



TOKYU

REIT

TOKYU REIT, Inc. Semiannual Report

The Fiscal Period Ended July 2018
(30th Fiscal Period)

From February 1, 2018 to July 31, 2018

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



BASIC POLICY

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

- Invest in areas with strong growth potential
—Investment in properties in central Tokyo and Tokyo Areas
- Committed to continued collaboration with Tokyu Corporation and its subsidiaries^(Note) (Sponsor collaboration)
- Growth through heightened added value of the Tokyu Areas

2 A portfolio that secures **'stability'**

- Diversified property uses and limited investment regions
- Winning long-term contracts with well-balanced tenants
- Investment criteria aimed at low risk and steady returns

3 Fund structure that backs **'transparency'**

- Thorough implementation of strict measures against conflicts of interest
- Independent third-party checks
- Proactive disclosure of transaction details



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(Note) Tokyu Corporation and its subsidiaries referred to in this semiannual report collectively represent "Tokyu Corporation," "a consolidated subsidiary of Tokyu Corporation (not including equity method affiliates)," "a tokutei mokuteki kaisha (TMK) or a 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%." (The same applies hereinafter.)

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



Kazuyoshi Kashiwazaki

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

I hereby report our operating environment and results for the 30th fiscal period from February 1, 2018 to July 31, 2018.

In the current fiscal period, revenue and income increased from the previous fiscal period with the ending of the free rent period at Setagaya Business Square, increase in the occupancy rates of other properties as well as upward rent revisions and other factors despite the decrease in revenue during the free rent period of tenants who moved into Tokyu Toranomon Building in the previous fiscal period. The occupancy rate of the overall portfolio remained high at 99.3%.

As a result, we achieved an operating revenue of 7,119 million yen (increase of 87 million yen from the previous fiscal period) and net income of 2,678 million yen (increase of 184 million yen from the previous fiscal period).

In addition, we conducted property replacement by disposing TOKYU REIT Kiba Building and acquiring Lucid Square Ebisu in August 2018 and acquired REVE Nakameguro (land with leasehold interest) in September 2018. Gain on sale of real estate is expected to be 316 million yen in the fiscal period ending January 2019 with the disposition of TOKYU REIT Kiba Building.

Distribution per unit for the fiscal period ended July 2018 will be 2,739 yen, an increase of 89 yen from the previous fiscal period. For the next fiscal period onwards, distribution per unit for the fiscal period ending January 2019 is forecasted to be 3,020 yen with the recording of the above gain on sale of real estate, an increase of 281 yen from the previous fiscal period, and 2,800 yen for the fiscal period ending July 2019 with the reversal of reserve for reduction entry of 52 million yen (53 yen per unit) equivalent to

the repair and maintenance expenses for the exterior wall repair work of TOKYU REIT Shinjuku Building.

As for the assessment of the current investment environment, the price of real estate in the Tokyo metropolitan area continues to peak and the sales and replacement phase in the “Long-Term Investment Management Strategy (Surf Plan) ^(Note 1)” is expected to continue until 2020. Within the Tokyo Metropolitan Area, the price of real estate in Shibuya and the Tokyu Areas is expected to continue rising through 2020 as development in the Greater Shibuya Area (within a radius of 2.5 km from Shibuya Station) and the Tokyu Areas will be implemented continuously following the redevelopment of the area surrounding Shibuya Station by Tokyu Corporation, the sponsor. Therefore, there will be an increase in unrealized gains from properties owned by **TOKYU REIT**, which places Central Tokyo and the Tokyu Areas as focused investment target areas. As a result, NAV ^(Note 2) of **TOKYU REIT** is forecasted to continue increasing, resulting in NAV per unit surpassing investment unit price.

Based on such recognition, **TOKYU REIT** will conduct property replacement after taking into consideration the total return ^(Note 3), property age, location, etc. of the properties it owns, as well as consider as a measure until 2020 the acquisition of treasury investment units by using surplus funds that accrued from property replacement. (For details, please refer to page 7.)

TOKYU REIT will strive to maximize unitholder value through “investment in highly competitive properties in areas with strong growth potential.”

TOKYU REIT greatly appreciates your continued support.

September 2018

(Notes) 1. The “Long-Term Investment Management Strategy (Surf Plan)” is a strategy of TOKYU REIT formed by its investment management company Tokyu REIM. Under this strategy, while replacing properties through a value and contrarian investment approach by focusing on the cyclical nature of real estate prices, TOKYU REIT aims to build a portfolio that boasts lasting competitiveness and balance sheets that are strong against even difficult economic times.
2. NAV=Unitholders’ capital + Reserve for reduction entry (after appropriation of net income) +Unrealized gains/losses.
3. Total return from owned properties is comprised of income return (rental revenues, etc.) of each fiscal period and future capital return (gain on sale).

April 1985
Entered Tokyu Corporation, Railway Operation Division, Railway Business Unit

April 1986
Tokyu Corporation, Finance & Account Division

March 1998
Tokyu Corporation, Division I, Group Management Division

July 1999
Tokyu Corporation, Division II, Group Management Division

October 1999
Tokyu Corporation, Finance & Account Division

January 2000
Tokyu Corporation, Manager of Finance & Account Division

April 2003
Tokyu Corporation, Manager of Finance, Accounting & Group Strategy Headquarters

April 2005
Tokyu Corporation, Manager of Accounting & IR Division, Finance, Accounting & Group Strategy Headquarters

June 2006
Tokyu Corporation, Manager of Group Management & Planning Division, Finance, Accounting & Group Strategy Headquarters

April 2007
Tokyu Corporation, Manager of Group Strategy Division, Finance, Accounting & Group Strategy Headquarters

April 2008
Tokyu Corporation, General Manager of Group Strategy Division, Finance, Accounting & Group Strategy Headquarters

April 2009
Transferred to Tokyu Agency Inc., Executive Officer & Senior Executive General Manager of Corporate Management Division

June 2009
Tokyu Agency Inc., Director, Executive Officer & Senior Executive General Manager of Corporate Management Division

June 2010
Tokyu Agency Business Service Inc., President & Representative Director

April 2014
Tokyu Corporation, General Manager of Business Planning Department, Building Management Division, Urban Development Headquarters

April 2014
Tokyu REIM, Auditor (Non-Executive)

March 2015
Transferred to Tokyu REIM, Representative Director & Executive Vice President, Chief Investment Officer

May 2015
Tokyu REIM, Representative Director & President, Chief Executive Officer (current position)

May 2015
Executive Director of **TOKYU REIT** (current position)

Fiscal Period Ended July 2018
(FP 30)
Cash Distribution per Unit

¥2,739 (Fixed)

(Date of payment: Oct. 16, 2018)

Fiscal Period Ended January 2019
(FP 31)
Cash Distribution per Unit

¥3,020 (Forecast)

(Date of payment: Mid Apr. 2019)

Fiscal Period Ended July 2019
(FP 32)
Cash Distribution per Unit

¥2,800 (Forecast)

(Date of payment: Mid Oct. 2019)

Financial Summary

		Ended Jan. 2018 (FP 29) Actual	Ended Jul. 2018 (FP 30) Actual
Balance Sheets	■ Number of Properties	29 properties	29 properties
	■ Total Assets	¥218,101 million	¥219,396 million
	■ Interest-Bearing Debt	¥92,000 million	¥93,500 million
	■ Total Assets Loan-to-Value (LTV) Ratio	42.2%	42.6%
Statements of Income	■ Operating Revenues	¥7,032 million	¥7,119 million
	■ Net Income	¥2,493 million	¥2,678 million
Distributions	■ Distribution per Unit	¥2,650	¥2,739
	■ Average Market Price per Unit	¥137,260	¥146,066

Topics

Property Replacement (Lucid Square Ebisu and TOKYU REIT Kiba Building)

Acquisition

Lucid Square Ebisu



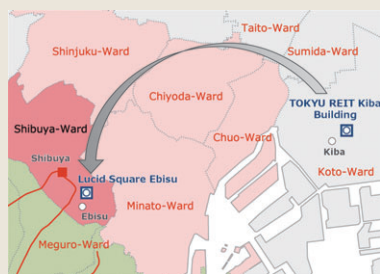
Overview of property	
Address	3-25-11 Higashi, Shibuya-ku, Tokyo
Access	Approximately a 3-minute walk from Ebisu Station on JR Yamanote Line and Tokyo Metro Hibiya Line
Acquisition Price	4,500 million yen
Appraisal Value	4,700 million yen (As of June 30, 2018)
Contract Date	July 13, 2018
Scheduled Acquisition Date	August 1, 2018
NOI ^(Note 1)	145 million yen per annum (NOI yield: 3.2%)
NOI after Depreciation ^(Note 1)	124 million yen per annum (NOI yield after depreciation: 2.8%)
Completion Date	April 1992
Use	Office, retails and parking
Occupancy Rate	100% (As of August 1, 2018)

Property Replacement

■ Dispose a property located outside of Tokyo Central 5 Wards and acquire a property located in Shibuya Ward, the focused investment areas of **TOKYU REIT** portfolio. NOI after depreciation is expected to remain around the same before and after the replacement, after the occupancy of acquired property recovers ^(Note 1)

■ NOI yield of Lucid Square Ebisu is expected to improve from 3.2% to 3.7% on a medium to long term through increase in occupancy rate and rent as well as other factors ^(Note 1)

■ 316 million yen of gain on sale of properties is to occur in the fiscal period ending January 2019 (FP 31) due to the disposition of TOKYU REIT Kiba Building



Disposition

TOKYU REIT Kiba Building



Overview of property	
Address	3-7-13 Toyo, Koto-ku, Tokyo
Access	Approximately a 2-minute walk from Kiba Station, Tokyo Metro Tozai Line
Disposition Price	4,250 million yen
Book Value	3,861 million yen (Expected value as of August 1, 2018)
Contract Date	July 13, 2018
Disposition Date	August 1, 2018
NOI ^(Note 2)	202 million yen per annum (NOI yield: 4.8%)
NOI after Depreciation ^(Note 2)	134 million yen per annum (NOI yield after depreciation: 3.2%)
Completion Date	February 1992
Use	Office, retails and parking
Occupancy Rate	81.1% (As of August 1, 2018)

(Note 1) Estimated annual figures exclusive of special items of the acquisition fiscal year and are based on the following assumptions

- Total rental income is the estimated annual figures based on an occupancy rate as of the end of January 2019 (82.6%) with termination of a portion of tenants after the acquisition date to be assumed.
- Property-related taxes are projected to be the same amount as the fiscal 2018 assessment amount.
- Repairs and maintenance expenses are calculated based on expenses estimated for the next one-year period.

(Note 2) Actual results from February 2017 to January 2018

Acquisition of Property (REVE Nakameguro (land with leasehold interest))

Acquisition

REVE Nakameguro (land with leasehold interest)



Overview of property	
Address	1-13-14 Kamimeguro, Meguro-ku, Tokyo
Access	Approximately a 4-minute walk from Naka-Meguro Station, Tokyu Toyoko Line and Tokyo Metro Hibiya Line
Site/Floor Area	497.02 m ²
Acquisition Price	1,150 million yen
Appraisal Value	1,150 million yen (As of July 31, 2018)
Contract Date	June 22, 2018
Scheduled Acquisition Date	September 27, 2018
NOI	39 million yen per annum (NOI yield: 3.5%)

- Acquisition of property following Maison Peony Toritsudaigaku after the change in investment criteria (decreased minimum investment amount per property) in 2017
- Located in the Tokyu Areas, the focused investment areas of **TOKYU REIT** portfolio, the land will be acquired by **TOKYU REIT** while the building with a leasehold will be acquired by Tokyu Corporation
- Concluded an agreement on establishment of a 50-year general fixed-term leasehold with Tokyu Corporation. Stable profit of 39 million yen per annum in terms of NOI can be expected over the long term

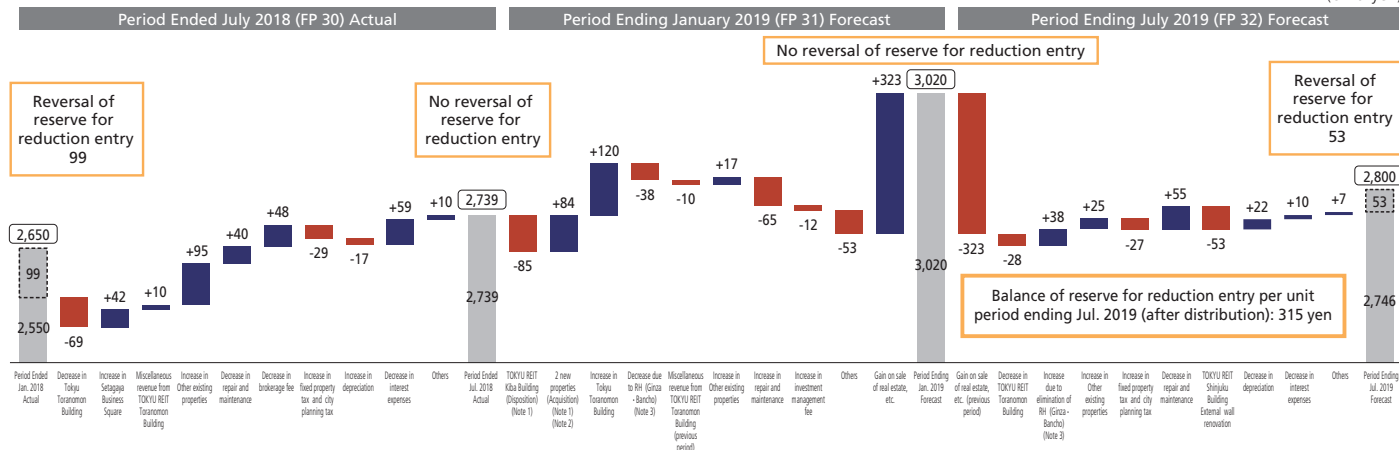


Variable Factor of Distribution per Unit

Breakdown of Distribution per Unit by Variable Factor

*Figures indicated in the boxes are actual/expected distribution per unit

(Unit: yen)



- (Notes) 1. NOI after depreciation
 2. Lucid Square Ebisu and REVE Nakameguro (land with leasehold interest)
 3. RH (Rent Holiday)=A type of contract where tenants are exempted from rent payments during a specific period other than the time of move-in, out of the contract type where tenants are exempted from rent payment for a certain period after occupancy in lease agreements.

Future Property Replacement and Utilization of Funds from Sales (Up to 2020)

Recognition of Current Status

Real estate price level in the Tokyo Metropolitan Area

The sales and replacement phase in the "Long-Term Investment Management Strategy (Surf Plan)" (Note 1) is expected to continue until 2020

Progress in development of Tokyu rail network hub by sponsor

The price of real estate in the Tokyu Areas is expected to continue rising in 2020 onward as development in the Greater Shibuya Area (Note 2) and the Tokyu Areas will be implemented continuously following the redevelopment of the area surrounding Shibuya Station

Level of P/NAV

P/NAV is discounted due to the increase in NAV associated with the increase in unrealized gains of owned properties

Property Replacement

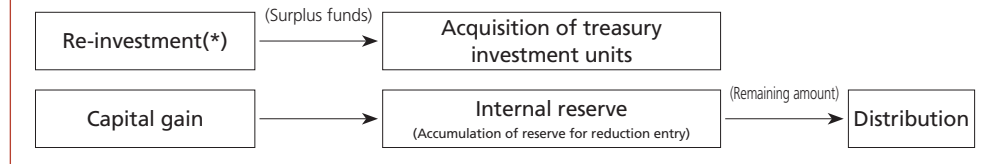
Properties located in Central Tokyo (mainly office buildings)

Proactively promote property replacement based on the "Long-Term Investment Management Strategy (Surf Plan)"

Properties located in Greater Shibuya Area and Tokyu Areas

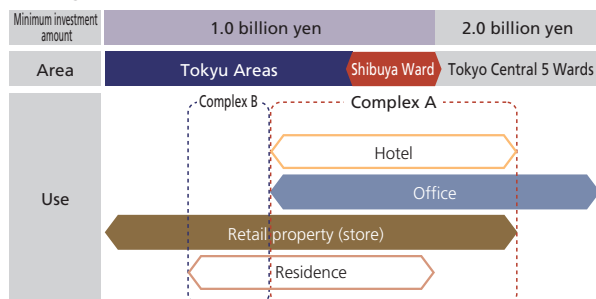
Promote the exchange of properties with sponsors based on the "Capital Re-investment Model" (Note 3)

Use of funds from sales of properties



- (Notes) 1. An idea to secure capital gains while replacing properties, and achieve improvement of portfolio quality through a value and contrarian investment approach that focuses on the cyclical nature of real estate prices
 2. Within a 2.5km radius from Shibuya Station
 3. An idea to aim for ceaseless value enhancement in investment targeted area through sponsor collaboration in line with stages of life of property

(*) Image of re-invested properties



Recently acquired properties

Property Name	Investment Amount	Acquisition Date
Maison Peony Toritsudaigaku	1,200 million yen	acquired on November 15, 2017
Lucid Square Ebisu	4,500 million yen	acquired on August 1, 2018
REVE Nakameguro (land with leasehold interest)	1,150 million yen	(scheduled to be acquired on September 27, 2018)

