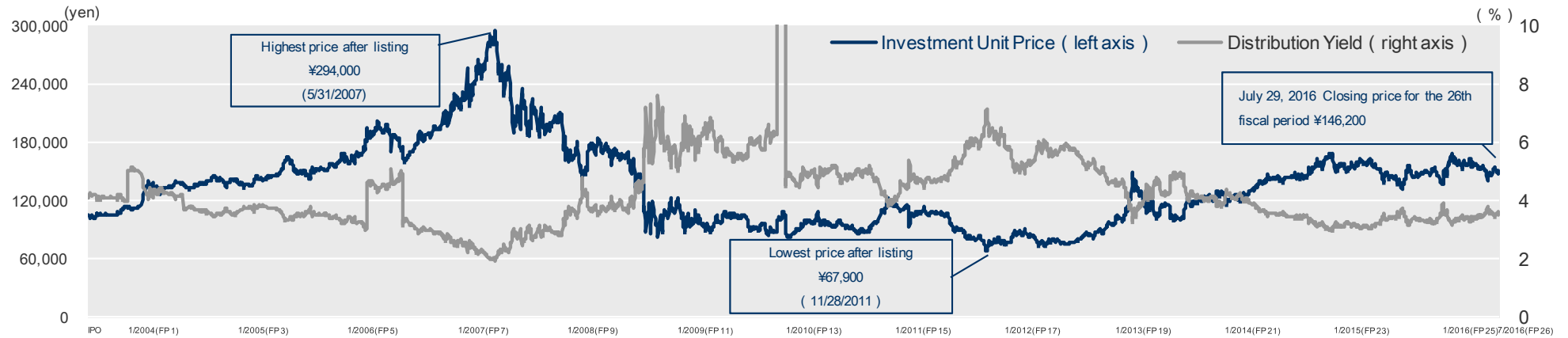


(Note) Deemed interest-bearing debt = Interest-bearing debt + Leasehold and security deposits without reserved cash

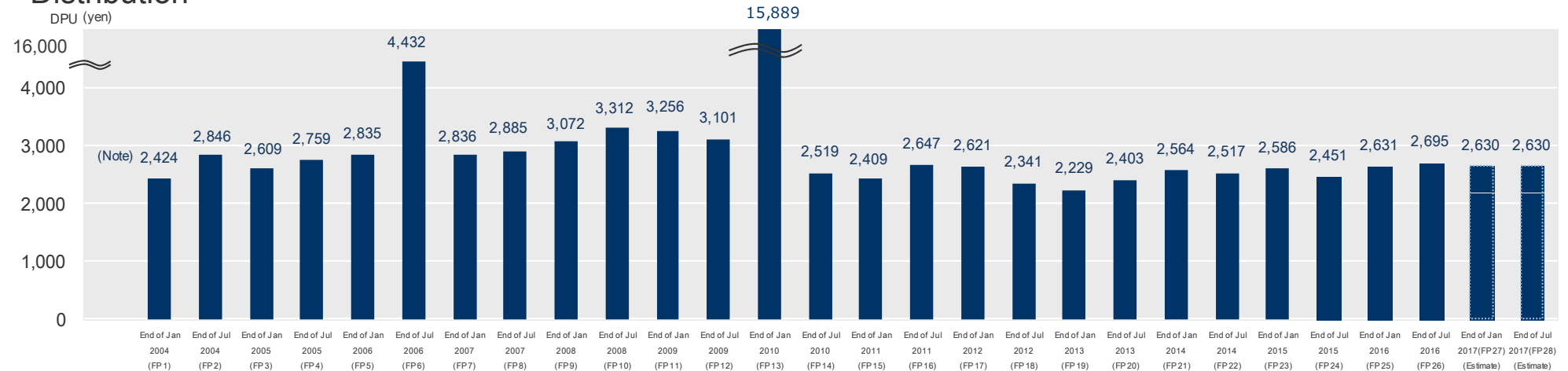
Leasehold and security deposits without reserved cash = (Tenant leasehold and security deposits held in trust + Tenant leasehold and security deposits) - (Cash and deposits with banks held in trust + Cash and deposits with banks - Balance of retained earnings)

# Track Records ④ ( Investment Unit Price, Distribution and Distribution Yield )

## Investment Unit Price and Distribution Yield



## Distribution



\*Official distribution per unit in the 1st period was ¥1,897 (adjusted for five-for-one split) based on the actual operating period of 144 days, but the recalculated distribution per unit of ¥2,424 based on 184 operating days is used in the above graph for the sake of comparison with figures from the 2nd period and thereafter.

## Performance Against Public Offering Price

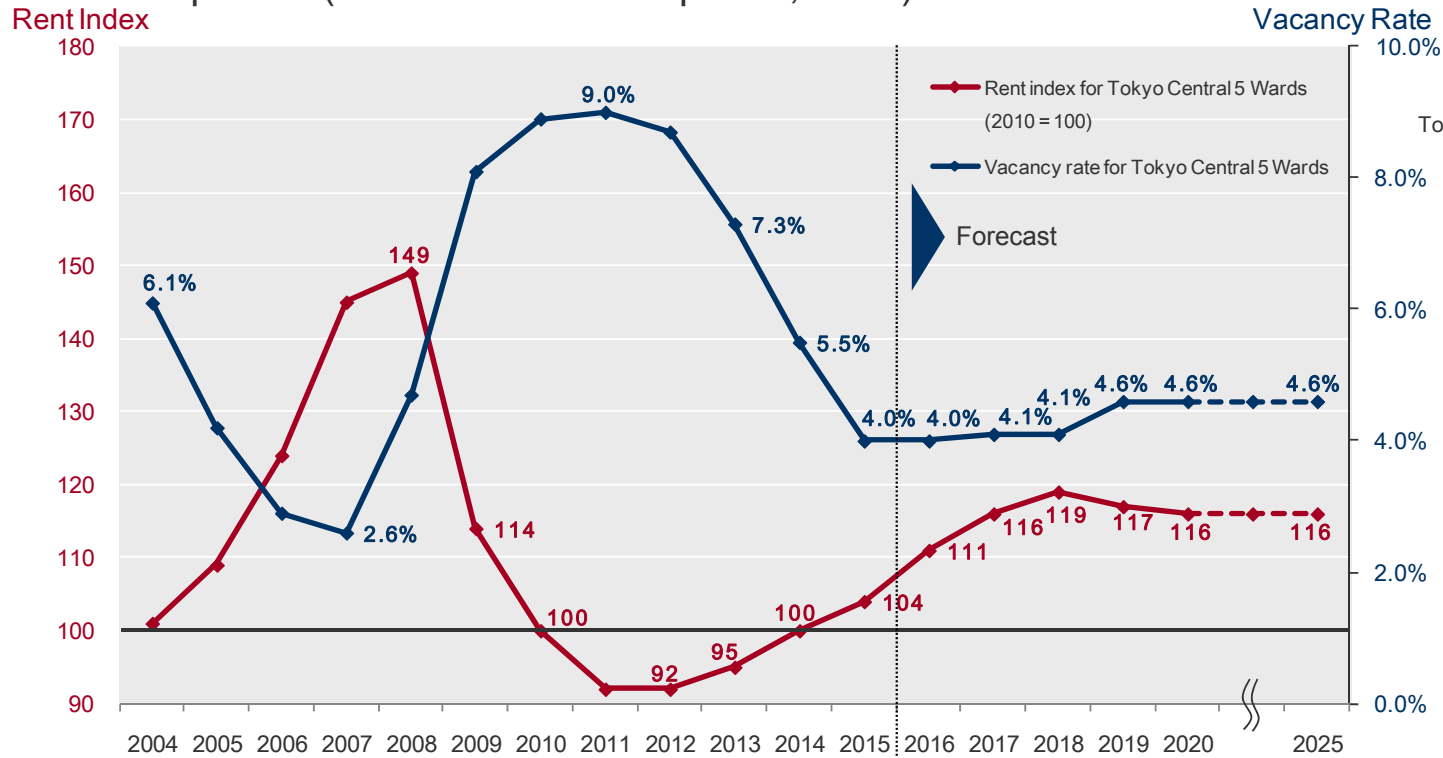
	Issue Date	Public Offering Price ( A )	Accumulated Dividends ( B )	Return on Investment ( B/A )
IPO	9/10/2003	¥106,000	¥84,342	80%
2nd PO	8/3/2004	¥130,497	¥79,599	61%
3rd PO	8/1/2005	¥152,390	¥74,231	49%
4th PO	8/12/2013	¥98,670	¥15,444	16%

\*Investment unit price, offering price and distribution 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.