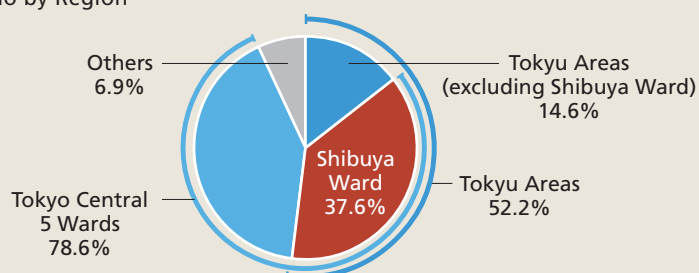
Investment in Highly Competitive Properties in Areas with Strong Growth Potential

Areas with Strong Growth Potential

Investment Area: Tokyo Metropolitan Area

- Investment of more than 85% in Tokyo Central 5 Wards and areas along Tokyu rail lines, areas showing population growth and more growth potential in the Tokyo Metropolitan Area
- ✓ 93.1% of investment in Tokyo Central 5 Wards and areas along Tokyu rail lines as of the end of July 2018 (FP 30)
- *Based on acquisition price
- Control earthquake risk through PML (Set portfolio PML ^(Note 1) at 10% or lower)
- ✓ Set portfolio PML of the fiscal period ended July 2018 (FP 30): 3.8% ^(Note 2)
- Oriented towards total return (comprised of income return (rental revenues, etc.) of each fiscal period and future capital return (gains on sales))

Percentage Share in Total Portfolio by Region



Area	Targeted Areas of Investment	
Central Tokyo	Tokyo Central 5 Wards	Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards
	Other major commercial and retail districts of Tokyo	The areas surrounding Ikebukuro, Koraku, Ueno and other areas
Tokyu Areas	Tokyu rail network hub	Shibuya Ward
	Other Tokyu rail network areas	Tokyo: Shinagawa, Meguro, Setagaya and Ota wards, Machida City
		Yokohama, Kanagawa Prefecture: Kouhoku, Kanagawa, Naka, Nishi, Midori, Aoba and Tsuzuki wards
		Kawasaki, Kanagawa Prefecture: Nakahara, Takatsu and Miyamae wards
	Yamato, Kanagawa Prefecture	
Others	Other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama and Chiba prefectures (excluding the separately mentioned areas above)	

(Notes) 1. The PML for the entire portfolio. There is no unified, strict definition of PML; as used in this semiannual report, PML represents the percentage of expected loss due to small- to large-level earthquakes (those statistically calculated as possible over a 475-year period) that occur during an assumed period for the economic life of a building, to procurement cost for restoring expected damage. Calculations incorporate data relating to individual property survey, assessment of building conditions, conformity to architectural design, surveys of local areas and structural evaluation. The PML and the probable lost days are based on the earthquake risk assessment reports prepared by Engineering & Risk Services Corporation and OYO RMS Corporation. Damages in this instance refer to property damage and do not include secondary damages such as loss of life and damages to fixtures. In addition, damages are limited to structural damage and damages to facilities and building interior and exterior, and do not cover damages caused by earthquake fire and fire damage from surrounding facilities.

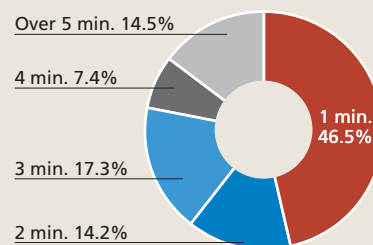
2. Excludes Shonan Mall Fill (Land with leasehold interest) and OKI System Center (Land with leasehold interest).

Highly Competitive Properties

■ Focus on Location

- Office properties
Within a seven-minute walk from the nearest station as a rule
- Retail properties
Conduct various surveys and analyses in many aspects, including purchasing power potential of the trade zone, growth potential, compatibility of tenants with the trade zone, and status of competition
- Secure favorable location, with focus on exit price and liquidity
- ✓ 78.0%* of properties lie within three-minute range (end of Jul. 2018 (FP 30))
- * Based on acquisition price

Travel time from the nearest train station (on foot; acquisition price basis)



■ Minimum Investment Amount per Property

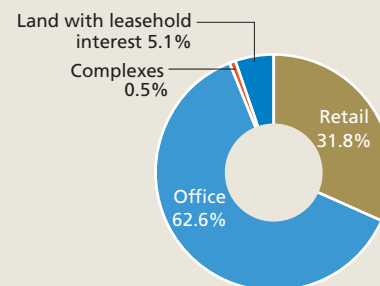
- 4 billion yen, in principle
- However,
 - (1) Properties located in Tokyu Areas (including Shibuya Ward): 1 billion yen
 - (2) Properties located in Central Tokyo (excluding Shibuya Ward): 2 billion yen
 - (3) Land with leasehold interest: 1 billion yen
- ✓ Average amount invested per property is ¥7.7 billion* (end of Jul. 2018 (FP 30))
- * Based on acquisition price

■ Asset Class

- Office properties, retail properties, and complexes that include office or retail properties

(Note) When a hotel is included in the above complex, it shall, in principle, meet the following criteria.
 (1) A lease agreement which can reduce business/operational risks of the hotel shall be concluded with the tenant of the hotel portion of the complex.
 (2) The tenant of the hotel portion of the complex shall be Tokyu Corporation and its subsidiaries or shall possess operational skills equal to those of Tokyu Corporation and its subsidiaries.

Investment ratio by use *Based on acquisition price



Main Strategy and the Other

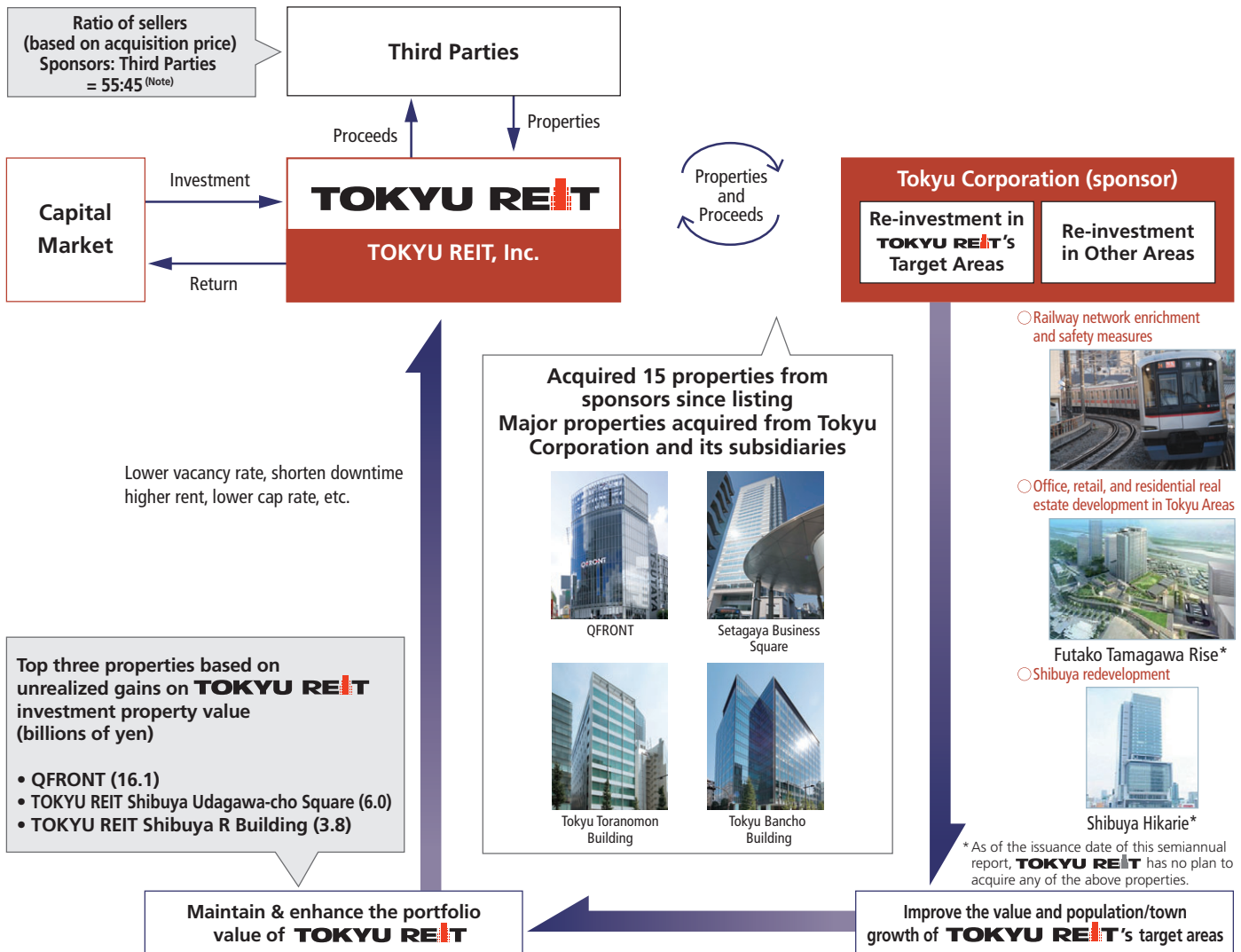
- “Capital Re-investment Model” through collaboration with sponsors → Refer to Page 10
- “Value and contrarian investment strategy” focusing on cyclicity of real estate prices → Refer to Page 11
- Investment management fee structure “being in the same boat as unitholders” → Refer to Page 17
- Debt management strong against credit crises → Refer to Page 20

Investment Management Strategy

Capital Re-investment Model

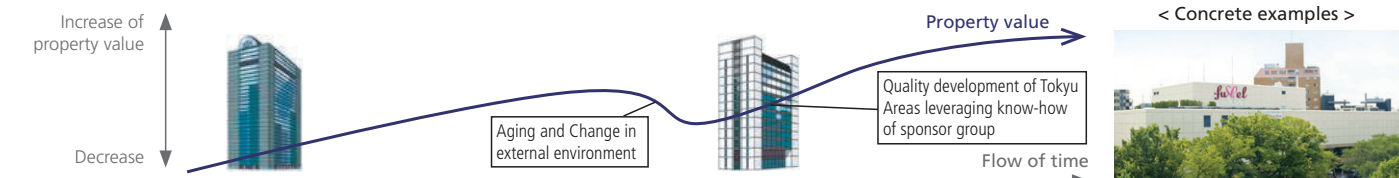
“Capital Re-investment Model” through collaboration with sponsors

Our unique investment strategy involves a re-investment model. When we purchase properties from Tokyu Corporation and its subsidiaries, the proceeds are eventually used for re-investment in the Tokyu Areas by Tokyu Corporation and its subsidiaries, and therefore, contribute to maintaining and improving the value of our target area. While **TOKYU REIT** is not part of and is independent from the Tokyu Group, we try to explore opportunities for collaboration with Tokyu Corporation and its subsidiaries, while, at the same time, making sure we maintain and observe rules on conflicts of interest that investors also believe in.



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



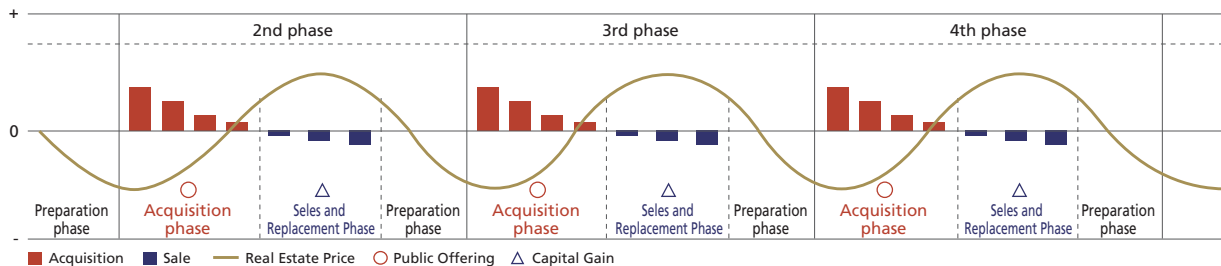
Owner	Sponsor	TOKYU REIT	Sponsor	TOKYU REIT
Stages of property	Development	Management	Redevelopment	Management
Division of roles	TOKYU REIT	—	—	—
	Sponsor	Attracting prime tenants Effective renovations	Attracting prime tenants Effective renovations	Attracting prime tenants Effective renovations
	Sponsor	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
	Sponsor	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.

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

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

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

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



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

Investment Style

Value & Contrary

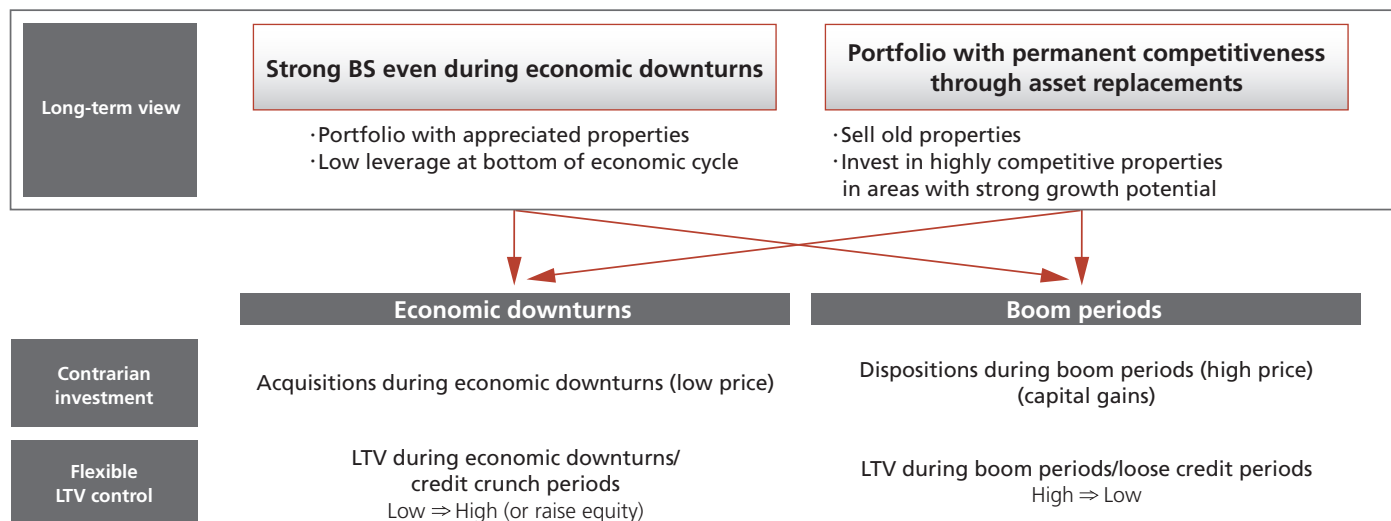
Value Investment

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

Contrary Investment

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

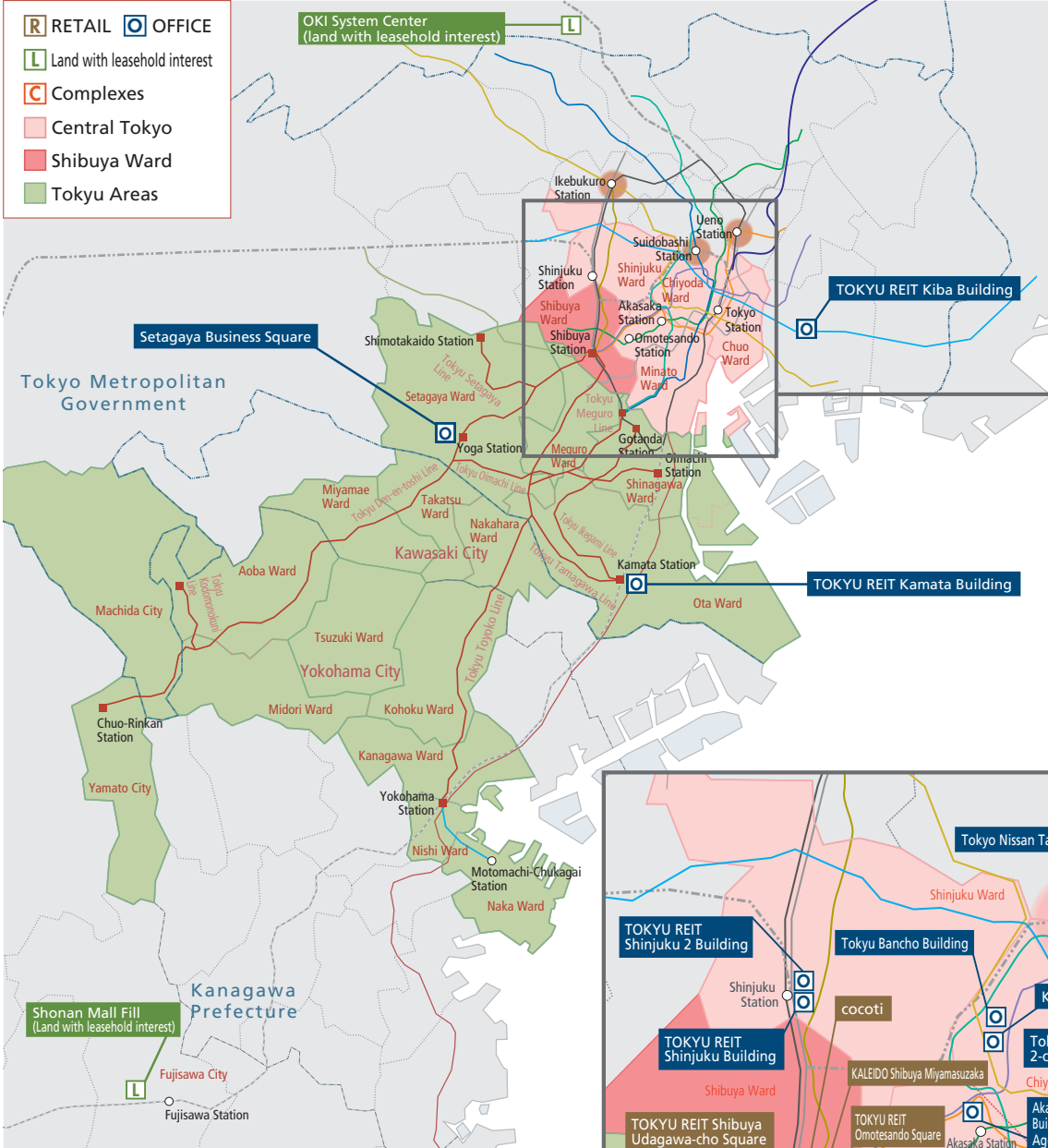
Concept



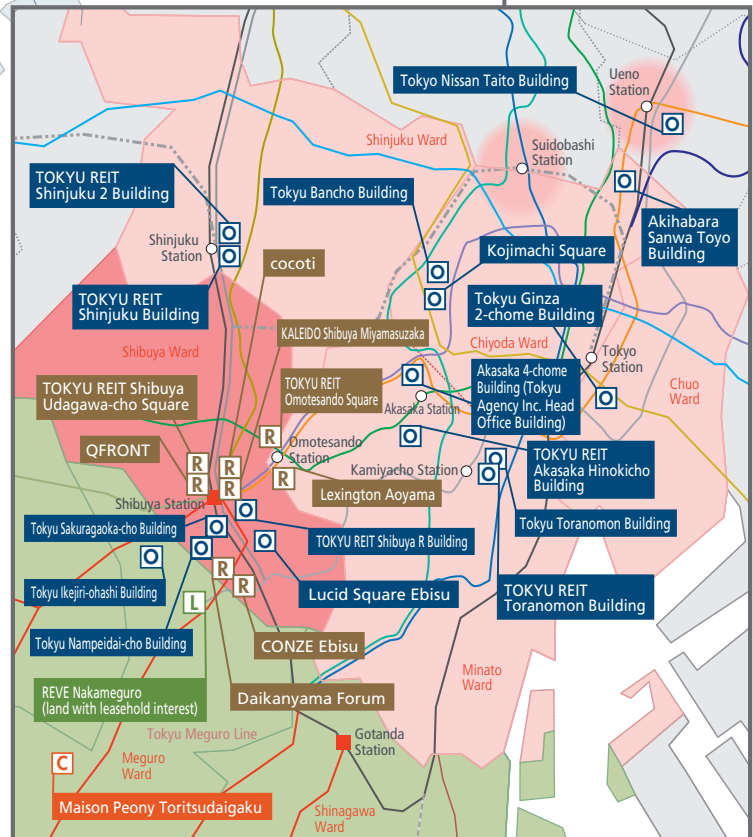
Investment Management Strategy

Investment Targeted Areas

- R RETAIL
- O OFFICE
- L Land with leasehold interest
- C Complexes
- Central Tokyo
- Shibuya Ward
- Tokyu Areas



- | | |
|---|---|
| — Tokyu Railways | — Minatomirai Line |
| — Tokyo Metro Hanzomon Line | — Toei Mita Line |
| — Tokyo Metro Ginza Line | — Keio Inokashira Line |
| — Tokyo Metro Yurakucho Line | — Keikyū Line |
| — Tokyo Metro Hibiya Line | — Tsukuba Express |
| — Tokyo Metro Chiyoda Line | — JR Yamanote Line |
| — Tokyo Metro Tozai Line | — JR Saikyō Line |
| — Tokyo Metro Nanboku Line | - - - JR Tokaido Line |
| — Tokyo Metro Fukutoshin Line | - - - JR Chūō Line |
| | - - - JR Keihin Tohoku Line |



* Some properties are only partially owned by or Tokyu Corporation and its subsidiaries
 * TOKYU REIT Kiba Building was sold on August 1, 2018, Lucid Square Ebisu was acquired on August 1, 2018, and REVE Nakameguro (land with leasehold interest) was acquired on September 27, 2018.

Investment Targeted Areas

Redevelopment of Greater SHIBUYA (extensive Shibuya area) (Note 1) is in progress mainly by Tokyu Group



1 SHIBUYA SCRAMBLE SQUARE



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

2 SHIBUYA STREAM



Implementing body	Tokyu Corporation, etc.
Usage	Office, store, hotel, hall, parking lot, etc.
Total floor space	Approx. 116,000m ²
Height	Approx. 180m
Opening	September 13, 2018

3 SHIBUYA CAST.



Implementing body	Shibuya Miyashitacho Realty
Usage	Office, store, apartment, etc.
Total floor space	34,981m ²
Height	Approx. 71m
Opening	April 28, 2017

*Connecting passage to adjacent building cocoti is installed

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. 58,970m ²
Height	Approx. 103m
Opening	Autumn 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 ²
Height	A1 building: Approx. 180m A2 building: Approx. 90m B building: Approx. 150m C building: Approx. 16.5m
Opening	To be completed in fiscal 2023(scheduled)

Greater SHIBUYA owned by TOKYU REIT (Note 1) List of properties within the area (12 Properties) (Note 2)

Acquisition Price: 93.2 billion yen Appraisal Value: 124.5 billion yen



QFRONT



TOKYU REIT Omotesando Square



Lexington Aoyama



Tokyu Nampoedai-cho Building



Tokyu Sakuragaoka-cho Building



TOKYU REIT Shibuya Udagawa-cho Square



cocoti



CONZE Ebisu



Tokyu Ikejiri-ohashi Building



Daikanyama Forum



KALEIDO Shibuya Miyamasuzaka



TOKYU REIT Shibuya R Building

(Notes) 1. Area within radius of 2.5 km from Shibuya Station.

2. As of the end of July 2018 (FP 30)

*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.

Obtain Certifications from External Assessment Institutions

■ DBJ Green Building Certification

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.



Properties with exceptionally high environmental & social awareness



Setagaya Business Square



Properties with excellent environmental & social awareness



Tokyu Bancho Building



cocoti



Properties with high environmental & social awareness



Tokyu Toranomon Building



QFRONT

■ GRESB

Benchmark developed by a group of leading western pension funds. It evaluates the sustainability consideration of real estate companies and the managing entities.

Tokyu REIM has participated in GRESB Real Estate Assessment since 2014 and has continuously acquired "Green Star" rating, since 2015.



■ Classification and Evaluation System of Businesses Based on the Energy Conservation Law

A system to classify all businesses submitting regular reports on measures at factories and workplaces with regard to the Act on the Rational Use of Energy (Energy Conservation Law) into four classes of S, to C. **TOKYU REIT** continuously acquired "Class S," from fiscal 2015.

■ BELS

The third-party certification system to rate houses and buildings in accordance with duty to make effort to label energy saving performance in the Act on Improving Energy Consumption Performance for Architectural Structures.

The result is labeled by stars (1 to 5 stars).

Among **TOKYU REIT**'s portfolio, Tokyu Ikejiri-ohashi Building obtained 2 stars.



Tokyu Ikejiri-ohashi Building
★★

Energy Saving Measures

■ Setagaya Business Square Renewal of Air Conditioning Facility (FP 26 -)

Expect annual reduction of 30.6% in electricity usage of the air-conditioning related equipment from upgrading.



Social Contribution

Regional contribution/Enhancement of tenant satisfaction

• Setagaya Business Square

TOKYU REIT Sponsor

<Participated in a local event>
(August 2018)



Provided the site of the property and part of common use facility for the event hosted by Yoga Summer Festival execution committee and others
Deployed security staff to support the safe management of the event

• Tokyu Bancho Building

TOKYU REIT Sponsor

<Installed docking port for Community Cycle>
(from August 2018)

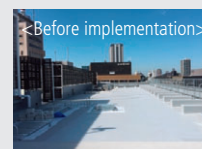


Installed bicycle docks for Chiyokuru, community bicycle network of Chiyoda Ward, in part of the site of the property
Contribute to enhanced convenience in the local area while reduction in CO₂ emission and mitigation of traffic congestion can be expected

• TOKYU REIT Toranomom Building

TOKYU REIT

<Rooftop renovation> (October 2016)



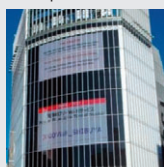
Installing smoking area and refreshing space

Response to emergency

• QFRONT

TOKYU REIT Sponsor

<Participated in "Council for Measures for People Having Difficulty Returning Home in Shibuya Station Area" in which Tokyu Corporation acts as secretariat and a large-scale training conducted by the Tokyo Metropolitan Government and Shibuya Ward> (February 2017)



Showed emergency information issued by Shibuya Ward by using a large screen of the property in a large-scale training in which approximately 4,300 people participate

<Conducted joint training for explosive ordnance disposal as a countermeasure against terrorism>

(March 2016)



Conducted a joint training in which the Metropolitan Police Department, Shibuya Police Station, tenants, sponsor (Tokyu Corporation), etc. participated at the property

• Each Property

TOKYU REIT Sponsor

<Installed disaster-relief vending machines>



Installed 10 vending machines having a function to discharge goods within them and can provide goods free of charge at the time of emergency including disasters in 6 properties

Striving to develop human resources at the Investment Management Company in collaboration with Tokyu Corporation (sponsor)

Human resource development

Tokyu Corporation (sponsor)

Nadeshiko Brand selected for 6 consecutive years
(Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)



New Diversity Management Selection 100
(Ministry of Economy, Trade and Industry)



Health & Productivity Management Organization selected for 4 consecutive years
(Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)



Various training programs

- New employee training
- Training by work responsibility (5 courses, targeting all new employees assuming each work responsibility)
- Various dispatch training (20 courses)
- Correspondence education (self-enlightenment), etc.

Tokyu REIM (Asset Management Company)

Participating in various trainings

48 (27 are seconded employees)

Process

1. Maintenance and enhancement of an appropriate process
Emphasizing the following points with an aim to appropriately protect investors and aiming to develop and manage an investment process with highly effective governance.
 1. Governance designed to promote actions for pursuing the best interests of customers and fair treatment of customers
 2. Internal management ensuring compliance and risk management
 3. Management of conflict of interest realizing both sponsor collaboration and independence

Human resources

2. Deployment and development of human resources
Emphasizing the following points under the recognition that human resources is the base of asset management and intending to strengthen organizational capability to pursue the best interests of customers by deploying and developing human resources that are sufficient in terms of both "quality" and "quantity".
 1. Sincerity and sense of ethics
 2. Assessment ability backed by deep knowledge and insight into investment target areas and real estate
 3. Sufficient ability to communicate with stakeholders

Various systems and measures

Development of a comfortable working environment/diversity

- Ratio of female employees 48%
- Development of maternity, childcare and nursing care leave system, short-time work system, etc.

Human resource development

<Various trainings > (results in fiscal 2017)

- Compliance training 11 times (themes are changed every month)
- Diversity training 2 times
- Harassment training 1 time, etc.
- Training by job class 1 time and other

<Support system for acquiring qualifications>

- Enrichment of subsidy system for acquiring qualifications designated by the Company
- Major qualifications
 - 4 Real Estate Appraisers and 20 Real Estate Notaries
 - 12 ARES Certified Masters (including associates)
 - 5 Certified Building Administrator, etc.

TOKYU REIT, Inc. Board of Directors

TOKYU REIT's Board of Directors comprises Executive Directors that execute the operations of the investment corporation and Supervisory Directors that oversee the Executive Directors' execution of operations. The Articles of Incorporation stipulate that the Board of Directors must contain one or two Executive Directors and two or three Supervisory Directors, with at least one more Supervisory Director than the number of Executive Directors. It also limits the term of office of these directors at two years. As of the end of the July 2018 (FP 30), there were one Executive Director and two Supervisory Directors at **TOKYU REIT**.



Giichi Yanagisawa
Supervisory Director



Kazuyoshi Kashiwazaki
Executive Director



Maruhito Kondo
Supervisory Director

Giichi Yanagisawa Supervisory Director

March 1985	Certified as a public accountant in Japan (current position). Established Yanagisawa Certified Public Accountant Office.
May 1985	Certified as a tax accountant in Japan (current position).
June 2000	Appointed representative, Shinsoh Audit Corporation.
July 2001	Appointed member of the Board of The Japanese Institute of Certified Public Accountants.
June 2003	Appointed Supervisory Director, TOKYU REIT, Inc. (current position).
July 2004	Appointed Executive Board of The Japanese Institute of Certified Public Accountants.
July 2010	Appointed Deputy President of the Tokyo Chapter of The Japanese Institute of Certified Public Accountants.
April 2011	Appointed Chief Representative, Shinsoh Audit Corporation (current position).
June 2013	Appointed President of the Tokyo Chapter of The Japanese Institute of Certified Accountants.
July 2013	Appointed Deputy President of The Japanese Institute of Certified Public Accountants (current position).
June 2015	Outside auditor of Nagatanien Co., Ltd. (currently Nagatanien Holdings Co., Ltd.). (current position).

Maruhito Kondo Supervisory Director

April 1988	Admitted to the Bar of Japan (Tokyo Bar Association). Entered Ohara Law Office.
May 1988	Studied abroad at the Chinese University of Hong Kong.
September 1988	Studied abroad at Renmin University of China.
July 1989	Worked at Robert Lee & Fong Solicitors in Hong Kong.
February 1996	Opened Maruhito Kondo Law Office (current position).
May 1998	Admitted to Daini Tokyo Bar Association (current position).
June 2003	Appointed Supervisory Director, TOKYU REIT, Inc. (current position).

Note: See page 3 about Kazuyoshi Kashiwazaki's career.

TOKYU REIT's Initiatives (Governance)

TOKYU REIT's Aim, Goals

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

Characteristics of TOKYU REIT's Governance Structure

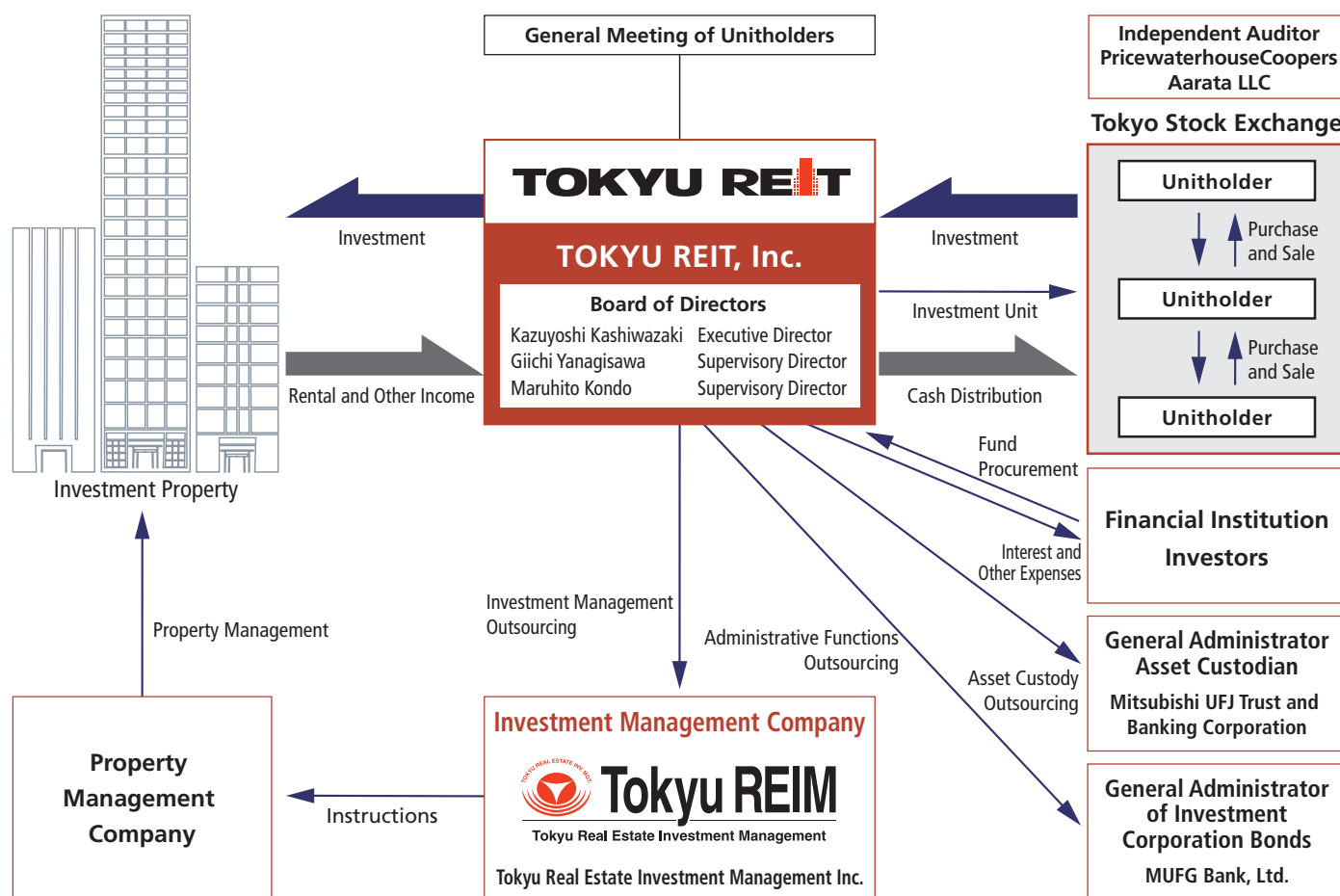
- 1** | **Involvement of independent outside board members**
- 2** | **Optimal balance between sponsor collaboration and independence**
- 3** | **Strict focus on fiduciary duty for investment management company and the others**
- 4** | **Management fee set to "being in the same boat as unitholders"**