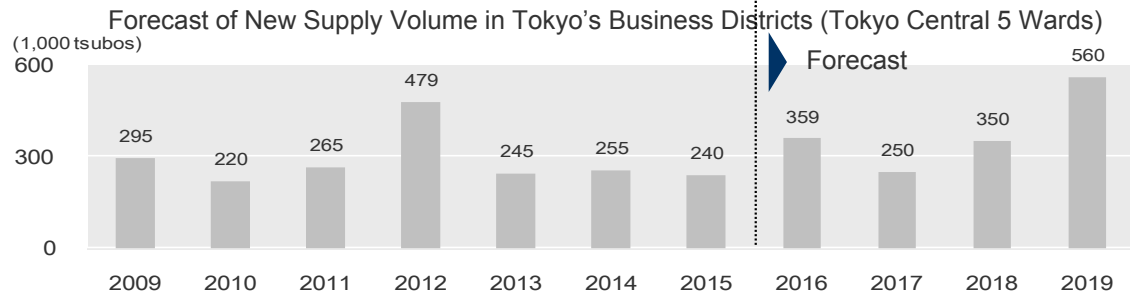
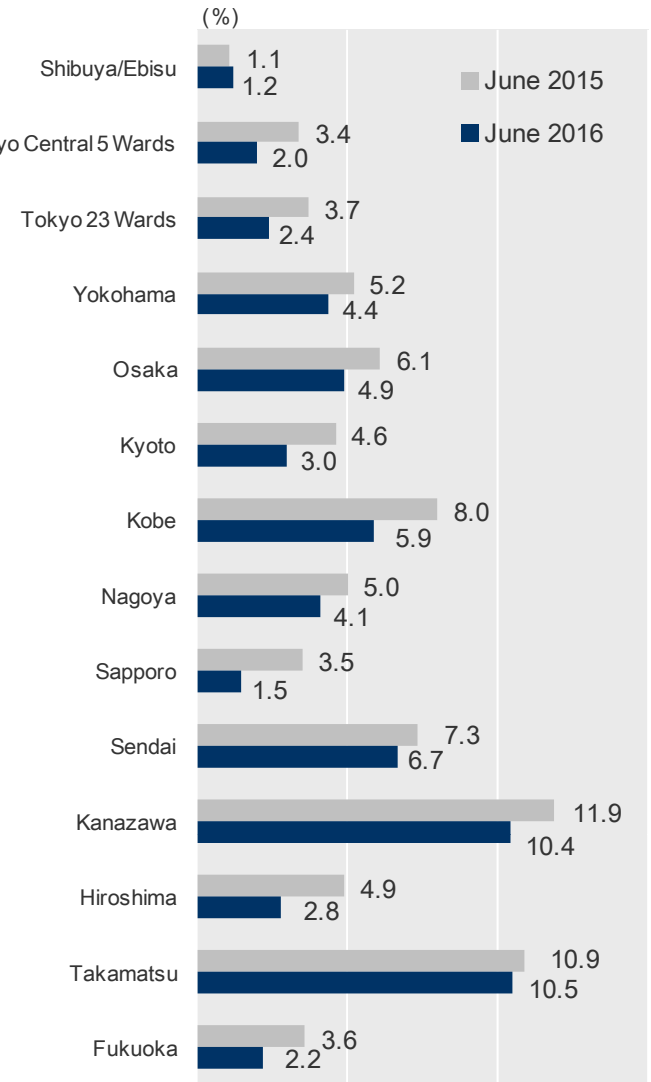
# Market Summary

Rents in Tokyo Central 5 Wards are on an upward trend due to the improvement of vacancy rate but there is a need to continuously monitor the impact of large supply in the future.

- Forecast of New Market Rents and Vacancy Rates for Office Properties (as announced on April 20, 2016)



- Vacancy Rate by Market (Office)



Source: Materials announced by Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.) on April 20, 2016

Source: CBRE K.K.

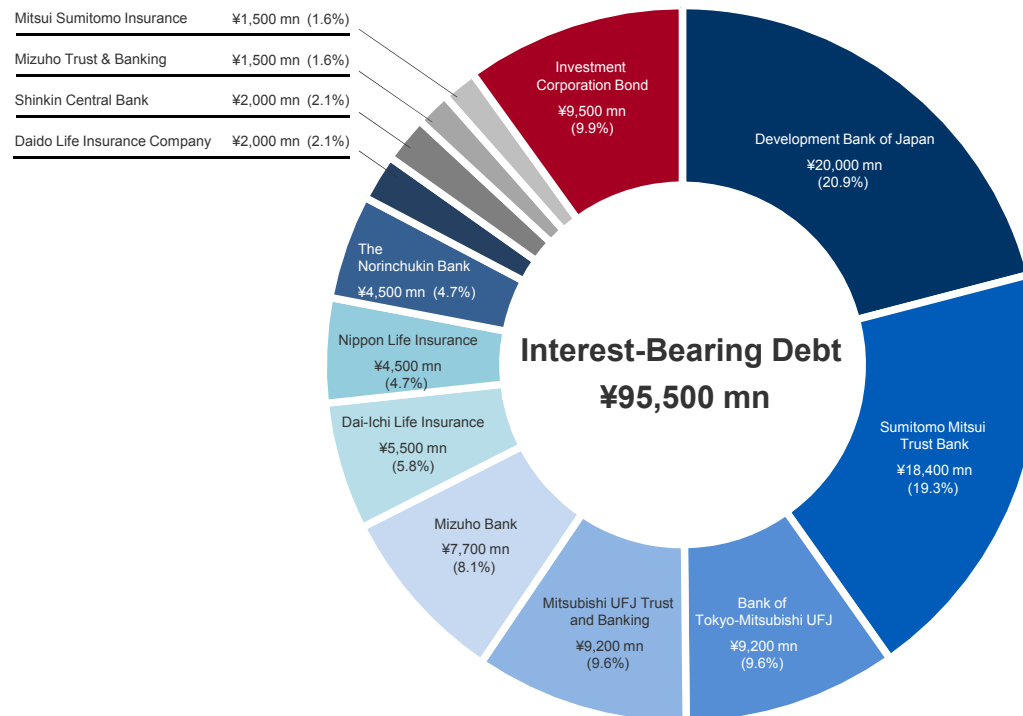
\*All Grades. Vacancy is a count of properties that are available for immediate occupancy at the time of the count.