TOKYU REIT's Management Characteristics

Excellent Governance as a Source of Competitiveness	Structural	<ul style="list-style-type: none"> ■ Multiple layers of monitoring and proactive involvement of outside board members ■ Management fee set to "being in the same boat as unitholders" 	<ul style="list-style-type: none"> ■ Stringent measures against conflicts of interest ■ Board meetings held twice or more a month on a regular basis and enhanced resolution and reporting system
	Human Resources	<ul style="list-style-type: none"> ■ Carefully select board members to enhance debate* ■ Provide appropriate compensation to board members for the responsibility and the workload 	<ul style="list-style-type: none"> ■ Legal advisor to be present at board meetings
	Culture	<ul style="list-style-type: none"> ■ Board members not hesitant to reject, waive resolution or agree with conditions ■ Willing to debate among independent outside board members 	<ul style="list-style-type: none"> ■ Tokyu REIM's efforts <ul style="list-style-type: none"> • Strict focus on fiduciary duty • Management fee programmed to enhance involvement of all business segments • Intend to allow all Tokyu REIM staff to face and communicate with investors
	Track Record	<ul style="list-style-type: none"> ■ Status of the Board of Directors' meetings held (Ended Jul. 2018 (FP 30)): 1.8 meetings per month on average 	<ul style="list-style-type: none"> ■ Attendance at board of directors' meeting (Ended Jul. 2018 (FP 30)) <ul style="list-style-type: none"> Kazuyoshi Kashiwazaki (Executive Director) 100% Giichi Yanagisawa (Supervisory Director) 100% Maruhito Kondo (Supervisory Director) 100% General Administrator 100%

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

TOKYU REIT Structure and External Service Providers



Overview of Investment Management Fee

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

Remuneration	Criteria for calculation	Remuneration Ended Jul. 2018 (FP 30)
	Reason for adoption	
Base 1 (Linked to asset valuation)	Asset value at end of previous fiscal 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)	¥320 mn
	It will be linked not to the total investment amount but to the total asset valuation and motivate the enhancement of asset value even after the acquisition of properties	
Base 2 (Linked to cash flow)	Standard cash flow in current fiscal period ^(Note) × 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)	¥258 mn
	Motivating the increase of distributions through the increase in rent revenue and reduction of expenses	
Incentive Fee (Linked to investment unit price)	(Average price in current fiscal period - Highest average price over all previous fiscal periods) × number of units × 0.4%	Not occurred
	It will motivate the increase in investment unit price and efforts on the overall asset management business such as finance, IR, governance and compliance in addition to the normal asset management business will be enriched	

(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.

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

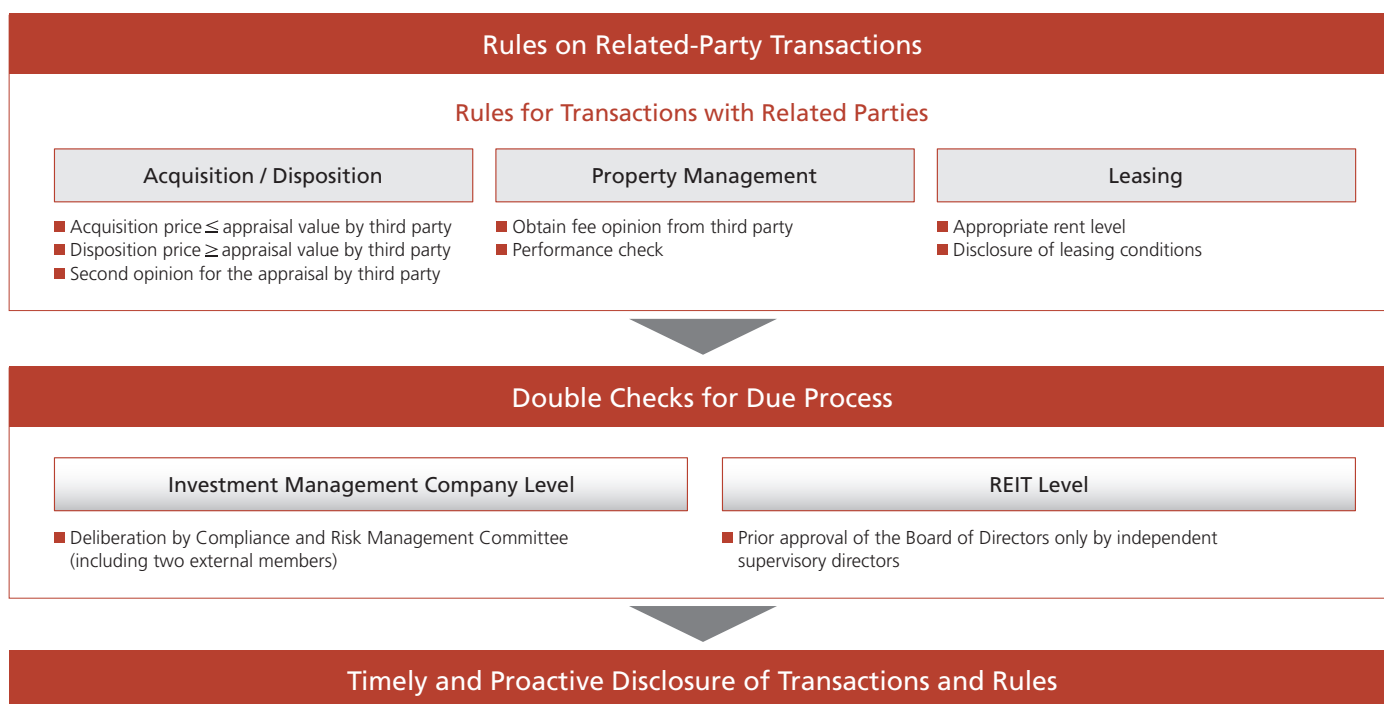
Collaboration with Tokyu Corporation and Its Subsidiaries

To achieve external growth, **TOKYU REIT** works to acquire a balanced mix of properties from the real estate investment market as well as Tokyu Corporation and its subsidiaries. **TOKYU REIT** also conducts replacement of properties and other measures as needed in order to maintain and improve the portfolio quality, aiming to enhance its asset value and increase net income per unit. **TOKYU REIT** also endeavors to achieve internal growth by enhancing earnings stability and growth potential through collaboration with Tokyu Corporation and its subsidiaries in the areas of property maintenance and management.

Pipeline Support for Property Acquisition	<ul style="list-style-type: none"> The memorandum requires that, when Tokyu Corporation and its subsidiaries attempt to sell their owned real estate assets that are qualified for investment by TOKYU REIT, they should preemptively offer the sale to TOKYU REIT. This arrangement will enable TOKYU REIT to make further progress in the implementation of its Capital Re-investment Model explained.
Property Management	<ul style="list-style-type: none"> Will be outsourced, in principle, to Tokyu Corporation and its subsidiaries.
Trademark License	<ul style="list-style-type: none"> TOKYU REIT has received permission from Tokyu Corporation to use the trademarks of “東急” and “TOKYU.”
Holding of Investment Units	<ul style="list-style-type: none"> Tokyu Corporation owns 49,000 investment units (5.01% of total) of TOKYU REIT.

Related Party Transactions

Development of self-imposed rules on transactions with Related Parties^(Note) and measures to avoid conflicts of interest through multiple checks



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

- “Tokyu Corporation and its subsidiaries” refers to any entity that falls under the following (1) to (3):
 - Tokyu Corporation
 - A consolidated subsidiary of Tokyu Corporation
 - A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.
- “Affiliates of Tokyu Corporation except Tokyu Corporation’s subsidiaries” refers to affiliates within the scope of consolidation of Tokyu Corporation.
- “Tokyu Fudosan Holdings Corporation and its subsidiaries” refers to any entity that falls under the following (1) to (3):
 - Tokyu Fudosan Holdings Corporation (“Tokyu Fudosan Holdings”)
 - A consolidated subsidiary of Tokyu Fudosan Holdings
 - A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%

Tokyu Real Estate Investment Management Inc.
(Investment management company)

URL: www.tokyu-reim.co.jp (Japanese only)

Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”) contracted with **TOKYU REIT** on June 20, 2003, to act as its investment manager.

Underpinned by investment policies held in common with **TOKYU REIT**, Tokyu REIM strives to maximize unitholder value through business growth, stability and transparent operations. In addition, Tokyu REIM implements strict measures against conflicts of interest and takes all necessary care in transactions with Tokyu Corporation and other related parties.

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

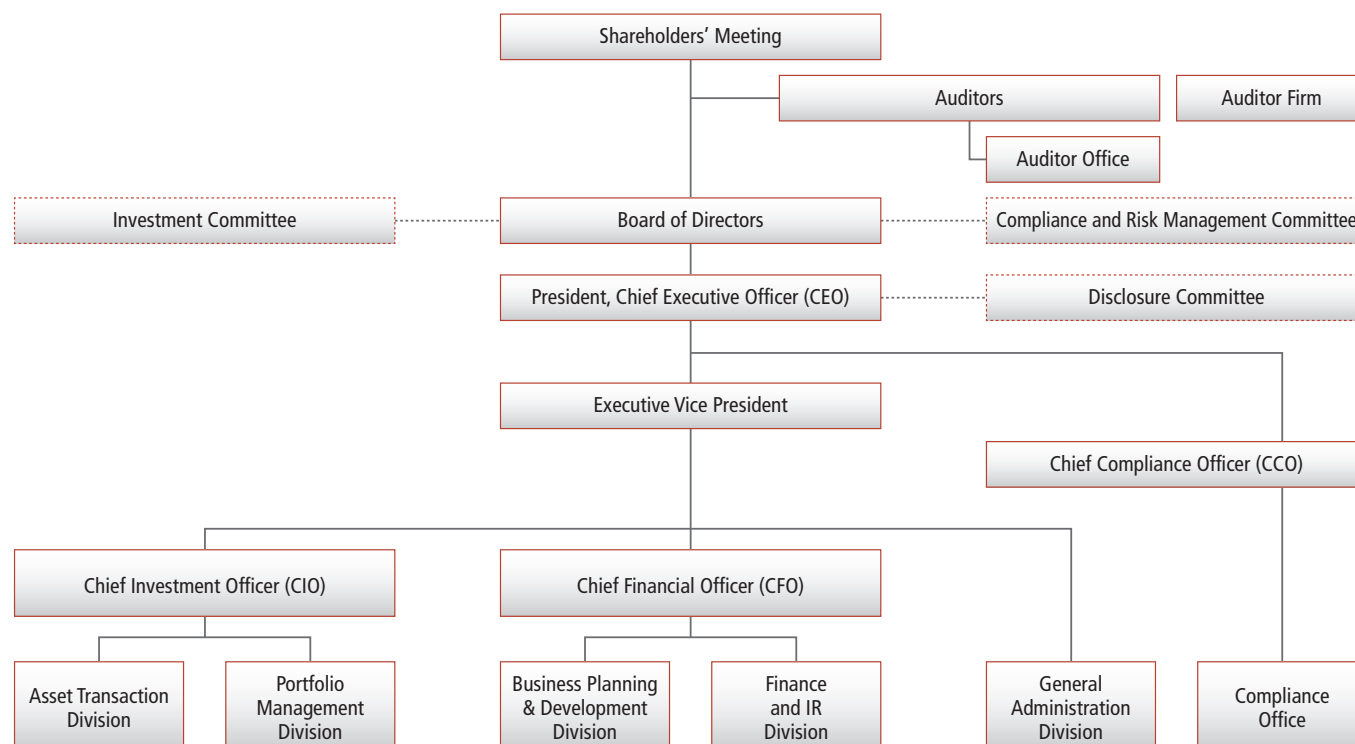
Board of Directors	<p>Function : Decision-making on management strategy</p> <p>Members: Representative director & president, representative director & executive vice president, two directors, three directors (part-time)^(Note) and two auditors (part-time) from sponsors</p>
Compliance and Risk Management Committee	<p>Function : Advisory on compliance and risk management, and Related-Party transactions</p> <p>Members: Two directors (part-time), and two external committee members</p>
Investment Committee	<p>Function : Advisory on investment decisions</p> <p>Members: Representative director & president (committee chairman), representative director & executive vice president, three directors and one appraiser</p>

(Note) April 1, 2018 owned

Major Shareholder

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

Organization Chart

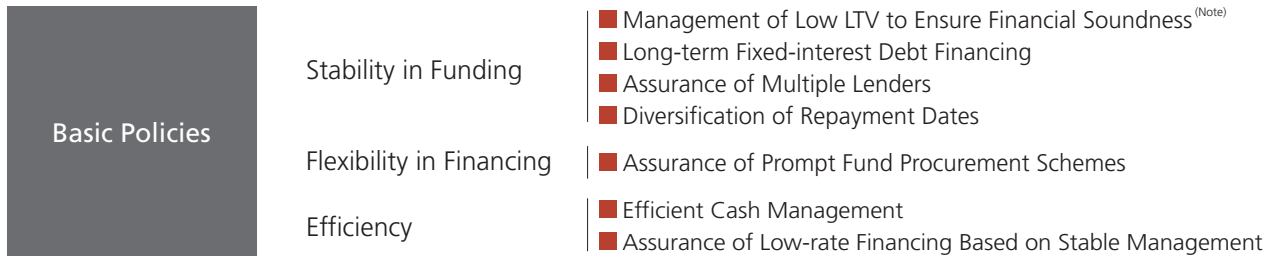


Financial Strategies

TOKYU REIT's Financial Strategies

Debt management strong against credit crises

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



(Note) An acronym for Loan to Value (LTV). The proportion of liabilities including bonds, debt financing and other interest-bearing liabilities to total asset value. This formula derives the liability level to the acquired property's value. Low LTV (namely, less liabilities or high-valued properties) is considered as high level of financial soundness.

Debt

Total Interest-Bearing Debt	¥93.5 billion
Long-Term Fixed-Rate Ratio	100%
Avg. Duration	3.91 years
Commitment Line	¥18.0 billion ^(Note)

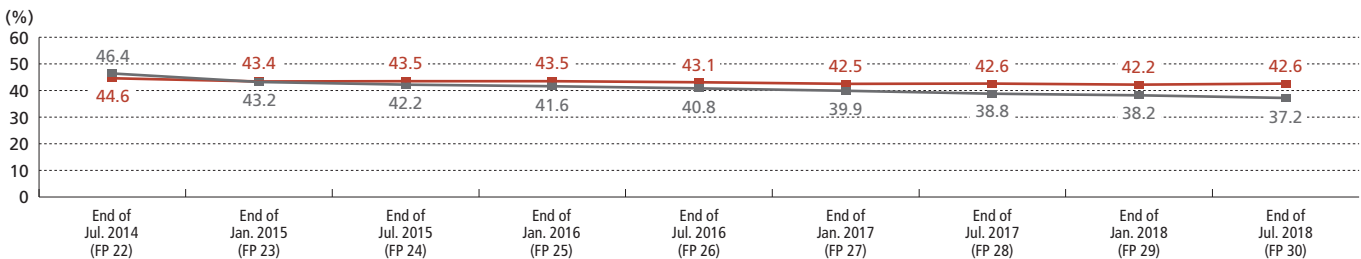
(Note) The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured. Moreover, there is no outstanding debt under the commitment line as of July 31, 2018.

Ratings

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

Changes in LTV

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



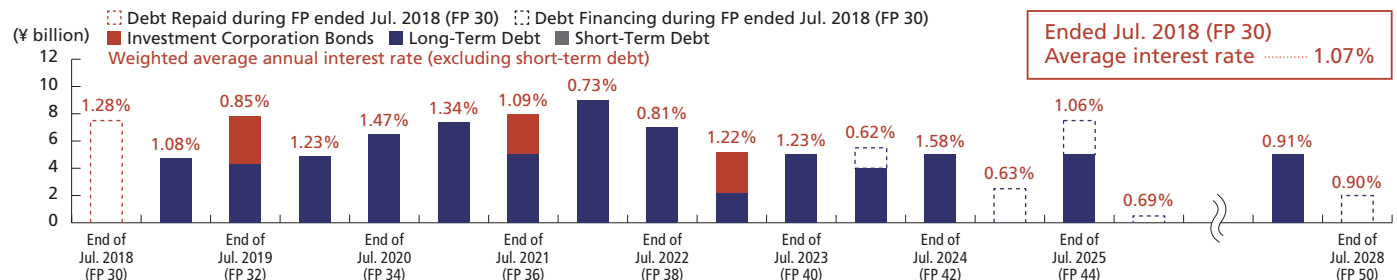
■ LTV based on total assets at end of period = Balance of period-end interest-bearing debt / Period end total assets

■ 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)

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

Diversification of Repayment and Redemption Dates of Interest-Bearing Debts













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



Data of the Fiscal Period ended July 2018 (FP 30)

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

■ Top 10 Tenants by Leased Area

No.	Tenant Name	Business Category	Property Name	Expiration Date	Leased Area (m ²)	Ratio (Note 1)
1	DAIWA INFORMATION SERVICE Co., Ltd	Real estate	 Shonan Mall Fill (land with leasehold interest)	3/31/2033	44,078.12	21.0%
2	OKI Electric Industry Co., Ltd.	Electric equipment	 OKI System Center (land with leasehold interest)	3/26/2033	17,019.19	8.1%
3	Tokyu Corporation	Land transportation	 Tokyu Nampeidai-cho Building	12/31/2021	7,148.18	3.4%
			 Tokyu Sakuragaoka-cho Building	12/31/2021	3,878.36	1.8%
			 Setagaya Business Square (Note 2)	6/30/2020	688.57	0.3%
4	VENDOR SERVICE CO., LTD.	Wholesale	 Tokyu Toranomom Building	3/31/2020	5,907.30	2.8%
5	FUJITSU LIMITED	Electric equipment	 TOKYU REIT Kamata Building	9/14/2018 (Note 3)	4,593.33	2.2%
6	TSUTAYA Co., Ltd.	Wholesale	 QFRONT	12/14/2019	4,044.10	1.9%
7	Japan Post Insurance	Insurance	 TOKYU REIT Toranomom Building	4/30/2020 (Note 3)	3,553.89	1.7%
8	Tokyu Agency Inc.	Service	 Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1/31/2023	3,533.03	1.7%
9	OPT Holding Inc.	Other financial services	 Tokyu Bancho Building (Note 4)	12/31/2018	3,388.15	1.6%
10	Netyear Group Corporation	Service	 Tokyu Ginza 2-chome Building	9/30/2019	3,278.04	1.6%
Total of top 10 tenants in leased area					101,110.26	48.2%
Total leased area as of end of Jul. 2018 (FP 30) (29 properties)					209,804.87	100.0%

(Notes) 1. "Ratio" indicates ratio of tenant's leased areas to total leased area of 29 properties held as of the end of Jul. 2018 (FP 30).

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

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

4. 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.

■ Creation of Portfolio Resilient to Earthquakes

Structural status (earthquake resistance)

Investment Criteria	Properties that are compliant with the new earthquake resistance standards (Note 1), that completed anti-seismic reinforcement work, or that has PML of less than 15%	Manage properties with a portfolio PML of 10% or less; examine purchasing earthquake insurance if PML of any property surpasses the figure.
Portfolio	<ul style="list-style-type: none"> ● 27 out of 29 properties comply with the new earthquake resistance standards (Two remaining properties are land with leasehold interest only) 	<ul style="list-style-type: none"> ● Portfolio PML: 3.8% (Note 2) ● Although the merit of geographical diversification in terms of earthquake risks is small, the value of the portfolio PML for properties which have high earthquake resistance ratings is kept at a fairly low level as individual properties have high earthquake resistant ratings.

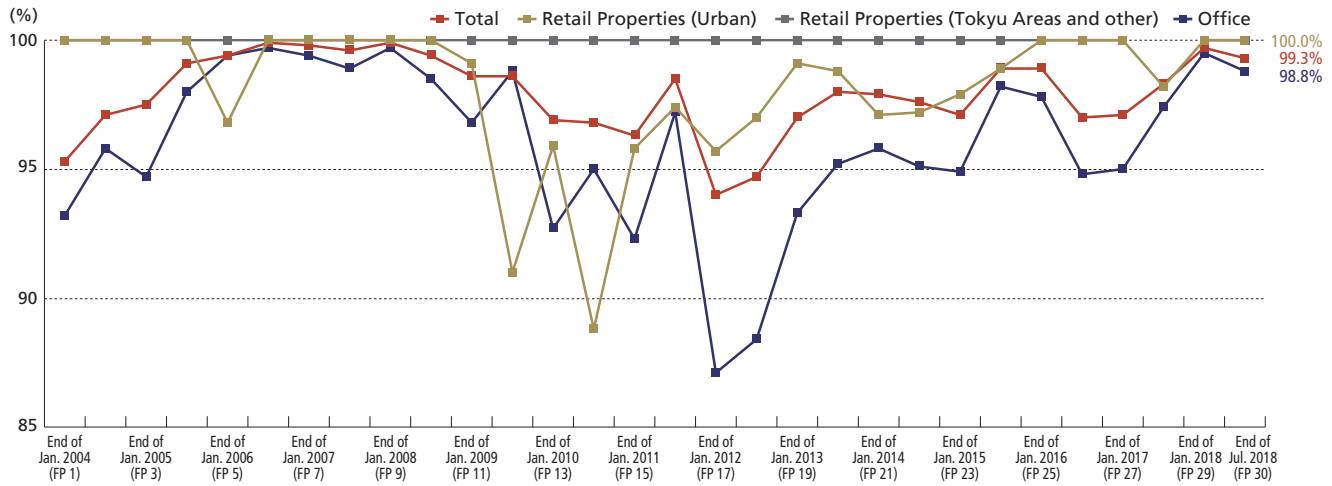
(Notes) 1. The new earthquake resistance standards are the earthquake resistant design standards based on the Building Standards Act, which was revised in 1981 with the aim to prevent buildings from collapsing even from earthquakes with seismic intensity of six and secure safety for human lives. Buildings that obtained building confirmation in June 1981 and after are understood to satisfy the new earthquake resistance standards. In fact, there were almost no reports of collapsing of buildings that were designed in accordance with the new earthquake resistance standards from the Great Hanshin Earthquake in 1995 and the Great East Japan Earthquake in 2011, in which a seismic intensity of seven was actually observed.

2. Excludes Shonan Mall Fill (land with leasehold interest) and OKI System Center (land with leasehold interest).

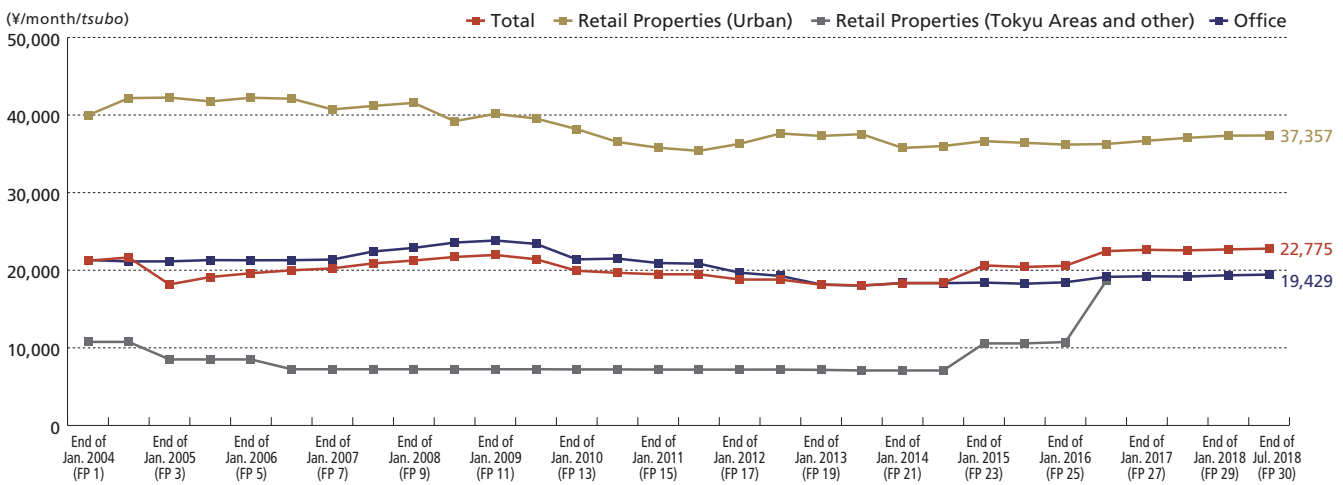
Portfolio (properties owned at the end of July 2018 (FP 30))

Track Record (Results of Management)

Changes in Occupancy Rate

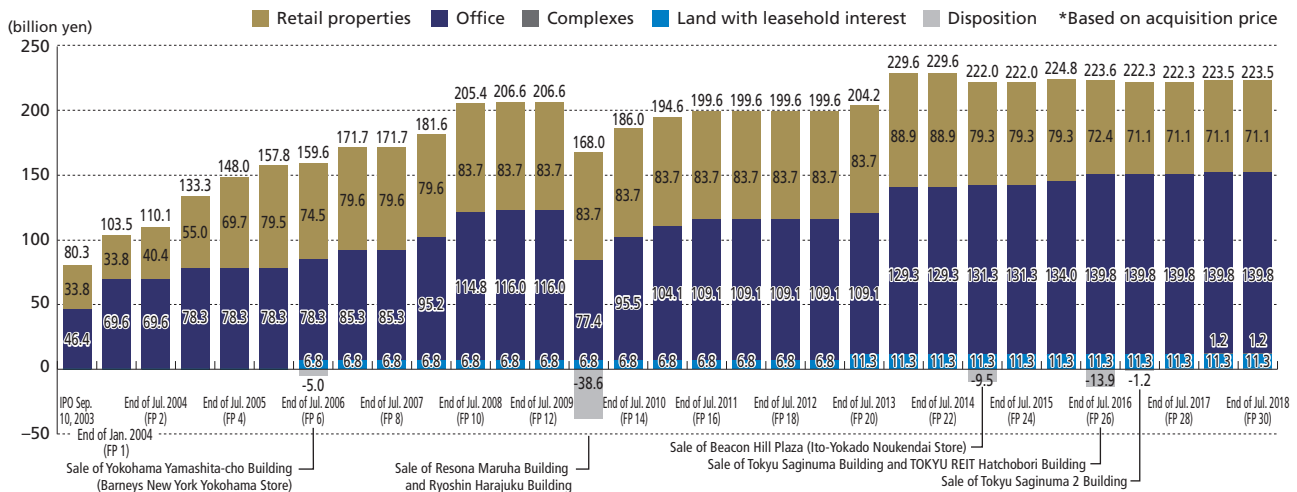


Changes in Average Rent



* In calculating the above unit price, we haven't factored in vacant spaces.
 * Includes common area charges and excludes income from parking, warehouses, etc.
 * 1 tsubo ≈ 3.30578m²

Change in Asset Size



Portfolio Overview (at the end of July 2018 (FP 30))

Use	Name of Property	Acquisition Date	Acquisition Price (¥ million)	Location	Total Leasable Area (m ²)	Occupancy Rate	Ratio (Based on Acquisition Price) ^(Note 1)	Probable Maximum Loss (PML) in Earthquake Risk Analysis
R	QFRONT	Sep. 10, 2003	15,100	Shibuya Ward, Tokyo	4,502.93	100%	6.8%	4.2%
R	Lexington Aoyama	Sep. 11, 2003	4,800	Minato Ward, Tokyo	2,107.08	100%	2.1%	2.3%
R	TOKYU REIT Omotesando Square	Sep. 10, 2003	5,770	Shibuya Ward, Tokyo	2,669.10	100%	2.6%	9.5%
R	TOKYU REIT Shibuya Udagawa-cho Square	Mar. 1, 2004	6,600	Shibuya Ward, Tokyo	1,543.05	100%	3.0%	7.3%
R	cocoti	Apr. 6, 2005	14,700	Shibuya Ward, Tokyo	8,295.62	100%	11.0%	6.2%
		Aug. 2, 2005	9,800					
R	CONZE Ebisu	Oct. 31, 2006	5,116	Shibuya Ward, Tokyo	2,327.00	100%	2.3%	4.1%
R	Daikanyama Forum	Apr. 22, 2008	4,136	Shibuya Ward, Tokyo	2,477.64	100%	1.9%	8.0%
R	KALEIDO Shibuya Miyamasuzaka	Aug. 16, 2013	5,150	Shibuya Ward, Tokyo	3,399.34	100%	2.3%	4.4%
O	Setagaya Business Square	Sep. 11, 2003	22,400	Setagaya Ward, Tokyo	24,886.62	96.2%	10.0%	2.9%
O	Tokyu Nampeidai-cho Building	Sep. 11, 2003	4,660	Shibuya Ward, Tokyo	7,148.18	100%	2.1%	7.9%
O	Tokyu Sakuragaoka-cho Building	Sep. 11, 2003	6,620	Shibuya Ward, Tokyo	4,737.19	100%	3.0%	11.1%
O	Tokyo Nissan Taito Building	Sep. 11, 2003	4,450	Taito Ward, Tokyo	7,845.42	93.8%	2.0%	7.4%
O	TOKYU REIT Akasaka Hinokicho Building	Sep. 10, 2003	3,570	Minato Ward, Tokyo	3,202.57	100%	1.6%	11.2%
O	TOKYU REIT Kamata Building	Sep. 10, 2003	4,720	Ota Ward, Tokyo	7,337.82	100%	2.1%	7.7%
O	TOKYU REIT Toranomom Building	Dec. 15, 2004	8,630	Minato Ward, Tokyo	10,247.06	100%	4.6%	7.2%
		Sep. 21, 2007	1,100					
		Oct. 26, 2007	200					
		Jan. 21, 2015	107					
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Jan. 31, 2008	8,500	Minato Ward, Tokyo	3,533.03	100%	3.8%	3.9%
O	Tokyu Ikejiri-ohashi Building	Mar. 28, 2008	5,480	Meguro Ward, Tokyo	5,733.23	100%	2.5%	5.8%
O	Kojimachi Square	Mar. 19, 2010	9,030	Chiyoda Ward, Tokyo	5,409.11	100%	4.0%	4.8%
O	TOKYU REIT Shinjuku Building	Mar. 26, 2010	9,000	Shinjuku Ward, Tokyo	6,270.68	100%	4.0%	4.2%
O	Akihabara Sanwa Toyo Building	Oct. 29, 2010	4,600	Chiyoda Ward, Tokyo	4,590.53	100%	2.1%	11.8%
O	TOKYU REIT Kiba Building ^(Note 2)	Oct. 29, 2010	4,000	Koto Ward, Tokyo	5,797.79	100%	1.8%	7.4%
O	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5,010	Chuo Ward, Tokyo	3,469.14	100%	2.2%	4.4%
O	TOKYU REIT Shibuya R Building	Aug. 16, 2013	5,270	Shibuya Ward, Tokyo	5,266.15	100%	2.4%	5.9%
O	Tokyu Toranomom Building ^(Note 3)	Aug. 16, 2013	15,000	Minato Ward, Tokyo	9,016.59	100%	7.5%	5.4%
		Jan. 9, 2015	1,850					
O	TOKYU REIT Shinjuku 2 Building	Oct. 30, 2015	2,750	Shinjuku Ward, Tokyo	1,787.21	100%	1.2%	4.2%
O	Tokyu Bancho Building	Mar. 24, 2016	12,740	Chiyoda Ward, Tokyo	5,717.45	100%	5.7%	3.3%
C	Maison Peony Toritsudaigaku	Nov. 15, 2017	1,200	Meguro Ward, Tokyo	852.16	96.9%	0.5%	6.2%
L	Shonan Mall Fill (Land with leasehold interest)	Apr. 28, 2006	6,810	Fujisawa City, Kanagawa Prefecture	44,078.12	100%	3.0%	—
L	OKI System Center (Land with leasehold interest)	Mar. 27, 2013	4,530	Warabi City, Saitama Prefecture	17,019.19	100%	2.0%	—
	Total		223,539		211,267.00	99.3%	100.0%	3.8% ^(Note 4)

Acquired properties in Fiscal Period Ending January 2019 (FP 31)

O	Lucid Square Ebisu ^(Note 5)	Aug. 1, 2018	4,500	Shibuya Ward, Tokyo	1,879.17	100%	—	5.5%
L	REVE Nakameguro (Land with leasehold interest) ^(Note 5)	Sep. 27, 2018	1,150	Meguro Ward, Tokyo	497.02	100%	—	—

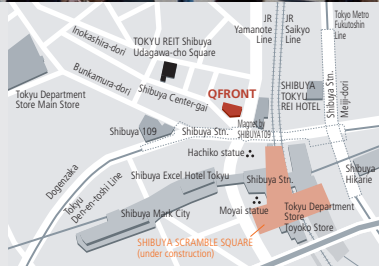
- (Notes) 1. Ratio is rounded to one decimal place. Accordingly, the total may not exactly match the sum of relevant items.
2. TOKYU REIT Kiba Building has been sold on August 1, 2018.
3. Total Leasable Area and Occupancy Rate of Tokyu Toranomom Building do not include those of the adjacent land acquired on January 9, 2015.
4. Excludes Shonan Mall Fill (Land with leasehold interest) and OKI System Center (Land with leasehold interest).
5. Occupancy rate for Lucid Square Ebisu and REVE Nakameguro (Land with leasehold interest) are as of the date of acquisition.

PORTFOLIO (properties owned at the end of July 2018 (FP 30))

R QFRONT



A retail property representing Tokyo facing the scramble crossing in front of Shibuya Station and having extremely high visibility with a large display screen installed on the wall.



Address: 21-6, Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Total Land Space: 784.26m² (Land included in the property trust totals 728.30m²)
 Total Floor Space: 6,675.52m² (Exclusive area 4,804.46m²)
 Structure/Floors: SRC/S, B3/8F
 Completed: October 1999
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership

R Lexington Aoyama



A retail property comprised of tenants such as apparel stores and convenience stores and located at the center of Kotto-dori where stores serving customers with high sensibility concentrate.



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

R TOKYU REIT Omotesando Square



A retail property located near Omotesando Station, comprised of various stores such as restaurants, cafés, general merchandise store, sports gym and beauty salon, etc.



Address: 4-3-2, Jingumae, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Omotesando Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 1,259.21m²
 Total Floor Space: 3,321.20m²
 Structure/Floors: S/SRC, B1/4F
 Completed: October 1985
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

R TOKYU REIT Shibuya Udagawa-cho Square



A retail property facing Inokashira-dori and Shibuya Center-gai, occupied by apparel stores and restaurants.