# List of Sources of Funds for Interest-Bearing Debt

## Aim to diversify and stabilize sources of funds

### ■ Borrowings and Investment Corporation Bonds

Category	Lender	Amount	Interest Rate	Debt Origination Date	Maturity		Note
		(¥ million)	(%)		Due Date	Period	
Long term	Development Bank of Japan	5,000	1.95000	1/25/2006	1/25/2018	29th	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank	5,000	1.63250	12/27/2010	12/27/2016	27th	
		2,000	1.47625	5/18/2011	5/18/2017		
		2,000	1.45375	5/25/2011	5/25/2017	28th	
	Mizuho Bank	2,000	1.45375	6/27/2011	6/27/2017		
	Nippon Life Insurance	2,000	1.36875	7/29/2011	1/31/2017	27th	
		2,000	1.49563		1/31/2018	29th	
	Bank of Tokyo-Mitsubishi UFJ	5,000	1.41375	9/26/2011	3/26/2018	30th	
	Mizuho Bank	1,700	1.48875	11/11/2011	11/11/2018	31st	
	Bank of Tokyo-Mitsubishi UFJ	2,000	1.37250	5/25/2012	5/25/2019	32nd	
	Development Bank of Japan	4,000	1.48000	6/25/2012	6/25/2020	34th	
	Sumitomo Mitsui Trust Bank	400	1.32375		6/29/2019	32nd	
	Mitsubishi UFJ Trust and Banking	400	1.32375				
	The Norinchukin Bank	1,000	0.93500	7/25/2012	7/25/2017	28th	
	Bank of Tokyo-Mitsubishi UFJ	1,400	1.32250	8/29/2012	8/29/2019	33rd	
	Mitsubishi UFJ Trust and Banking	2,000	1.24625	11/19/2012	11/19/2019		
	Mizuho Bank	500	1.23375	12/25/2012	12/25/2019	33rd	
		500	1.07500		6/25/2018	30th	
	Mitsubishi UFJ Trust and Banking	1,500	1.45125	6/25/2013	6/25/2020	34th	
	Sumitomo Mitsui Trust Bank	2,900	1.53375		12/25/2020	35th	
	The Norinchukin Bank	500			6/27/2020	34th	
	Mitsui Sumitomo Insurance	500	1.47250				
	Development Bank of Japan	1,000		6/27/2013			
	Mizuho Trust & Banking	1,500	1.91375		6/27/2023	40th	
	Dai-ichi Life Insurance	2,500	1.51375		7/31/2021	36th	
		2,000	0.99125	7/31/2013	7/31/2018	30th	
	Nippon Life Insurance	500	1.51375		7/31/2021	36th	
	Sumitomo Mitsui Trust Bank	2,500			12/25/2020	35th	
	Mitsubishi UFJ Trust and Banking	2,000	1.21000	12/25/2013	12/25/2020	35th	
		1,500	0.95625		6/25/2019	32nd	
	Dai-ichi Life Insurance	1,000	1.04625		1/27/2020	33rd	
	The Norinchukin Bank	3,000	0.85000	1/27/2014	1/27/2019	31st	
	Development Bank of Japan	5,000	1.57750	2/25/2014	2/25/2024	42nd	
	Mizuho Bank	1,000	1.05250	6/25/2014	6/25/2021	36th	
	Mitsui Sumitomo Insurance	1,000					
	Sumitomo Mitsui Trust Bank	1,600					
	Bank of Tokyo-Mitsubishi UFJ	800	0.96875	10/22/2014	10/22/2021	37th	
	Mizuho Bank	800					
	Mitsubishi UFJ Trust and Banking	800					
	Development Bank of Japan	5,000	1.26125	6/25/2015	6/25/2025	44th	
Shinkin Central Bank	2,000	0.99000	7/27/2015	7/27/2022	38th		
Sumitomo Mitsui Trust Bank	2,000						
Mizuho Bank	1,700	0.89250	11/11/2015	11/11/2022	39th		
Daido Life Insurance Company	500	0.85875	12/25/2015	12/25/2022	39th		
	1,500	0.57130	3/10/2016	3/10/2023	40th		
Mitsubishi UFJ Trust and Banking	500	0.45630	6/27/2016	6/27/2023	40th		
<b>Total Long-Term Borrowings</b>	<b>86,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Borrowings</b>	<b>86,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Bonds	#3 Investment Corporation Bond	3,000	1.47000	10/22/2012	10/21/2022	39th	Unsecured Unguaranteed
	#4 Investment Corporation Bond	3,500	0.39900	2/14/2014	2/14/2019	32nd	
	#5 Investment Corporation Bond	3,000	0.68200	3/11/2014	3/11/2021	36th	
<b>Total Corporate Bonds</b>	<b>9,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Interest-Bearing Debt</b>	<b>95,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



### ■ List of Commitment Line Limits

<Secure level to cover planned annual repayment amount >

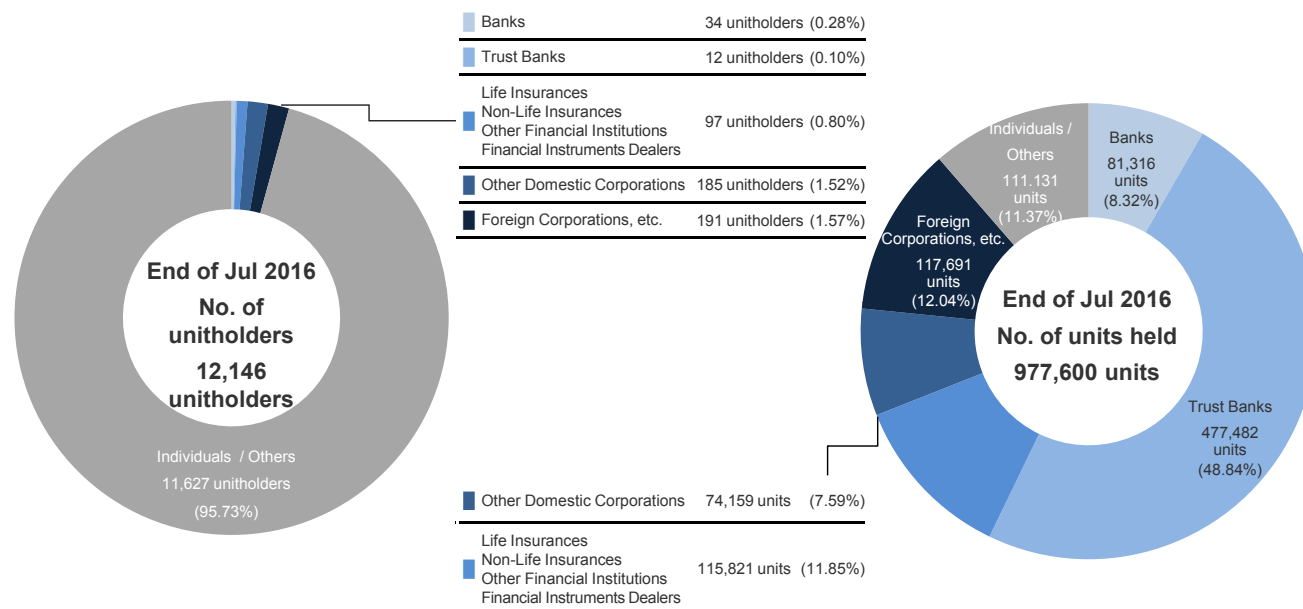
Lender	Amount
Development Bank of Japan	¥8,000 mn
Sumitomo Mitsui Trust Bank	¥2,000 mn
Sumitomo Mitsui Trust Bank	¥3,200 mn
Mizuho Bank	¥1,600 mn
Bank of Tokyo-Mitsubishi UFJ	¥1,600 mn
Mitsubishi UFJ Trust and Banking	¥1,600 mn
<b>Total</b>	<b>¥18,000 mn</b>

\*Average Interest Rate: 1.28%

\*Interest-Bearing Debt does not include Securities Deposits provided by tenants.

■ Breakdown of Numbers of Unitholders and Investment Units by Owner Type

	End of Jan 2016 (FP 25)				End of Jul 2016 (FP 26)			
	No. of unitholders (party)	Ratio	No. of units held	Ownership ratio	No. of unitholders (party)	Ratio	No. of units held	Ownership ratio
Banks	34	0.27%	80,537	8.24%	34	0.28%	81,316	8.32%
Trust Banks	13	0.10%	494,028	50.53%	12	0.10%	477,482	48.84%
Life Insurances Non-Life Insurances Other Financial Institutions Financial Instruments Dealers	86	0.69%	104,632	10.70%	97	0.80%	115,821	11.85%
Other Domestic Corporations	187	1.51%	74,076	7.58%	185	1.52%	74,159	7.59%
Foreign Corporations, etc.	177	1.43%	108,532	11.10%	191	1.57%	117,691	12.04%
Individuals / Others	11,895	95.99%	115,795	11.84%	11,627	95.73%	111,131	11.37%
<b>Total</b>	<b>12,392</b>	<b>100.00%</b>	<b>977,600</b>	<b>100.00%</b>	<b>12,146</b>	<b>100.00%</b>	<b>977,600</b>	<b>100.00%</b>



■ Top 20 Unitholders

	Unitholders	No. of units held	Ownership ratio (%)
1	Japan Trustee Services Bank	266,829	27.29
2	Trust & Custody Services Bank, Ltd.	94,383	9.65
3	The Master Trust Bank of Japan, Ltd.	50,025	5.11
4	Tokyu Corporation	49,000	5.01
5	The Nomura Trust and Banking Co., Ltd.	37,661	3.85
6	Asahi Fire and Marine Insurance	15,000	1.53
7	MetLife Insurance K.K.	13,257	1.35
8	Trust & Custody Services Bank, Ltd.	10,750	1.09
9	STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT 505233	10,093	1.03
10	BNP PARIBAS SECURITIES SERVICES SYDNEY/JASDEC/AUSTRALIAN RESIDENTS	9,560	0.97
11	Nomura Securities Co., Ltd.	9,554	0.97
12	Mitsubishi UFJ Trust and Banking Corporation	9,196	0.94
13	Japan Trustee Services Bank	8,091	0.82
14	STATE STREET BANK WEST CLIENT-TREATY 505234	7,875	0.80
15	STATE STREET BANK AND TRUST COMPANY 505223	7,671	0.78
16	The Hachijuni Bank, Ltd.	7,520	0.76
17	The Bank of Kyoto, Ltd.	7,284	0.74
18	The Hokkoku Bank, Ltd.	7,100	0.72
19	The Gibraltar Life Insurance Company	6,878	0.70
20	The Dai-ichi Life Insurance Company, Limited	6,569	0.67
<b>Total Units Held by Top 20 Unitholders</b>		<b>634,296</b>	<b>64.88</b>
<b>Outstanding Units</b>		<b>977,600</b>	<b>100.00</b>