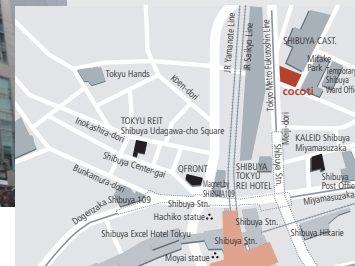


Address: [Bldg. 1] 25-10, Udagawa-cho, Shibuya-ku, Tokyo
 [Bldg. 2] 25-5, Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Total Land Space: 679.27m²
 Total Floor Space: [Bldg. 1] 1,473.10m²
 [Bldg. 2] 56.39m²
 Structure/Floors: [Bldg. 1] S, 3F
 [Bldg. 2] S, 2F
 Completed: [Bldg. 1] July 1998
 [Bldg. 2] June 1995
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

R cocoti



A retail property with high-quality design located along Meiji-dori and occupied by brand shops and cafés.



Address: 1-23-16, Shibuya, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shibuya Station—Tokyo Metro Ginza Line
 Total Land Space: 1,705.35m²
 Total Floor Space: 11,847.87m²
 Structure/Floors: S/SRC, B2/12F
 Completed: September 2004
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

R CONZE Ebisu



A retail property located in the Ebisu area occupied by restaurants and service stores. Redevelopments are underway nearby and the area can be expected to grow more vibrant.



Address: 2-3-14, Ebisu-Minami, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Ebisu Station—Tokyo Metro Hibiya Line, etc.
 Total Land Space: 562.07m²
 Total Floor Space: 2,789.35m²
 Structure/Floors: S/SRC B1/9F
 Completed: March 2004
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

R Daikanyama Forum



A retail property occupied by high-end tenants comprised of two buildings with an external appearance in harmony with Kyu Yamate-dori.



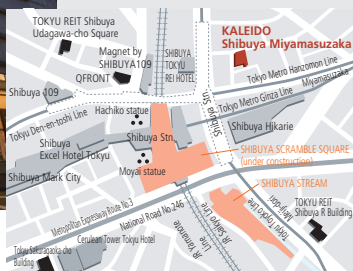
Address: 17-16, Sarugaku-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a six-minute walk from Daikanyama Station—Tokyo Toyoko Line
 Total Land Space: Building 1 (East): Site rights area 942.30m²
 Building 2 (West): Site rights area 1,108.01m²
 Total Floor Space: Building 1 (East): 1,441.57m²
 Building 2 (West): 2,388.70m²
 (Exclusive area 1,182.62m²)
 Structure/Floors: Building 1 (East): RC, B1/2F
 Building 2 (West): RC, B1/5F
 Completed: February 1993
 Type of Ownership: Land— Building 1 (East): Proprietary ownership
 Building 2 (West): Proprietary ownership
 (Co-ownership ratio 64.13%)
 Building— Building 1 (East): Compartmentalized ownership
 Building 2 (West): Compartmentalized ownership

PORTFOLIO (properties owned at the end of July 2018 (FP 30))

R KALEIDO Shibuya Miyamasuzaka

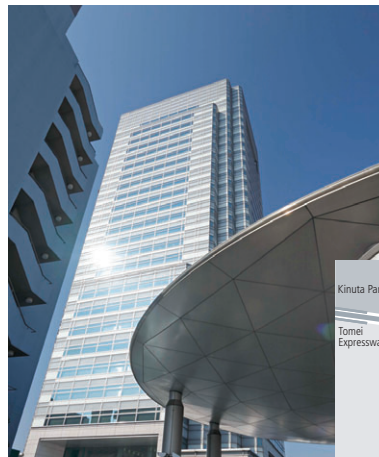


A retail property located near Shibuya Station, comprised of tenants such as restaurants and amusement businesses.



Address: 1-12-1, Shibuya, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shibuya Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 821.65m²
 Total Floor Space: 4,475.10m²
 Structure: S/RC
 Floors: B4/6F
 Completed: January 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Setagaya Business Square



A large complex building comprised of office and retails directly connected to Yoga Station. Has excellent access from National Road No. 246, Kampachi-dori.

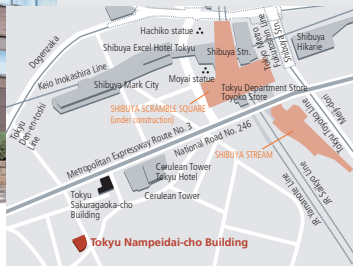


Address: 4-10-1,2,3,4,5,6, Yoga, Setagaya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Yoga Station—Tokyo Den-en-toshi Line
 Total Land Space: 21,315.68m²
 Total Floor Space: 94,373.72m²
 Structure/Floors: SRC/RC/S, B2/28F
 Completed: September 1993
 Type of Ownership: Land—Proprietary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

Tokyu Nampeidai-cho Building



A five-story office building located in the Shibuya area where development is progressing. Occupied by the headquarters of Tokyu Corporation.

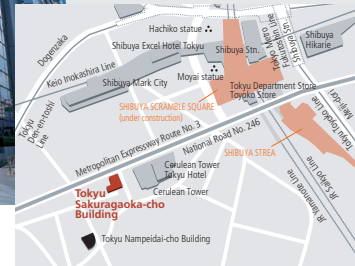


Address: 5-6, Nampeidai-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a seven-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Total Land Space: 2,013.28m²
 Total Floor Space: 7,003.88m²
 Structure/Floors: S/SRC, B2/5F
 Completed: July 1992
 Type of Ownership: Land—Proprietary ownership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

Tokyu Sakuragaoka-cho Building



A nine-story office building located in the Shibuya area where development is progressing. Occupied by the headquarters of Tokyu Corporation.



Address: 31-2, Sakuragaoka-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Total Land Space: 1,013.03m²
 Total Floor Space: 6,505.39m²
 Structure/Floors: SRC, B3/9F
 Completed: June 1987
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership

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

Tokyo Nissan Taito Building



A highly convenient office building several stations including Ueno Station, Inaricho Station and Shin-Okachimachi Station available for use.



Address: 2-6-6, Moto-Asakusa, Taito-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Inari-cho Station—Tokyo Metro Ginza Line
 Total Land Space: 1,718.45m²
 Total Floor Space: 11,373.20m²
 Structure/Floors: SRC, B2/10F
 Completed: September 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

TOKYU REIT Akasaka Hinokicho Building



A 7-story office building located along Akasaka-dori. Large-scale complexes concentrate in the neighborhood.



Address: 6-14-15, Akasaka, Minato-ku, Tokyo
 Nearest Station: Approximately a four-minute walk from Akasaka Station—Tokyo Metro Chiyoda Line
 Total Land Space: 866.61m²
 Total Floor Space: 4,058.92m²
 Structure/Floors: RC, 7F
 Completed: August 1984
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

TOKYU REIT Kamata Building



A 9-story office building located near Kamata Station where there are available three lines operated by two railway companies as well as the Ota Ward Office.



Address: 5-13-23, Kamata, Ota-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Kamata Station—JR Keihin Tohoku Line, etc.
 Total Land Space: 1,642.86m²
 Total Floor Space: 10,244.51m²
 Structure/Floors: S/SRC, B1/9F
 Completed: February 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

TOKYU REIT Toranomon Building



An office building located in an area expected to become more vibrant where large-scale redevelopments are underway nearby.



Address: 3-17-1, Toranomon, Minato-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Kamiyacho Station—Tokyo Metro Hibiya Line, etc.
 Total Land Space: 1,728.38m² (Co-ownership ratio 86.116%)
 Total Floor Space: 15,343.73m² (Area owned by TOKYU REIT: 10,882.65m²)
 Structure/Floors: SRC/RC, B2/9F
 Completed: April 1988
 Type of Ownership: Land—Proprietary ownership (Co-ownership ratio 86.116%)
 Building—Compartmentalized ownership and co-ownership of compartmentalized ownership

PORTFOLIO (properties owned at the end of July 2018 (FP 30))

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



A nine-story office building located in the Akasaka-Mitsuke and Nagatacho area. Occupied by the headquarters of Tokyu Agency Inc.



Address: 4-8-18, Akasaka, Minato-ku, Tokyo
 Nearest Station: Approximately a four-minute walk from Akasaka-Mitsuke Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 712.49m²
 Total Floor Space: 5,002.36m²
 Structure/Floors: S/SRC, B1/9F
 Completed: February 2003
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

☐ Tokyu Ikejiri-ohashi Building



An office building located in the area surrounding Ikejiri-ohashi Station expected to accommodate stable demand in the Shibuya area.



Address: 3-8-1, Higashiyama, Meguro-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Ikejiri-ohashi Station—Tokyu Den-en-toshi Line
 Total Land Space: 2,382.67m²
 Total Floor Space: 7,619.56m²
 Structure/Floors: SRC, 7F
 Completed: October 1989
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

☐ Kojimachi Square



An office building where demand from tenants pursuing an image of an academic area, proximity to central Tokyo, and a quiet environment is expected.

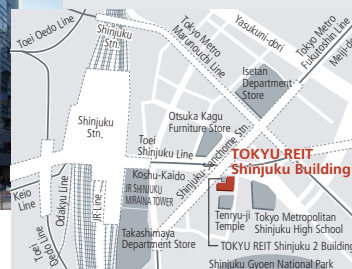


Address: 3, Nibancho, Chiyoda-ku Tokyo
 Nearest Station: Approximately a one-minute walk from Kojimachi Station—Tokyo Metro Yurakucho Line, etc.
 Total Land Space: 1,269.24m²
 Total Floor Space: 6,803.47m²
 Structure/Floors: S/R, B1/7F
 Completed: January 2003
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

☐ TOKYU REIT Shinjuku Building



An office building where demand from IT and service-related companies is expected against the backdrop of the vibrant commercial areas.



Address: 4-3-25, Shinjuku, Shinjuku-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shinjuku-Sanchome Station—Tokyo Metro Marunouchi Line, etc.
 Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.
 Total Land Space: 1,113.87m²
 Total Floor Space: 8,720.09m²
 Structure/Floors: SRC, 10F
 Completed: May 2003
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

☐ Akihabara Sanwa Toyo Building



Located at a corner lot at the intersection of Chuo-dori and Kuramaebashi-dori. An office building with high transportation convenience in being directly connected to Suehirocho station.



Address: 3-16-8, Sotokanda, Chiyoda-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Suehirocho Station—Tokyo Metro Ginza Line
 Total Land Space: 795.33m²
 Total Floor Space: 5,704.69m²
 Structure/Floors: SRC, B1/8F
 Completed: September 1985
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership

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

☐ TOKYU REIT Kiba Building



An office building located in the Kiba and Toyocho area where affiliates and counterparties of major companies concentrate, offering excellent accessibility to central Tokyo.



Address: 3-7-13, Toyo, Koto-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Kiba Station—Tokyo Metro Tozai Line
 Total Land Space: 1,259.52m²
 Total Floor Space: 7,513.09m² (Including parking spaces (41.74m²))
 Structure/Floors: SRC, 10F
 Completed: February 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

(Note) TOKYU REIT Kiba Building was sold on August 1, 2018

☐ Tokyu Ginza 2-chome Building



Located in one of Japan's busiest commercial areas with high brand strength. An office building where demand from companies that prefer an address in Ginza is expected.

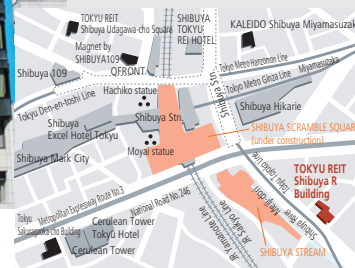


Address: 2-15-2, Ginza, Chuo-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shintomicho Station—Tokyo Metro Yurakucho Line
 Approximately an eight-minute walk from Ginza Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 805.42m²
 Total Floor Space: 5,098.61m²
 Structure/Floors: S/RC, B1/8F
 Completed: August 2008
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

☐ TOKYU REIT Shibuya R Building



A large office building with high scarcity in Shibuya area. Access from Shibuya Station is expected to further improve with the development around the station.



Address: 3-10-13, Shibuya, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shibuya Station—JR Lines, etc.
 Total Land Space: 1,077.45m² (Area owned by TOKYU REIT: 819.41m²)
 Total Floor Space: 7,289.38m² (Including parking space 41.18m²)
 (Area owned by TOKYU REIT: 4,403.69m²)
 Structure: SRC (Parking: S 1F)
 Floors: B1/9F
 Completed: March 1990
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership, and co-ownership of compartmentalized ownership

Tokyu Toranomon Building



An office building located in an area expected to be further developed and the establishment of new Toranomon Station and large-scale developments in the surrounding areas are scheduled.



Address: 1-21-19, Toranomon, Minato-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Toranomon Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 2,016.83m²
 Total Floor Space: 11,983.09m²
 Structure/Floors: S, 10F
 Completed: April 2010
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

TOKYU REIT Shinjuku 2 Building



Located on a corner lot at the intersection of Meiji-dori and Koshu Kaido. An office building adjacent to TOKYU REIT Shinjuku Building.



Address: 4-3-23, Shinjuku, Shinjuku-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shinjuku-sanchoe Station—Tokyo Metro Marunouchi Line, etc. Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.
 Total Land Space: 270.05m²
 Total Floor Space: 2,006.13m²
 Structure/Floors: S, 10F
 Completed: December 1991
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Tokyu Bancho Building



A large office building with high visibility and office specifications located in the Ichigaya and Yotsuya area.



Address: 6, Yonbancho, Chiyoda-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Ichigaya Station—JR Chuo Main Line, etc.
 Total Land Space: 2,754.18m² (Land included in the property trust totals: 2,573.80m²)
 Total Floor Space: 15,834.55m² (Exclusive ownership area of compartments under compartmentalized ownership pertaining to property trust: 11,431.09m²)
 Structure /Floors: S, 11F
 Completed: September 2011
 Type of Ownership: Land—Proprietary ownership
 (Quasi-co-ownership interest of trust beneficiary interest: 49%)
 Building—Compartmentalized ownership
 (Quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest: 49%)

Maison Peony Toritsudaigaku



The property is a complex located approximately a 1- minute walk from Toritsu-daigaku Station on the Tokyu Toyoko line.



Address: 1-2-5 Nakane, Meguro-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Toritsu-daigaku Station, Tokyu Toyoko Line
 Total Land Space: 245.61m²
 Total Floor Space: 950.36m²
 Structure/Floors: RC, 10F
 Completed: August 2014
 Type of ownership: Land—Proprietary ownership
 Building—Proprietary ownership

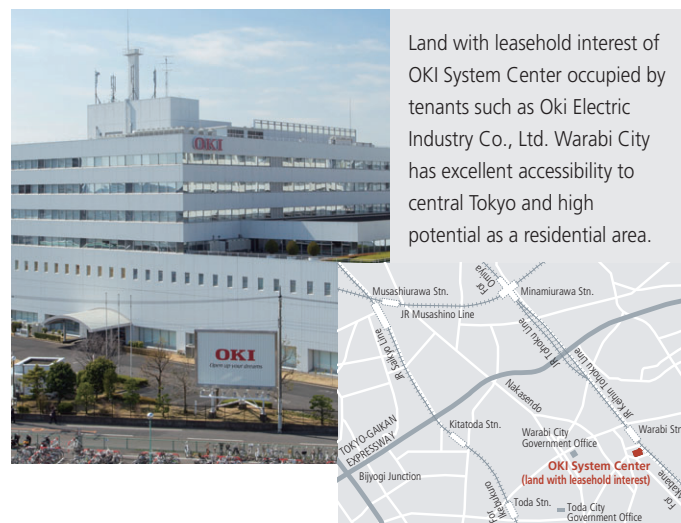
L Shonan Mall Fill (Land with leasehold interest)



Land with leasehold interest of a large retail property located between Fujisawa Station and Tsujido Station. Development of “Fujisawa Sustainable Smart Town” nearby is underway.

Address: 4-1-1, Tsujido Shinmachi, Fujisawa City, Kanagawa
 Nearest Station: Approximately three minutes by bus or a twenty-minute walk from Tsujido Station—JR Tokaido Line
 Total Land Space: 44,078.12m²
 Type of Ownership: Land—Proprietary ownership

L OKI System Center (Land with leasehold interest)

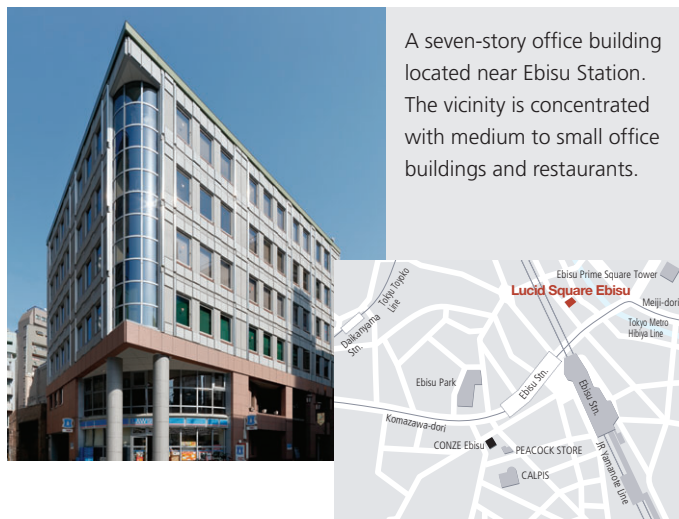


Land with leasehold interest of OKI System Center occupied by tenants such as Oki Electric Industry Co., Ltd. Warabi City has excellent accessibility to central Tokyo and high potential as a residential area.