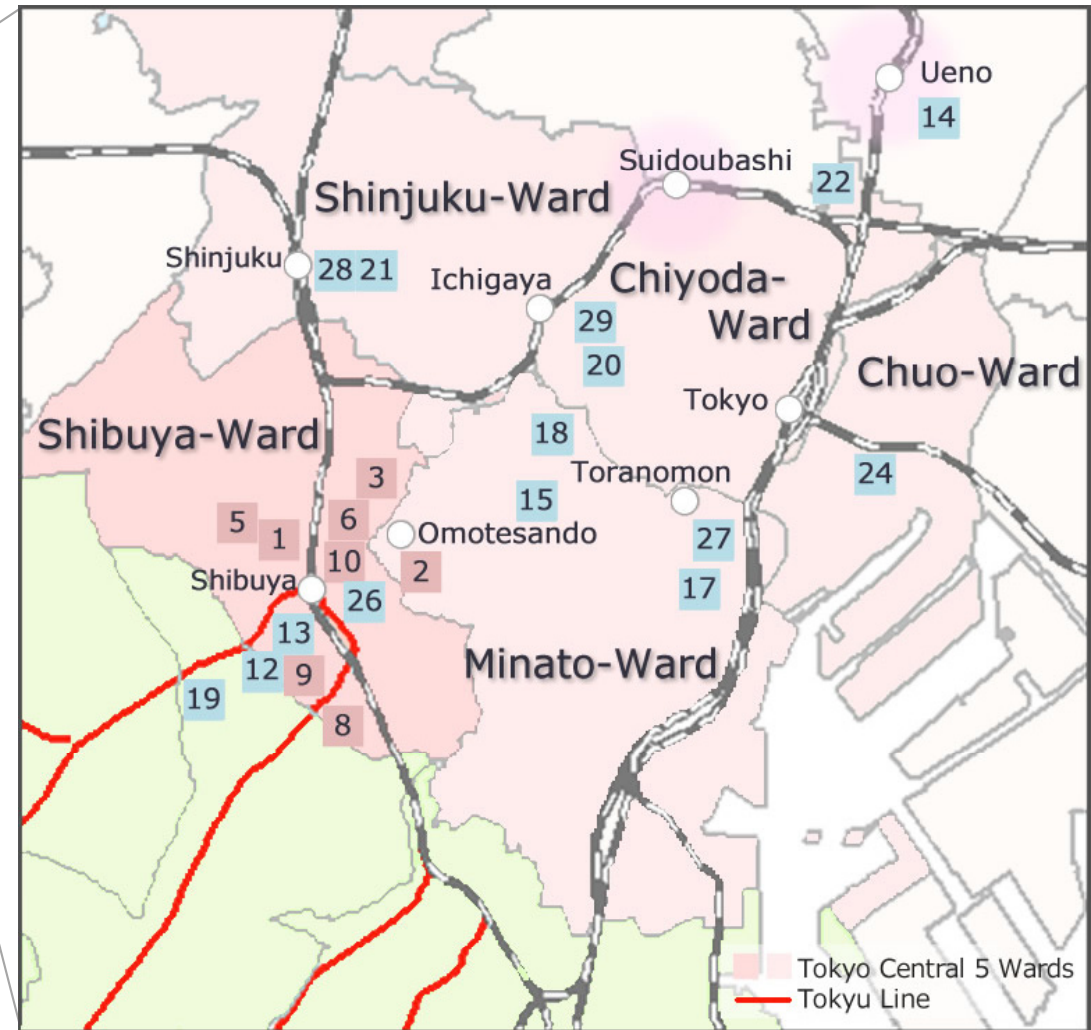


# Portfolio Map

<Tokyo Metropolitan Area>



<Tokyo Central 5 Wards>








- |   |   |
|---|---|
| 1 QFRONT  | 16 TOKYU REIT Kamata Building   |
| 2 Lexington Aoyama                                | 17 TOKYU REIT Toranomon Building  |
| 3 TOKYU REIT Omotesando Square                    | 18 Akasaka 4-chome Building<br>(Tokyu Agency Inc. Head Office Building) |
| 4 Tokyu Saginuma 2 Building                       | 19 Tokyu Ikejiri-ohashi Building  |
| 5 TOKYU REIT Shibuya Udagawa-cho Square           | 20 Kojimachi Square   |
| 6 cocoti  | 21 TOKYU REIT Shinjuku Building   |
| 7 Shonan Mall Fill (Land with leasehold interest) | 22 Akihabara Sanwa Toyo Building  |
| 8 CONZE Ebisu                                     | 23 TOKYU REIT Kiba Building   |
| 9 Daikanyama Forum                                | 24 Tokyu Ginza 2-chome Building   |
| 10 KALEIDO Shibuya Miyamasuzaka                   | 25 OKI System Center (Land with leasehold interest)                     |
| 11 Setagaya Business Square                       | 26 TOKYU REIT Shibuya R Building  |
| 12 Tokyu Nampeidai-cho Building                   | 27 Tokyu Toranomon Building   |
| 13 Tokyu Sakuragaoka-cho Building                 | 28 TOKYU REIT Shinjuku 2 Building                                       |
| 14 Tokyo Nissan Taito Building                    | 29 Tokyu Bancho Building  |
| 15 TOKYU REIT Akasaka Hinokicho Building          |   |

- Retail Properties
- Office Properties
- Properties contributed by sponsors

\* Please refer to page 41 onward for details of each property






## 5. Appendix

# Portfolio List (1)






Name of Property	Properties contributed by sponsors	Properties contributed by sponsors		Properties contributed by sponsors	Properties contributed by sponsors	
	<b>1 QFRONT</b>	<b>2 Lexington Aoyama</b>	<b>3 TOKYU REIT Omotesando Square</b>	<b>4 Tokyu Saginuma 2 Building</b>	<b>5 TOKYU REIT Shibuya Udagawa-cho Square</b>	
					Building 1	Building 2
						
Address	Udagawa-cho, Shibuya-ku, Tokyo	5-chome Minami-Aoyama, Minato-ku, Tokyo	4-chome Jingumae, Shibuya-ku, Tokyo	1-chome Kodai, Miyamae-ku, Kawasaki-shi, Kanagawa	Udagawa-cho, Shibuya-ku, Tokyo	
Nearest Station	Approx. 1-minute walk from Shibuya Station on JR Yamanote and other JR lines, Tokyo Metro Ginza and other Tokyo Metro lines, Tokyu Toyoko Line, Tokyu Den-en-toshi Line, Keio Inokashira Line	5-minute walk from Omotesando Station on Tokyo Metro Ginza Line, etc.	Approx. 2-minute walk from Omotesando Station on Tokyo Metro Ginza Line, etc. Approx. 9-minute walk from "Meiji Jingumae" Station on Fukutoshin Line	Approx. 1-minute walk from Saginuma Station on Tokyu Den-en-toshi Line	Approx. 2-minute walk from "Shibuya" Station on JR Yamanote and other JR lines, Tokyo Metro Ginza and other Tokyo Metro lines, Tokyu Toyoko Line, Tokyu Den-en-toshi Line, Keio Inokashira Line	
Acquisition Date	9/10/2003	9/11/ 2003	9/10/2003	9/11/2003	3/1/2004	
Acquisition Price	15,100 million yen	4,800 million yen	5,770 million yen	1,290 million yen	6,600 million yen	
Appraisal Value as of the End of Period	25,400 million yen	5,180 million yen	7,300 million yen	1,710 million yen	11,700 million yen	
Total Land Space	784.26 m <sup>2</sup> [Land included in the property trust totals 728.30 m <sup>2</sup> ]	776.59 m <sup>2</sup>	1,259.21 m <sup>2</sup>	1,807.21 m <sup>2</sup>	679.27 m <sup>2</sup>	
Total Floor Space	6,675.52 m <sup>2</sup> [Exclusive area 4,804.46 m <sup>2</sup> ]	2,342.21 m <sup>2</sup>	3,321.20 m <sup>2</sup>	4,409.50 m <sup>2</sup>	1,473.10 m <sup>2</sup>	56.39 m <sup>2</sup>
Structure / Floors	SRC/S B3/8F	S/SRC B1/4F	S/SRC B1/4F	SRC B2/4F	S,3F	S,2F
Completion Date (building age)	October 1999 (16.8 years)	January 1998 (18.6 years)	October 1985 (30.8 years)	October 1979 (36.8 years)	July 1998 (18.0 years)	June 1995 (21.1 years)
Type of Ownership	Land	Proprietary ownership	Proprietary ownership	Proprietary ownership	Proprietary ownership	
	Building	Compartmentalized ownership	Proprietary ownership	Proprietary ownership	Proprietary ownership	
Number of Tenants	3	7	4	1	2	
Occupancy Rate	100%	100%	100%	100%	100%	