Address: 1-16-8 Chuo, Warabi-shi, Saitama
 Nearest Station: Approximately a four-minute walk from Warabi Station—JR Keihin Tohoku Line
 Total Land Space: 17,019.19m²
 Type of Ownership: Land—Proprietary ownership

Acquired properties in Fiscal Period ending January 2019 (FP 31)

L Lucid Square Ebisu

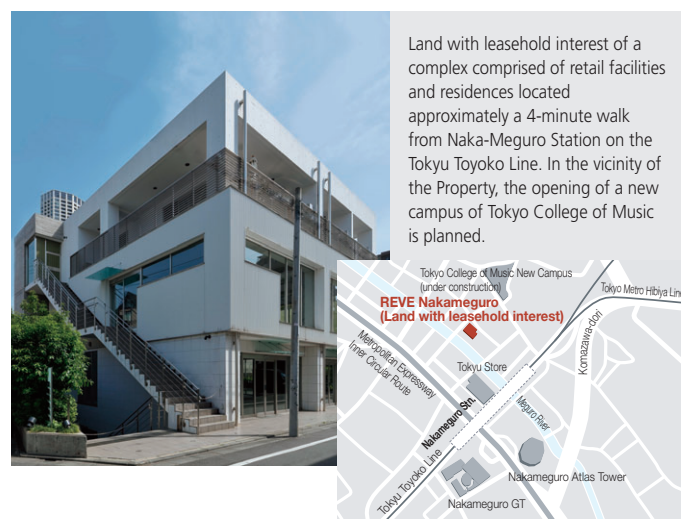


A seven-story office building located near Ebisu Station. The vicinity is concentrated with medium to small office buildings and restaurants.

Address: 3-25-11 Higashi Shibuya-ku, Tokyo
 Nearest Station: Approximately a 3-minute walk from Ebisu Station, JR Yamanote Line and Tokyo Metro Hibiya Line
 Total Land Space: 478.40m²
 Total Floor Space: 2,603.30m²
 Structure: S, SRC
 Floors: B1F/7F
 Completion: April 1992
 Type of Ownership: Land-Proprietary ownership
 Building-Proprietary ownership

(Note) Lucid Square Ebisu was acquired on August 1, 2018

L REVE Nakameguro (Land with leasehold interest)



Land with leasehold interest of a complex comprised of retail facilities and residences located approximately a 4-minute walk from Naka-Meguro Station on the Tokyu Toyoko Line. In the vicinity of the Property, the opening of a new campus of Tokyo College of Music is planned.

Address: 1-13-14, Kamimeguro Meguro-ku, Tokyo
 Nearest Station: Approximately a 4-minute walk from Naka-Meguro Station, Tokyu Toyoko Line and Tokyo Metro Hibiya Line
 Total Land Space: 497.02m²
 Type of Ownership: Land- Proprietary ownership

(Note) REVE Nakameguro (land with leasehold interest) was acquired on September 27, 2018

I. Asset Management Report

1. Financial Highlights

(1) Result of Operation and Financial Position

		30th fiscal period From February 1, 2018 to July 31, 2018 (181 days)	29th fiscal period From August 1, 2017 to January 31, 2018 (184 days)	28th fiscal period From February 1, 2017 to July 31, 2017 (181 days)	27th fiscal period From August 1, 2016 to January 31, 2017 (184 days)	26th fiscal period From February 1, 2016 to July 31, 2016 (182 days)	
		Millions of yen, except per unit data or where otherwise indicated					
Result of operation	Statement of income	Operating revenues	¥ 7,119	¥ 7,032	¥ 6,919	¥ 7,514	¥ 9,500
		Operating income	¥ 3,197	¥ 3,068	¥ 2,940	¥ 3,588	¥ 3,580
		Net income	¥ 2,678	¥ 2,493	¥ 2,355	¥ 2,952	¥ 2,926
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 7,119	¥ 7,032	¥ 6,919	¥ 6,973	¥ 7,150
		Rental service expenses (b)	¥ 3,211	¥ 3,271	¥ 3,310	¥ 3,232	¥ 3,362
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	[¥ 1,054]	[¥ 1,036]	[¥ 1,022]	[¥ 1,027]	[¥ 1,049]
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 4,962	¥ 4,797	¥ 4,631	¥ 4,768	¥ 4,837
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,732	¥ 3,530	¥ 3,377	¥ 3,439	¥ 3,467
		Capital expenditures (e)	¥ 413	¥ 458	¥ 840	¥ 615	¥ 684
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 3,318	¥ 3,071	¥ 2,537	¥ 2,824	¥ 2,783
Financial position	Balance sheet	Total assets (f)	¥ 219,396	¥ 218,101	¥ 219,579	¥ 219,762	¥ 221,495
		[Change from the preceding period]	[0.6%]	[–0.7%]	[–0.1%]	[–0.8%]	[–0.6%]
		Interest-bearing liabilities (g) (Note 5)	¥ 93,500	¥ 92,000	¥ 93,500	¥ 93,500	¥ 95,500
		Total unitholders' equity (Net assets) (h)	¥ 113,517	¥ 113,430	¥ 113,527	¥ 113,856	¥ 113,538
		[Change from the preceding period]	[0.1%]	[–0.1%]	[–0.3%]	[0.3%]	[0.3%]
	Portfolio	Unitholders' capital	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479
		Acquisition costs of properties (Note 6)	¥ 223,539	¥ 223,539	¥ 222,339	¥ 222,339	¥ 223,629
		Book value of properties (Note 6)	¥ 210,047	¥ 210,672	¥ 210,000	¥ 210,192	¥ 211,772
		Appraisal value of properties at end of period (i) (Note 6)	¥ 263,730	¥ 258,360	¥ 252,280	¥ 245,200	¥ 244,500
		Number of properties at end of period	29 properties	29 properties	28 properties	28 properties	29 properties
		Total leasable area (Note 7)	211,267.00 m ²	211,303.47 m ²	210,373.50 m ²	210,476.40 m ²	211,801.83 m ²
	Occupancy rate at end of period (Note 7)	99.3%	99.7%	98.3%	97.1%	97.0%	
	Other	Distri- bution	Cash distribution	¥ 2,677	¥ 2,590	¥ 2,590	¥ 2,684
Dividend payout ratio			100.0%	103.9%	110.0%	90.9%	90.0%
Per unit data		Total number of units issued and outstanding	977,600 units	977,600 units	977,600 units	977,600 units	977,600 units
		Total unitholders' equity per unit (base value)	¥ 116,118	¥ 116,029	¥ 116,128	¥ 116,465	¥ 116,139
		Cash distribution per unit	¥ 2,739	¥ 2,650	¥ 2,650	¥ 2,746	¥ 2,695
Management index		Return on total unitholders' equity (annualized) (Note 8)	4.8%	4.4%	4.2%	5.2%	5.2%
		Equity ratio (h)÷(f)	51.7%	52.0%	51.7%	51.8%	51.3%
		[Change from the preceding period]	[–0.3%]	[0.3%]	[–0.1%]	[0.5%]	[0.5%]
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	42.6%	42.2%	42.6%	42.5%	43.1%
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	35.5%	35.6%	37.1%	38.1%	39.1%
Average market price per unit during period (Note 9)	¥ 146,066	¥ 137,260	¥ 137,786	¥ 140,910	¥ 154,325		

- Note 1. Consumption tax is not included in result of operation.
- Note 2. 'Revenue from property leasing' does not include revenues from facility acceptance (28th fiscal period: ¥0 million) or contribution for construction (28th fiscal period: ¥0 million).
- Note 3. 'Depreciation and amortization' includes loss on disposal of property and equipment (26th fiscal period: ¥23 million; 27th fiscal period: ¥26 million; 28th fiscal period: ¥10 million; 29th fiscal period: ¥4 million; 30th fiscal period: ¥5 million).
- Note 4. Net income + Depreciation and amortization + Other property related depreciation and amortization + Loss on sale of property – Gain on sale of property – Revenues from facility acceptance
Other property related depreciation and amortization was not incurred.
- Note 5. Short-term debt + Long-term debt due within one year + Long-term debt + Investment corporation bonds due within one year + Investment corporation bonds
- Note 6. For 'Trust beneficiary interest in real estate,' the portion equivalent to the properties held in substance, which is total assets less the money that is part of the assets of the concerned trust beneficiary interest in real estate, is shown.
- Note 7. Regarding 'Total leasable area' and 'Occupancy rate at end of period,' please refer to notes 3 and 5 of '3. Portfolio Profile (2) Major Portfolio.'
- Note 8. $\text{Net income} \div \{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\} \times 365 \div \text{Number of days of investment management}$
- Note 9. Average price during period (closing price) on the Real Estate Investment Trust Section of the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") on which the investment certificates of TOKYU REIT, Inc. ("TOKYU REIT") are listed.

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

① Investment Environment

During the fiscal period under review (30th fiscal period: six-month period ended July 31, 2018), the Japanese economy recovered at a moderate pace.

Specifically, in the Tokyo metropolitan area's economy, consumer spending was recovering overall with supermarket, convenience store and home appliance sales turnover exceeding that of the previous year. There was moderate pickup in production activities, too, and the employment situation improved with moderate increase in the active job openings-to-applicants ratio and the unemployment rate being at a low level.

With regard to population movements, over 110,000 people migrated to the Tokyo metropolitan area from other regions of the country during the period between January and June 2018 (Source: "Report on Internal Migration in Japan Derived from the Basic Resident Registration" (Statistics Bureau, Ministry of Internal Affairs and Communications)). This has further exacerbated the disparity between the Tokyo metropolitan area and other regions of the country.

Under these circumstances, in the five central Tokyo wards' office leasing market, backed by needs for consolidation and increase in size of office space with the improvement in the employment situation leading to increase in the number of employed persons and such, there continued to be decrease in the vacancy rate and moderate increase in the average rent.

In the retail property leasing market, retail sales turnover in the first half of 2018 continued to increase compared with the same month of the previous year. Real gross employee income increased at a moderate pace and consumer spending picked up, but the pickup in consumer sentiment showed signs of coming to a standstill.

In the real estate trading market, there continuing to be active investment appetite among real estate investors, coupled with a favorable financing environment, led to the volume of transactions in the five central Tokyo wards increasing from the previous fiscal period. Transaction prices continued to hover in the high price range and the expected cap rate continued to hover at a low level.

② Investment Performance Results

a. Acquisition and Sale of Properties and Investment Management Control

TOKYU REIT engaged in investment activities by adopting a basic policy based on the stance of “investment in highly competitive properties in areas with strong growth potential” as it has to date, and additionally pursuant to its “Long-Term Investment Management Strategy (Surf Plan)” (see Note below) that was formed by applying the investment management experience that it has gained since its listing.

During the 30th fiscal period, TOKYU REIT entered into an agreement on June 22, 2018 for acquisition of REVE Nakameguro (land with leasehold interest), and the acquisition is scheduled for September 27, 2018. In addition, TOKYU REIT entered into an agreement on July 13, 2018 for acquisition of Lucid Square Ebisu and disposition of TOKYU REIT Kiba Building, and the acquisition and disposition took place on August 1, 2018.

As of July 31, 2018, TOKYU REIT held an investment portfolio totaling 29 properties with a total acquisition price of ¥223,539 million and total leasable area of 211,267.00 m². The period-end appraisal value for TOKYU REIT’s entire portfolio amounted to ¥263,730 million.

As in the previous fiscal period, the total period-end appraisal value exceeded the total book value, resulting in an amount of difference of ¥53,682 million. Based on accounting principles generally accepted in Japan, such unrealized gains are not reflected in TOKYU REIT’s financial statements.

The average per-tsubo rental rate for the existing property portfolio at the end of the 30th fiscal period increased by 0.28% compared with the end of the 29th fiscal period. In addition, the vacancy rate at the end of the 30th fiscal period worsened from the 0.3% at the end of the 29th fiscal period by 0.4 percentage points to 0.7%.

Note. The “Long-Term Investment Management Strategy (Surf Plan)” is a strategy of TOKYU REIT formed by its investment management company Tokyu Real Estate Investment Management Inc. (“Tokyu REIM”). Under this strategy, while replacing properties through value investment and contrarian investment by focusing on the cyclicity of real estate prices, TOKYU REIT aims to build a portfolio that boasts lasting competitiveness and balance sheets that are strong against even difficult economic times.

b. Countering Conflicts of Interest

The fairness and transparency of transactions were ensured by strictly adhering to the Rules on Related-Party Transactions that are Tokyu REIM’s self-imposed rules, and accordingly following prescribed procedures.

Moreover, TOKYU REIT has received an opinion report from Urban Research Institute Corporation stating that fees paid to related parties (see Note below) for property management services pertaining to its portfolio properties were within the range set by other J-REITs listed on the Tokyo Stock Exchange.

Note. “Related parties” refers to any entity that falls under the following (i) to (vii):

- (i) Tokyu Corporation
- (ii) A consolidated subsidiary of Tokyu Corporation
- (iii) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by silent partnerships or other investment shares in that entity by the respective company exceeds 50%
- (iv) Affiliates within the scope of consolidation of Tokyu Corporation
- (v) Tokyu Fudosan Holdings Corporation (“Tokyu Fudosan Holdings”)
- (vi) A consolidated subsidiary of Tokyu Fudosan Holdings
- (vii) A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings and where the share of investment by silent partnerships or other investment shares in that entity by the respective company exceeds 50%

③ Financing

TOKYU REIT undertakes financing activities under a financial policy that emphasizes stability, flexibility and efficiency. In addition, TOKYU REIT has established commitment lines which provide credit facilities totaling ¥18,000 million with four financial institutions to secure financial credibility through the enhancement of liquidity on hand. During the 30th fiscal period, ¥1,500 million was procured in the form of long-term debt to allocate as part of funds for payment of cash distributions. Also, to secure interest-bearing liabilities with fixed long-term interest rates and diversifying repayment dates, long-term debt of ¥7,500 million due for repayment in the 30th fiscal period was refinanced. The balance of interest-bearing liabilities as of the end of the 30th fiscal period was ¥93,500 million, consisting of ¥9,500 million in investment corporation bonds and ¥84,000 million in long-term debt (of which, ¥9,000 million is the current portion of long-term debt and ¥3,500 million is the current portion of investment corporation bonds). The weighted-average interest rate for the 30th fiscal period was 1.07% (calculated based on the annualized amount of interest payable for the 30th fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of the end of the 30th fiscal period were as follows:

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

(3) Issuance of New Investment Units

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

Date	Remark	Total number of units issued and outstanding		Unitholders' capital		Note
		Units		Millions of yen		
		Change	Total	Change	Total	
June 20, 2003	Incorporation through private offering	400	400	¥ 200	¥ 200	(Note 1)
September 10, 2003	Issuance of units through public offering	97,600	98,000	¥ 49,917	¥ 50,117	(Note 2)
August 3, 2004	Issuance of units through public offering	42,000	140,000	¥ 26,481	¥ 76,599	(Note 3)
August 25, 2004	Issuance of units through third-party allotment	2,000	142,000	¥ 1,261	¥ 77,860	(Note 4)
August 1, 2005	Issuance of units through public offering	26,700	168,700	¥ 19,658	¥ 97,519	(Note 5)
August 26, 2005	Issuance of units through third-party allotment	680	169,380	¥ 500	¥ 98,019	(Note 6)
August 12, 2013	Issuance of units through public offering	23,764	193,144	¥ 11,327	¥ 109,346	(Note 7)
September 10, 2013	Issuance of units through third-party allotment	2,376	195,520	¥ 1,132	¥ 110,479	(Note 8)
February 1, 2014	Split of units	782,080	977,600	—	¥ 110,479	(Note 9)

Note 1. TOKYU REIT was incorporated at an offer price of ¥500,000 per unit.

Note 2. Issued new investment units through public offering at an offer price of ¥530,000 (issue price: ¥511,450) per unit for the purpose of acquiring new properties.

Note 3. Issued new investment units through a public offering at an offer price of ¥652,484 (issue price: ¥630,512) per unit for the purpose of acquiring new properties and repayments of short-term loans.

Note 4. Issued new investment units through a third-party allotment at an issue price of ¥630,512 per unit for the purpose of acquiring new properties and repayments of short-term loans.

Note 5. Issued new investment units through a public offering at an offer price of ¥761,950 (issue price: ¥736,292) per unit for the purpose of acquiring new properties and the repayment of short-term loans.

Note 6. Issued new investment units through third-party allotment at an issue price of ¥736,292 per unit for the purpose of acquiring new properties and repayments of short-term loans.

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

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

Note 9. TOKYU REIT conducted a five-for-one split of investment units with January 31, 2014 as the reference date and February 1, 2014 as the effective date.

【Movements of Market Price】

The highest and lowest (closing price) market prices on the Tokyo Stock Exchange, on which the investment certificates of TOKYU REIT are listed, are as follows:

	30th fiscal period From February 1, 2018 to July 31, 2018	29th fiscal period From August 1, 2017 to January 31, 2018	28th fiscal period From February 1, 2017 to July 31, 2017	27th fiscal period From August 1, 2016 to January 31, 2017	26th fiscal period From February 1, 2016 to July 31, 2016
	Yen				
Highest	¥ 156,900	¥ 145,900	¥ 142,500	¥ 148,100	¥ 167,300
Lowest	¥ 134,000	¥ 131,600	¥ 129,300	¥ 134,300	¥ 139,500

(4) Distribution Information

With respect to the distribution for the 30th fiscal period, TOKYU REIT decided to distribute unappropriated retained earnings in the entire amount (except for the rounding amount, which is the distribution per unit of less than ¥1) for application of Article 67-15 of the Special Taxation Measures Law that allows TOKYU REIT to deduct the maximum amount of profit distribution from its taxable income. Accordingly, distribution per unit for the 30th fiscal period was ¥2,739.