## 5. Appendix

# Portfolio List (2)

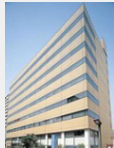




Name of Property	6 cocoti		7 Shonan Mall Fill (land with leasehold interest)		8 CONZE Ebisu		9 Daikanyama Forum		10 KALEIDO Shibuya Miyamasuzaka		
							Building 1 (East)	Building 2 (West)			
											
Address	1-chome Shibuya, Shibuya-ku, Tokyo		4-chome Tsujido- Shinmachi, Fujisawa-shi, Kanagawa		2-chome Ebisu-Minami, Shibuya-ku, Tokyo		Sarugaku-cho, Shibuya-ku, Tokyo		1-chome Shibuya, Shibuya-ku, Tokyo		
Nearest Station	Approx. 3-minute walk from Shibuya Station on JR Yamanote Line, etc. Approx. 1-minute walk from Shibuya Station on Tokyo Metro Ginza Line, etc. Approx. 1-minute walk from Shibuya Station on Tokyu Toyoko Line, Tokyu Den-en-toshi Line and Keio Inokashira Line		Approx. 3-minute by bus or approx. 20-minute walk from Tsujido Station on JR Tokaido Main Line Approx. 5-minute by bus from Fujisawa Station on JR Tokaido Main Line, Odakyu Enoshima Line and Enoshima Electric Railway		Approx. 3-minute walk from Ebisu Station on JR Yamanote Line, etc. Approx. 2-minute walk from Ebisu Station on Tokyo Metro Hibiya Line		Approx. 6-minute walk from Daikanyama Station on Tokyu Toyoko Line		Approx. 1-minute walk from Shibuya Station on Tokyu Toyoko Line, Tokyu Den-en-toshi Line, Tokyo Metro Ginza Line, Hanzomon Line and Fukutoshin Line Approx. 3-minute walk from Shibuya Station on JR Yamanote Line, etc.		
Acquisition Date	4/6/2005 8/2/2005 (Additional acquisition)		4/28/2006		10/31/2006		4/22/2008		8/16/2013		
Acquisition Price	24,500 million yen * Total price including those of additional acquisitions		6,810 million yen		5,117 million yen		4,136 million yen		5,150 million yen		
Appraisal Value as of the End of Period	19,700 million yen		6,310 million yen		4,440 million yen		3,360 million yen		6,710 million yen		
Total Land Space	1,705.35 m <sup>2</sup>		44,078.12 m <sup>2</sup>		562.07 m <sup>2</sup>		Site rights area 942.30 m <sup>2</sup>	Site rights area 1,108.01 m <sup>2</sup>	821.65 m <sup>2</sup>		
Total Floor Space	11,847.87 m <sup>2</sup>		-		2,789.35 m <sup>2</sup>		1,441.57 m <sup>2</sup>	2,388.70 m <sup>2</sup> [Exclusive area: 1,182.62 m <sup>2</sup> ]	4,475.10 m <sup>2</sup>		
Structure / Floors	S/SRC B2/12F		-		S/SRC B1/9F		RC B1/2F	RC B1/5F	S/RC B4/6F		
Completion Date (building age)	September 2004 (11.8 years)		-		March 2004 (12.4 years)		February 1993 (23.4 years)		January 1992 (24.5 years)		
Type of Ownership	Land	Proprietary Ownership		Proprietary Ownership		Proprietary Ownership		Proprietary Ownership	Proprietary Ownership [Co-ownership ratio: 64.13%]	Proprietary Ownership	
	Building	Proprietary Ownership		-		Proprietary Ownership		Compartmentalized ownership		Proprietary Ownership	
Number of Tenants	15		1		8		5		8		
Occupancy Rate	100%		100%		100%		100%		100%		

## Portfolio List (3)

Name of Station	Properties contributed by sponsors <b>11 Setagaya Business Square</b>	Properties contributed by sponsors <b>12 Tokyu Nampeidai-cho Building</b>	Properties contributed by sponsors <b>13 Tokyu Sakuragaoka-cho Building</b>	Properties contributed by sponsors <b>14 Tokyo Nissan Taito Building</b>	Properties contributed by sponsors <b>15 TOKYU REIT Akasaka Hinokicho Building</b>
					
Address	4-chome Yoga, Setagaya-ku, Tokyo	Nampeidai-cho, Shibuya-ku, Tokyo	Sakuragaoka-cho, Shibuya-ku, Tokyo	2-chome Motoasakusa, Taito-ku, Tokyo	6-chome Akasaka, Minato-ku, Tokyo
Nearest Station	Approx. 1-minute walk from Yoga Station on Tokyu Den-en-toshi Line	Approx. 7-minute walk from Shibuya Station on JR Yamanote Line, etc. Approx. 7-minute walk from Shibuya Station on Tokyo Metro Ginza Line, etc. Approx. 7-minute walk from Shibuya Station on Tokyu Toyoko Line, Tokyu Den-en-toshi Line and Keio Inokashira Line	Approx. 5-minute walk from Shibuya Station on JR Yamanote Line, etc. Approx. 5-minute walk from Shibuya Station on Tokyo Metro Ginza Line, etc. Approx. 5-minute walk from Shibuya Station on Tokyu Toyoko Line, Tokyu Den-en-toshi Line and Keio Inokashira Line	Approx. 3-minute walk from Inaricho Station on Tokyo Metro Ginza Line Approx. 4-minute walk from Shin-Okachimachi Station on Toei Oedo Line Approx. 4-minute walk from Shin-Okachimachi Station on Tsukuba Express Line Approx. 10-minute walk from Ueno Station on JR Yamanote Line	Approx. 4-minute walk from Akasaka Station on Tokyo Metro Chiyoda Line
Acquisition Date	9/11/2003	9/11/2003	9/11/2003	9/11/ 2003	9/10/2003
Acquisition Price	22,400 million yen	4,660 million yen	6,620 million yen	4,450 million yen	3,570 million yen
Appraisal Value as of the End of Period	18,700 million yen	5,120 million yen	8,940 million yen	5,240 million yen	4,250 million yen
Total Land Space	21,315.68 m <sup>2</sup>	2,013.28 m <sup>2</sup>	1,013.03 m <sup>2</sup>	1,718.45 m <sup>2</sup>	866.61 m <sup>2</sup>
Total Floor Space	94,373.72 m <sup>2</sup>	7,003.88 m <sup>2</sup>	6,505.39 m <sup>2</sup>	11,373.20 m <sup>2</sup>	4,058.92 m <sup>2</sup>
Structure / Floors	SRC/RC/S B2/28F	S/SRC B2/5F	SRC B3/9F	SRC B2/10F	RC 7F
Completion Date (building age)	September 1993 (22.8 years)	July 1992 (24.0 years)	June 1987 (29.2 years)	September 1992 (23.9 years)	August 1984 (31.9 years)
Type of Ownership	Land	Proprietary Ownership [Co-ownership ratio: 55%]	Proprietary Ownership	Proprietary Ownership	Proprietary Ownership
	Building	Proprietary Ownership [Co-ownership ratio: 55%]	Proprietary Ownership	Compartmentalized ownership * Compartmentalized ownership of whole building are entrusted.	Proprietary Ownership
Number of Tenants	58	1	2	11	3
Occupancy Rate	80.1%	100%	100%	93.8%	100%




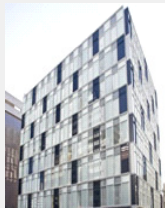

## 5. Appendix

# Portfolio List (4)

Name of Property	<b>16 TOKYU REIT Kamata Building</b>	<b>17 TOKYU REIT Toranomon Building</b>	<small>Properties contributed by sponsors</small> <b>18 Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)</b>	<small>Properties contributed by sponsors</small> <b>19 Tokyu Ikejiri-ohashi Building</b>	<small>Properties contributed by sponsors</small> <b>20 Kojimachi Square</b>
					
Address	5-chome Kamata, Ota-ku, Tokyo	3-chome Toranomon, Minato-ku, Tokyo	4-chome Akasaka, Minato-ku, Tokyo	3-chome Higashiyama, Meguro-ku, Tokyo	Nibancho, Chiyoda-ku, Tokyo
Nearest Station	Approx. 3-minute walk from Kamata Station on JR Keihin Tohoku Line Approx. 3-minute walk from Kamata Station on Tokyu Tamagawa Line and Ikegami Line	Approx. 1-minute walk from Kamiyacho Station on Tokyo Metro Hibiya Line Approx. 9-minute walk from Toranomon Station on Tokyo Metro Ginza Line Approx. 9-minute walk from Onarimon Station on Toei Mita Line	Approx. 4-minute walk from Akasaka-mitsuke Station on Tokyo Metro Ginza Line and Marunouchi Line Approx. 4-minute walk from Nagatacho Station on Hanzomon Line, etc.	Approx. 5-minute walk from Ikejiri-ohashi Station on Tokyu Den-en-toshi Line	Approx. 1-minute walk from Kojimachi Station on Tokyo Metro Yurakucho Line Approx. 7-minute walk from Hanzomon Station on Hanzomon Line Approx. 8-minute walk from Ichigaya Station on Nanboku Line Approx. 10-minute walk from Yotsuya Station on Marunouchi Line Approx. 7-minute walk from Ichigaya Station on JR Sobu Line Approx. 8-minute walk from Yotsuya Station on Chuo Line and Sobu Line Approx. 8-minute walk from Ichigaya Station on Toei Shinjuku Line
Acquisition Date	9/10/2003	12/15/2004 9/21/2007 (Additional acquisition) 10/26/2007 (Additional acquisition) 1/21/2015 (Additional acquisition)	1/31/2008	3/28/2008	3/19/2010
Acquisition Price	4,720 million yen	10,177 million yen *Total price including those of additional acquisitions	8,500 million yen	5,480 million yen	9,030 million yen
Appraisal Value as of the End of Period	5,090 million yen	10,300 million yen	6,820 million yen	5,250 million yen	8,530 million yen
Total Land Space	1,642.86 m <sup>2</sup>	1,728.38 m <sup>2</sup> [Co-ownership ratio: 86.116%]	712.49 m <sup>2</sup>	2,382.67 m <sup>2</sup>	1,269.24 m <sup>2</sup>
Total Floor Space	10,244.51 m <sup>2</sup>	15,343.73 m <sup>2</sup> [Area owned by TOKYU REIT: 10,882.65 m <sup>2</sup> ]	5,002.36 m <sup>2</sup>	7,619.56 m <sup>2</sup>	6,803.47 m <sup>2</sup>
Structure / Floors	S/SRC B1/9F	SRC/RC B2/9F	S/SRC B1/9F	SRC 7F	S/RC B1/7F
Completion Date (building age)	February 1992 (24.5 years)	April 1988 (28.2 years)	February 2003 (13.5 years)	October 1989 (26.7 years)	January 2003 (13.5 years)
Type of Ownership	Land	Proprietary Ownership	Proprietary Ownership [Co-ownership ratio: 86.116%]	Proprietary Ownership	Proprietary Ownership
	Building	Proprietary Ownership	Compartmentalized Ownership and Co-ownership of Compartmentalized Ownership	Proprietary Ownership	Proprietary Ownership
Number of Tenants	6	11	1	5	7
Occupancy Rate	100%	100%	100%	90.1%	100%





## 5. Appendix

# Portfolio List (5)

Name of Property	<b>21</b> TOKYU REIT Shinjuku Building	<b>22</b> Akihabara Sanwa Toyo Building	<b>23</b> TOKYU REIT Kiba Building	<small>Properties contributed by sponsors</small> <b>24</b> TOKYU Ginza 2-chome Building	<b>25</b> OKI System Center (land with leasehold interest)
					
Address	4-chome Shinjuku, Shinjuku-ku, Tokyo	3-chome Soto-Kanda, Chiyoda-ku, Tokyo	3-chome Toyo, Koto-ku, Tokyo	2-chome Ginza, Chuo-ku, Tokyo	1-chome Chuo, Warabi-shi, Saitama
Nearest station	Approx. 1-minute walk from Shinjuku-Sanchome Station on Tokyo Metro Marunouchi Line and Fukutoshin Line Approx. 4-minute walk from Shinjuku Station on JR Yamanote Line, etc. Approx. 6-minute walk from Shinjuku Station on Toei Shinjuku Line and Toei Oedo Line Approx. 6-minute walk from Shinjuku Station on Keio Line Approx. 7-minute walk from Shinjuku Station on Odakyu Odawara Line	Approx. 1-minute walk from Suehirocho Station on Tokyo Metro Ginza Line Approx. 7-minute walk from Akihabara Station on JR Yamanote Line, etc. Approx. 9-minute walk from Akihabara Station on Tsukuba Express Line	Approx. 2-minute walk from Kiba Station on Tokyo Metro Tozai Line	Approx. 2-minute walk from Shintomicho Station on Tokyo Metro Yurakucho Line Approx. 4-minute walk from Higashi-Ginza Station on Hibiya Line Approx. 8-minute walk from Ginza Station on Ginza Line, etc. Approx. 4-minute walk from Higashi-Ginza Station on Toei Asakusa Line	Approx. 4-minute walk from Warabi Station on JR Keihin Tohoku Line
Acquisition Date	3/26/2010	10/29/2010	10/29/2010	2/15/2011	3/27/2013
Acquisition Price	9,000 million yen	4,600 million yen	4,000 million yen	5,010 million yen	4,530 million yen
Appraisal Value as of the End of Period	10,500 million yen	6,060 million yen	3,840 million yen	4,880 million yen	5,040 million yen
Total Land Space	1,113.87 m <sup>2</sup>	795.33 m <sup>2</sup>	1,259.52 m <sup>2</sup>	805.42 m <sup>2</sup>	17,019.18 m <sup>2</sup>
Total Floor Space	8,720.09 m <sup>2</sup>	5,704.69 m <sup>2</sup>	7,513.09 m <sup>2</sup> [Including parking spaces (41.74 m <sup>2</sup> )]	5,098.61 m <sup>2</sup>	-
Structure / Floors	SRC 10F	SRC B1/8F	SRC 10F	S/RC B1/8F	-
Completion Date (building age)	May 2003 (13.2 years)	September 1985 (30.9 years)	February 1992 (24.5 years)	August 2008 (7.9 years)	-
Type of Ownership	Land	Proprietary Ownership	Proprietary Ownership	Proprietary Ownership	Proprietary Ownership
	Building	Proprietary Ownership	Compartmentalized Ownership * Compartmentalized ownership of whole building are entrusted.	Proprietary Ownership	-
Number of Tenants	10	6	6	2	1
Occupancy Rate	100%	100%	100%	100%	100%

## 5. Appendix

# Portfolio List (6)


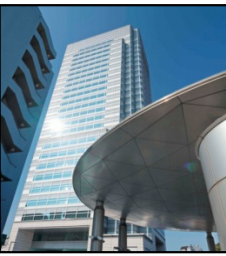




Name of Property		Properties contributed by sponsors	Properties contributed by sponsors	Properties contributed by sponsors	
26 TOKYU REIT Shibuya R Building		27 Tokyu Toranomon Building	28 TOKYU REIT Shinjuku 2 Building	29 Tokyu Bancho Building	
					
Address		Address		Address	
3-chome Shibuya, Shibuya-ku, Tokyo		1-chome Toranomon, Minato-ku, Tokyo		4-chome Shinjuku, Shinjuku-ku, Tokyo	
Nearest Station		Nearest Station		Nearest Station	
Approx. 2-minute walk from Shibuya Station on JR Yamanote Line, etc. Approx. 4-minute walk from Shibuya Station on Tokyu Toyoko Line, Tokyu Den-en-toshi Line, Tokyo Metro Ginza Line, Hanzomon Line and Fukutoshin Line		Approx. 3-minute walk from Toranomon Station on Tokyo Metro Ginza Line Approx. 7-minute walk from Kasumigaseki Station on Tokyo Metro Chiyoda Line and Hibiya Line Approx. 8-minute walk from Kamiyacho Station on Tokyo Metro Hibiya Line Approx. 9-minute walk from Kasumigaseki Station on Tokyo Metro Marunouchi Line		Approx. 1-minute walk from Shinjuku-Sanchome Station on Tokyo Metro Marunouchi Line and Fukutoshin Line Approx. 4-minute walk from Shinjuku Station on JR Yamanote Line, etc. Approx. 6-minute walk from Shinjuku Station on Toei Shinjuku Line and Toei Oedo Line Approx. 6-minute walk from Shinjuku Station on Keio Line Approx. 6-minute walk from Shinjuku Station on Odakyu Odawara Line	
Acquisition Date		Acquisition Date		Acquisition Date	
8/16/2013		8/16/2013 1/9/2015 (Additional acquisition)		10/30/2015	
Acquisition Price		Acquisition Price		Acquisition Price	
5,270 million yen		16,850 million yen * Total price including those of additional acquisitions		2,750 million yen	
Appraisal Value as of the End of Period		Appraisal Value as of the End of Period		Appraisal Value as of the End of Period	
8,550 million yen		19,800 million yen		2,680 million yen	
Total Land Space		Total Land Space		Total Land Space	
1,077.45 m <sup>2</sup> [Area owned by Tokyu REIT: 819.41 m <sup>2</sup> ]		2,016.83 m <sup>2</sup>		270.05 m <sup>2</sup>	
Total Floor Space		Total Floor Space		Total Floor Space	
7,289.38 m <sup>2</sup> [Including parking spaces (41.18 m <sup>2</sup> )] [Area owned by Tokyu REIT: 4,403.69 m <sup>2</sup> ]		11,983.09 m <sup>2</sup>		2,006.13 m <sup>2</sup>	
Structure / Floors		Structure / Floors		Structure / Floors	
SRC *Parking space: S B1/9F		S 10F		S 10F	
Completion Date (building age)		Completion Date (building age)		Completion Date (building age)	
March 1990 (26.3 years)		April 2010 (6.3 years)		December 1991 (24.6 years)	
Type of Ownership	Land	Proprietary Ownership		Proprietary Ownership	
	Building	Compartmentalized Ownership and Co-ownership of Compartmentalized Ownership		Proprietary Ownership	
Number of Tenants		Number of Tenants		Number of Tenants	
11		3		2	
Occupancy Rate		Occupancy Rate		Occupancy Rate	
94.6%		100%		100%	

# Environmental Measures

## TOKYU REIT will continue to implement environmentally-friendly operations

■ DBJ Green Building Certification

The DBJ Green Building Certification program is a certification program to evaluate real estate demonstrating environmental and social awareness in five grades with a scoring model developed originally by Development Bank of Japan Inc.

 <p>Properties with excellent environmental &amp; social awareness</p>	 <p>Setagaya Business Square</p>	<ul style="list-style-type: none"> <li>• Saving water resources by installing facilities for reuse of rainwater and greywater</li> <li>• Contributing to heat island countermeasures by creating lush on-site greenery</li> </ul>	 <p>cocoti</p>	<ul style="list-style-type: none"> <li>• Contributing to heat island countermeasures in cities by conducting large-scale rooftop and wall greening</li> <li>• Enhancing the attractiveness of retail properties by establishing interactive facilities such as fitness clubs and movie theaters</li> </ul>
 <p>Properties with high environmental &amp; social awareness</p>	 <p>Tokyu Toranomon Building</p>	<ul style="list-style-type: none"> <li>• Proactively promotes heat island countermeasures by providing enhanced rooftop and wall greenery and provides comfort to the building's office workers.</li> </ul>	 <p>QFRONT</p>	<ul style="list-style-type: none"> <li>• Promoting energy saving of the entire facility by adopting LED lighting</li> <li>• Proactively engage in formation of communities in the surrounding environment by participating in local events</li> </ul>

■ Acquired “Green Star,” the Highest Ranking, in GRESB Survey for two consecutive years



Tokyu REIM has participated in GRESB survey since 2014 by placing TOKYU REIT as the target.

Acquired the highest ranking of “GreenStar” in 2016.

GRESB (Global Real Estate Sustainability Benchmark)

...Benchmark developed by a group of leading western pension funds. Evaluates the sustainability consideration of real estate companies and the managing entities, and is being utilized by some major institutional investors, for example when selecting investment targets.

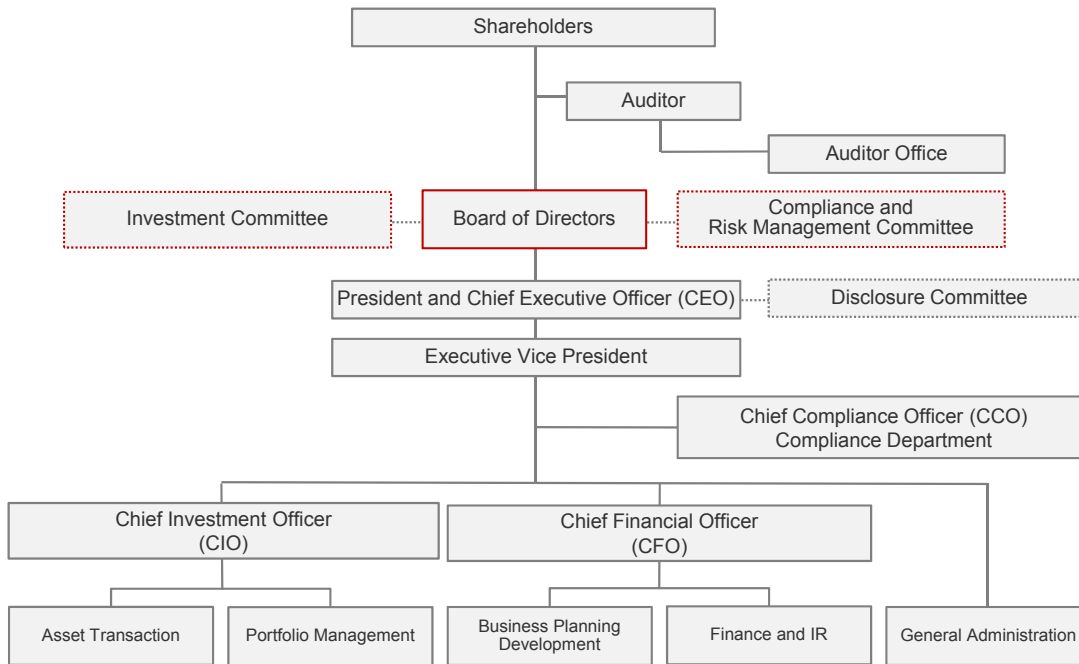


# Governance of TOKYU REIT (1)

■ Governance Structure of TOKYU REIT **Involvement of independent outside board members**

## TOKYU REIM (Investment management company)

Accounting Auditor: Ernst & Young ShinNihon LLC



**Board of Directors**

Function: Decision-making on management strategy  
 Members: Representative director & president, representative director & executive vice president, and 4 directors (part-time) from sponsor and 2 auditors (part-time)

**Compliance and Risk Management Committee**

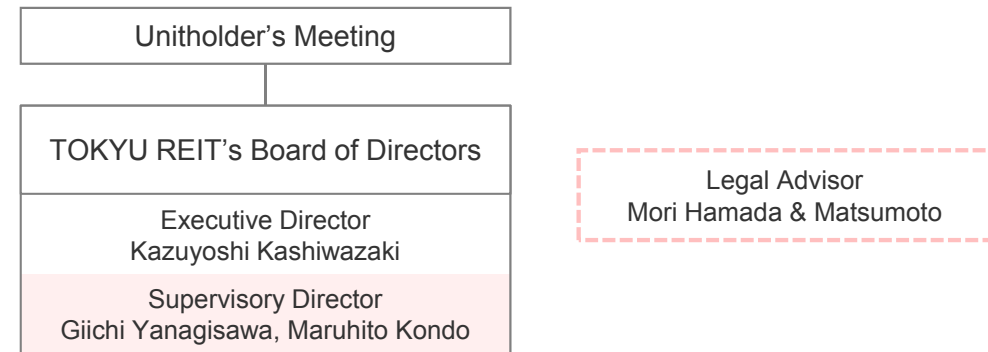
Function: Advisory on compliance and risk management, and transactions with Related Parties  
 Members: 2 directors (part-time), and 2 **external committee members**

**Investment Committee**

Function: Advisory on investment decisions  
 Members: Representative director & president [committee chairman], 4 directors (part-time) and 1 appraiser

## TOKYU REIT

Accounting Auditor: PricewaterhouseCoopers Aarata LLC



**Status of Board of Directors' Meetings Held (Ended July 2016 (FP 26))**

- 11 meetings held (1.8 meetings per month)
- 21 resolutions and 81 reports in total (1.9 resolutions and 7.3 reports per meeting in average)
- Attendance
  - Kazuyoshi Kashiwazaki (Executive Director) 100%
  - Giichi Yanagisawa (Supervisory Director) 100%
  - Maruhito Kondo (Supervisory Director) 100%
  - General Administrator 100%

**Cooperation between Supervisory Directors and Accounting Auditor**

- Accounting Auditor and directors of TOKYU REIT meet each period to exchange information
  - Financials in (Ended Jul 2016 (FP 26)) were audited by:
    - Company : PricewaterhouseCoopers Aarata LLC
    - Name: Takashi Sasaki (1 period), Hideo Ohta (6 period)
- \*( ) indicates number of continuous audit periods to date

## ■ Investment Management Fee

**Incentive system which “the Investment Management Company is in the same boat as unitholders”**

Investment management fee is linked to “appraisal value of assets”, “cash flow” and “price of investment unit” and acquisition incentive fees are not adopted

<Investment management fee structure and remuneration>

Remuneration	Criteria for calculation	Remuneration (Ended Jul 2016)
Base 1 (Linked to asset valuation)	Asset value at end of previous period × 0.125% (0.120% for the portion exceeding 200 billion yen and 300 billion yen or less) (0.115% for the portion exceeding 300 billion yen)	¥301 mn
Base 2 (Linked to cash flow)	Standard cash flow in current period <sup>(Note)</sup> × 6.0% (5.7% for the portion exceeding 5.0 billion yen and 7.5 billion yen or less) (5.4% for the portion exceeding 7.5 billion yen)	¥256 mn
Incentive Fee (Linked to investment unit price)	(Average price in current period - Highest average price over all previous periods) × number of units × 0.4%	Not occurred

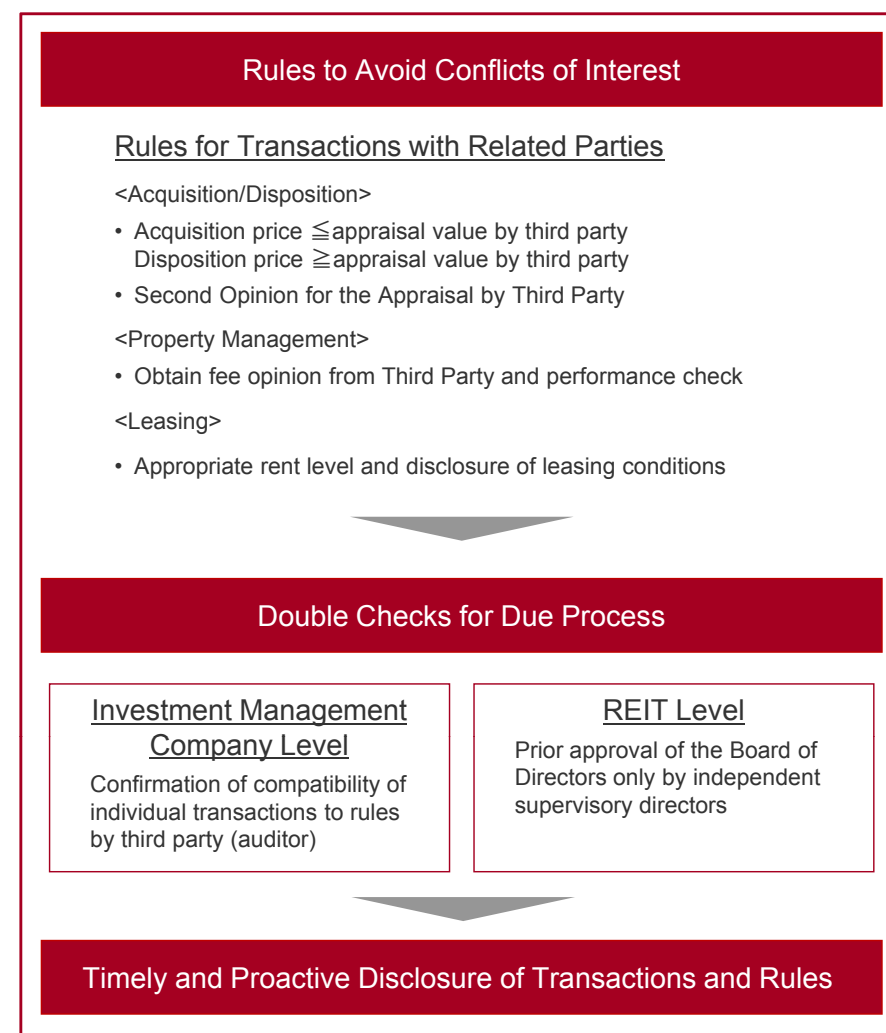
(Note) Standard cash flow here shall be the amount derived by subtracting an amount equivalent to 50% each of profit or loss from the sale of specified assets and profit or loss from the valuation of specified assets from the net income before income taxes, plus depreciation and amortization of deferred assets.

\* 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.

## ■ Measures Against Conflicts of Interest

**Strict rules support sponsor collaboration**

Development of self-imposed rules on transactions with related parties and measures to avoid conflicts of interest through multiple checks



## ■ Company Overview **Tokyu REIM** Tokyu Real Estate Investment Management

Name : **Tokyu Real Estate Investment Management Inc.**

Address : Shibuya Mark City West 11F, 1-12-1 Dogenzaka  
Shibuya-ku, Tokyo

Established : June 27, 2001

Paid-in Capital : 300 million yen  
(Number of shares issued and outstanding: 6,000)

Representative : Representative Director & President, Chief Executive Officer  
Kazuyoshi Kashiwazaki

Shareholders and  
ratio of shareholding : Tokyu Corporation 100%

Number of employees : 51 (Excludes part-time executives)

Registration/Approval, : Acquired Real Estate Brokerage License  
etc. (No.79964 Governor of Tokyo)

Acquired discretionary transaction agent approval in accordance with  
the Building Lots and Building Transactions Business Law  
(Ministry of Land, Infrastructure, Transport and Tourism No.17)

Registered as a General Real Estate Investment Management  
Company  
(No. 016)

Registered as a Financial Instruments Dealer  
(Kanto Financial Bureau (Kin-sho) No.360)

## ■ Content of IR Activities

Costs of TOKYU REIT's IR activities are borne TOKYU REIM

<Major activities conducted in Ended Jan 2016 (FP 25) and Ended Jul 2016 (FP 26)>

- Participated in a conference targeting foreign institutional investors
- Held seminars at branch offices of securities companies centering on Tokyu Areas targeting individual investors
- Held seminars at branch offices of securities companies across Japan
- Participated in "J-REIT Fair 2015" for individual investors
- Participated in "ARES J-REIT Caravan 2016"
- Participated in seminars targeting individual investors hosted by securities companies
- Conducted property viewing tours and other activities for institutional investors



ARES J-REIT Caravan  
(Fukuyama)

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Information provided in this material is requested in the Financial Instruments and Exchange Law, laws concerning investment trusts and investment corporations and government ordinances pertaining to them, Cabinet Office Ordinance, regulations as well as listing regulation of Tokyo Stock Exchange and regulation of Investment Trusts Association, etc. and are not disclosure documents or management reports based on them.

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This document contains forward-looking statements, such as current plans, strategies and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations.

Numbers for the same item may be different from other disclosure materials due to difference in rounding.

Although much attention has been paid to the inclusion of all relevant information in this document, there may be errors and omissions. Therefore, they are subject to correction or amendment without prior notice.

Information without any special description is that as of July 31, 2016.

Tokyu Saginuma 2 Building is scheduled to be disposed on January 31, 2017.

This document is a translation of the original document in Japanese and is prepared solely for the convenience of non-Japanese speakers. There is no assurance as to the accuracy of the English translation. The original Japanese document shall prevail in the event of any discrepancies between the translation and the Japanese original.