	30th fiscal period From February 1, 2018 to July 31, 2018	29th fiscal period From August 1, 2017 to January 31, 2018	28th fiscal period From February 1, 2017 to July 31, 2017	27th fiscal period From August 1, 2016 to January 31, 2017	26th fiscal period From February 1, 2016 to July 31, 2016
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 2,678	¥ 2,493	¥ 2,355	¥ 2,952	¥ 2,926
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 268	¥ 292
Cash distribution	¥ 2,677	¥ 2,590	¥ 2,590	¥ 2,684	¥ 2,634
[Cash distribution per unit]	[¥ 2,739]	[¥ 2,650]	[¥ 2,650]	[¥ 2,746]	[¥ 2,695]
Cash distribution of accumulated earnings	¥ 2,677	¥ 2,590	¥ 2,590	¥ 2,684	¥ 2,634
[Cash distribution of accumulated earnings per unit]	[¥ 2,739]	[¥ 2,650]	[¥ 2,650]	[¥ 2,746]	[¥ 2,695]
Cash distribution in excess of accumulated earnings	—	—	—	—	—
[Cash distribution in excess of accumulated earnings per unit]	[—]	[—]	[—]	[—]	[—]
Cash distribution from allowance for temporary difference adjustment	—	—	—	—	—
[Cash distribution from allowance for temporary difference adjustment per unit]	[—]	[—]	[—]	[—]	[—]
Cash distribution from distribution accompanying decrease in capital, etc. under tax law	—	—	—	—	—
[Cash distribution from distribution accompanying decrease in capital, etc. under tax law per unit]	[—]	[—]	[—]	[—]	[—]

(5) Future Policies of Investment Management

① Forecast of Future Movement

The outlook for the economy is that, due in part to the effects of various measures and policies amid the ongoing improvement in the employment and income environment, expectations are for moderate recovery to continue. However, there is the need to take note of the impact of trade issue developments on the global economy, overseas economic uncertainty and the impact of financial and capital market volatility.

In light of such an outlook, in the real estate trading market, the ongoing low interest rates and active demand for funds lead to the forecast that the expected cap rate will continue to remain unchanged. In the office leasing market, improvement in the employment environment and such suggest demand for larger office space will keep the vacancy rate at a low level in the foreseeable future, but around 2020 when large volume of supply of office buildings is expected to peak, the vacancy rate is forecast to increase and the rent level, too, is forecast to decrease in tandem with that. In the retail property leasing market, for central urban retail properties, the forecast for tenant sales and rent level is bullish in light of the growth in consumer spending and inbound tourism consumption amid the improvement in the employment and income environment, among other factors.

② Future Policies of Investment Management and Issues to be Countered

Adopting a basic policy of “investment in highly competitive properties in areas with strong growth potential,” TOKYU REIT engages in investment by placing Central Tokyo and Tokyu Areas (see Note 1 below) as focused investment target areas and setting certain criteria for location, use, investment size, etc. In addition, in the selection of individual properties, TOKYU REIT conducts a comprehensive consideration of the expected earnings of the property, future potential of the area it is located in, etc. In this manner, TOKYU REIT will keep obtaining a balanced mix of competitive, high-quality properties from the real estate investment market as well as Tokyu Corporation and its subsidiaries (see Note 2 below).

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

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

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

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

The same applies hereafter.

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

(i) Tokyu Corporation

(ii) A consolidated subsidiary of Tokyu Corporation

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

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

In addition, the current investment environment assessment is that the price of real estate in the Tokyo Metropolitan Area continues to peak and the “sales and replacement phase” in the “Long-Term Investment Management Strategy (Surf Plan)” is expected to continue until 2020. Meanwhile, within the Tokyo Metropolitan Area, the price of real estate in Shibuya and Tokyu Areas is expected to continue rising through 2020 and thereafter as development of the Greater Shibuya Area (within a 2.5 km radius of Shibuya Station) and Tokyu Areas will continue following the development of the area surrounding Shibuya Station by Tokyu Corporation, the sponsor. These lead to increase in unrealized gains of the portfolio properties of TOKYU REIT, which places Central Tokyo and Tokyu Areas as focused investment target areas, and the corresponding increase in NAV (see Note 3 below) results in NAV per unit surpassing investment unit price.

Based on environment the described above, TOKYU REIT’s measure from 2018 to 2020 will be to conduct property replacement after taking into consideration the portfolio properties’ total return (see Note 4 below), property age, location, etc., as well as consider the acquisition and retirement of treasury investment units by using surplus funds that accrued from property replacement, in line with the “Long-Term Investment Management Strategy (Surf Plan)” and “Capital Re-investment Model.” (For details of the matter, please refer to the “Notice Concerning Partial Amendment to Management Guideline (Change in Provision Concerning Acquisition and Retirement of Treasury Investment Units)” dated September 13, 2018.)

Note 3. $NAV \text{ (Net Asset Value)} = \text{Unitholders' capital} + \text{Reserve for reduction entry (after appropriation of net income)} + \text{Portfolio properties' unrealized gains/losses}$

Note 4. Portfolio properties’ total return is composed of income return (rental revenues, etc.) of each fiscal period and future capital return (gains on sales).

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

(6) Subsequent Events

The following events occurred after the end of the 30th fiscal period at TOKYU REIT.

Disposition and Acquisition of Assets

The following disposition and acquisition of assets took place on August 1, 2018.

(a) Disposition of Asset

- | | |
|-----------------------------------|--|
| (i) Type of asset: | Trust beneficiary interest in domestic real estate |
| (ii) Property name: | TOKYU REIT Kiba Building |
| (iii) Disposition price (Note 1): | ¥4,250 million |
| (iv) Contract date: | July 13, 2018 |
| (v) Disposition date: | August 1, 2018 |
| (vi) Purchaser: | Domestic tokutei mokuteki kaisha (TMK) (Note 2) |
| (vii) Impact on income (loss): | Gain on sale of ¥316 million is scheduled to be recorded in the six months ending January 31, 2019 |

Note 1. 'Disposition price' is the amount exclusive of the expenses required for disposition of the asset (property-related taxes, etc.) and is identical to the disposition costs stated in the beneficiary interest sale and purchase agreement.

Note 2. The name, etc. is not disclosed as consent from the purchaser has not been obtained. There is no capital relationship, personnel relationship or business relationship to state between TOKYU REIT or Tokyu REIM and the purchaser, and the purchaser does not fall under the category of related party of TOKYU REIT or Tokyu REIM.

(b) Acquisition of Asset

- | | |
|-----------------------------------|---|
| (i) Type of asset: | Trust beneficiary interest in domestic real estate |
| (ii) Property name: | Lucid Square Ebisu |
| (iii) Acquisition price (Note 1): | ¥4,500 million |
| (iv) Contract date: | July 13, 2018 |
| (v) Acquisition date: | August 1, 2018 |
| (vi) Seller: | Domestic tokutei mokuteki kaisha (TMK) (Note 2) |
| (vii) Financing: | Funds from disposition of TOKYU REIT Kiba Building and cash on hand |

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

Note 2. The name, etc. is not disclosed as consent from the seller has not been obtained. There is no capital relationship, personnel relationship or business relationship to state between TOKYU REIT or Tokyu REIM and the seller, and the seller does not fall under the category of related party of TOKYU REIT or Tokyu REIM.

(Reference Information)

① Acquisition of Assets

(a) Lucid Square Ebisu

Property Details

Property name	Lucid Square Ebisu	
Type of specified asset	Trust beneficiary interest in domestic real estate	
Location (whole building)	Registered	Land 3-2-11, Higashi, Shibuya-ku, Tokyo
		Building 3-2-11, Higashi, Shibuya-ku, Tokyo
Travel time from nearest train station (Note 1)	Approximately a 3-minute walk from Ebisu Station, JR Yamanote Line and Tokyo Metro Hibiya Line	
Use	Office, retail and parking	
Site/Floor area (Registered)	Land	478.40 m ²
	Building	2,603.30 m ²
Structure/Floors (Registered)	S, SRC, B1F/7F	
Completion date (Registered)	April 1992	
Seller	Domestic tokutei mokuteki kaisha (TMK) (Note 2)	
Type of ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Total number of tenants (Note 3)	8	
Acquisition price (Note 4)	¥4,500 million	
Appraisal value at time of acquisition	¥4,700 million (effective date of value: June 30, 2018)	
	Appraiser: Japan Valuers Co., Ltd.	
Special items	• Although a fire-fighting equipment inspection has pointed out a need for replacement of a flowmeter, this was corrected before the acquisition under the seller's responsibility and at the seller's expense.	

Note 1. The figure calculated based on it taking one minute to walk a road distance of 80 meters pursuant to the Fair Competition Codes Regarding the Description of Real Estate.

Note 2. The name, etc. is not disclosed as consent from the seller has not been obtained.
There is no capital relationship, personnel relationship or business relationship to state between TOKYU REIT or Tokyu REIM and the seller, and the seller does not fall under the category of related party of TOKYU REIT or Tokyu REIM.

Note 3. 'Total number of tenants' is based on actual figures as of the acquisition date (August 1, 2018).

Note 4. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the asset (property-related taxes, etc.) and is identical to the acquisition costs stated in the beneficiary interest sale and purchase agreement.

(b) REVE Nakameguro (land with leasehold interest)

TOKYU REIT entered into a sale and purchase agreement on June 22, 2018 for acquisition of the following specified asset, delivery of which is scheduled for September 27, 2018.

Of the Property's land and building including the land with leasehold interest, the building with leasehold will be acquired by Tokyu Corporation and the land with leasehold interest by TOKYU REIT as part of the collaboration with Tokyu Corporation.

In addition, TOKYU REIT entered into an agreement on establishment of a 50-year general fixed-term leasehold with Tokyu Corporation along with the sale and purchase agreement entered into for the Property.

Property Details

Property name	REVE Nakameguro (land with leasehold interest)	
Type of specified asset	Domestic real estate (Ownership of land with general fixed-term leasehold)	
Location	Registered	1-202-1, Kamimeguro, Meguro-ku, Tokyo
Travel time from nearest train station (Note 1)	Approximately a 4-minute walk from Naka-Meguro Station, Tokyu Toyoko Line and Tokyo Metro Hibiya Line	
Site/Floor area (Registered)	497.02 m ²	
Scheduled acquisition date	September 27, 2018	
Seller	Domestic godo kaisha (GK) (Note 2)	
Type of ownership	Proprietary ownership	
Acquisition price (Note 3)	¥1,150 million	
Appraisal value at time of acquisition	¥1,150 million (effective date of value: June 1, 2018)	
	Appraiser: Japan Real Estate Institute	
Special items	<ul style="list-style-type: none">• In the real estate register under the original lot number before the Property's land plot consolidation, registration of a building still exists as of today. Registration for the loss of the building is scheduled to be completed at the responsibility and expense of the seller before the date of acquisition by TOKYU REIT.• There is an agreement on preferential negotiation rights in case of disposition between TOKYU REIT and the owner of the building standing on the Property, who is the lessee of the Property.	

Note 1. The figure calculated based on it taking one minute to walk a road distance of 80 meters pursuant to the Fair Competition Codes Regarding the Description of Real Estate.

Note 2. The name, etc. is not disclosed as consent from the seller has not been obtained.
There is no capital relationship, personnel relationship or business relationship to state between TOKYU REIT or Tokyu REIM and the seller, and the seller does not fall under the category of related party of TOKYU REIT or Tokyu REIM.

Note 3. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the asset (property-related taxes, etc.) and is identical to the acquisition costs stated in the land sale and purchase agreement.

Note 4. The acquisition of the Property falls within forward commitments, etc. by investment corporations as defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set forth by the Financial Services Agency. When TOKYU REIT violates agreed matters (including but not limited to provisions of representations and warranties) stipulated in the purchase and sale agreement and such violation results in failure of achieving the purpose of the purchase and sale agreement, the seller may cancel the purchase and sale agreement after notifying the violating party, unless otherwise specified in the purchase and sale agreement. When the purchase and sale agreement of the Property is canceled for reasons attributable to TOKYU REIT, TOKYU REIT must pay a penalty in the amount equivalent to 10% of the purchase/sales price including consumption taxes and local consumption taxes to the seller.

An appraisal report by Japan Real Estate Institute with July 31, 2018 as the effective date of value has been received for the Property, stating that the appraisal value with said effective date of value is ¥1,150 million.

(Reference) Building Summary

Property name	REVE Nakameguro
Site/Floor area (Registered)	985.66 m ²
Structure/Floors (Registered)	RC, B1/3F
Completion date (Registered)	January 2007
Use	Retail and apartment complex

(Reference) Land Lease Agreement Summary

Lessee	Tokyu Corporation
Contract type	General fixed-term leasehold
Contract date	June 22, 2018
Contract period	50-year
Leased area	497.02 m ²
Annual land rent	¥42 million
Lease deposits	¥31 million
Special items	<ul style="list-style-type: none">• Rent revision When there is an increase/decrease in the total amount of property tax and city planning tax for the fiscal year preceding the fiscal year which includes the start date of land rent calculation period (from April 1 to March 31 in the following year), the land rent of the relevant fiscal year will be revised in the amount equivalent to the increase/decrease amount.• Early termination Neither TOKYU REIT nor the lessee is allowed to terminate the contract early. When the lessee terminates the contract in violation of this provision, the lessee must pay a penalty of the amount equivalent to 12 months' land rent at the time of termination to TOKYU REIT and will be deemed as having waived a right to demand return of the entire deposit. When TOKYU REIT, at the fault of the lessee, incurs damage (including claims from third parties) exceeding the amount of the penalty, loss or expenses (including reasonable attorney fees), the lessee must separately pay for the damage, loss and expenses.

② Partial Amendment to Tokyu REIM's Management Guideline

(a) Reason for Amendment

The management guideline is partially amended to further clarify the purpose, notes, etc. when acquiring or retiring treasury investment units.

(b) Content of Amendment

The descriptions related to equity financing in "Financial Strategy" are amended as follows (underlined portions indicate changes):

Prior to amendment	<p>Equity financing <u>(additional issuance of new investment units)</u></p> <p>(i) TOKYU REIT will additionally issue investment units in a flexible manner by accurately grasping the market condition and taking into account the dilution of investment units (reduced share of interest due to additional issuance of new investment units), with an aim to achieve long-term stable growth of assets.</p> <p>(ii) TOKYU REIT may acquire treasury investment units <u>for retirement</u> with an aim to improve capital efficiency, etc.</p>
After amendment	<p>Equity financing</p> <p>(i) <u>Additional issuance of new investment units</u> TOKYU REIT will additionally issue investment units in a flexible manner by accurately grasping the market condition and taking into account the dilution of investment units (reduced share of interest due to additional issuance of new investment units), with an aim to achieve long-term stable growth of assets.</p> <p>(ii) <u>Acquisition and retirement of treasury investment units</u> TOKYU REIT may acquire <u>or retire</u> treasury investment units with an aim to improve capital efficiency <u>and pursue unitholder return</u>. <u>Upon acquisition and retirement of treasury investment units, TOKYU REIT will assess the level of investment unit price, status of cash on hand, financial status, market environment, etc. and determine whether the acquisition or retirement should be conducted from the viewpoint of improving unitholder value over the medium to long term.</u></p>

(c) Date of Amendment

September 13, 2018

(d) Other

For details of the matter, please refer to the "Notice Concerning Partial Amendment to Management Guideline (Change in Provision Concerning Acquisition and Retirement of Treasury Investment Units)" dated September 13, 2018.

2. Company Profiles

(1) Summary of Unitholders' Contributions

	30th fiscal period As of July 31, 2018	29th fiscal period As of January 31, 2018	28th fiscal period As of July 31, 2017	27th fiscal period As of January 31, 2017	26th fiscal period As of July 31, 2016
Total number of units authorized (units)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total number of units issued and outstanding (units)	977,600	977,600	977,600	977,600	977,600
Unitholders' capital (millions of yen)	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479
Number of unitholders (persons)	11,775	12,484	13,144	12,760	12,146

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of July 31, 2018.

Name	Address	Number of units owned	As a percentage of total number of units issued and outstanding
		Units	%
Japan Trustee Services Bank, Ltd. (trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	238,173	24.36
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	126,149	12.90
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	49,000	5.01
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	37,984	3.89
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	30,203	3.09
State Street Bank West Client - Treaty 505234 (Standing Proxy: Mizuho Bank, Ltd.)	Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo	14,434	1.48
The Asahi Fire & Marine Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	14,000	1.43
Legal + General Assurance Pensions Management Limited (Standing Proxy: Citibank, N.A., Tokyo Branch)	6-27-30, Shinjuku, Shinjuku-ku, Tokyo	13,022	1.33
The Hachijuni Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	11,170	1.14
JPMorgan Chase Bank 385771 (Standing Proxy: Mizuho Bank, Ltd.)	Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo	10,842	1.11
Total		544,977	55.75

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

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

① Name of Directors and Auditor (as of July 31, 2018)

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

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

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

Note 3. The executive director serves without compensation from TOKYU REIT.

② Policies Regarding Decision of Dismissing and Not Reappointing Independent Auditors

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

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

The following table sets forth information about TOKYU REIT's investment management company, asset custodian and general administrators as of July 31, 2018.

Business to be entrusted	Name
Investment Management Company	Tokyu Real Estate Investment Management Inc.
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
General Administrator (accounting matters, running of the organization, transfer agent for investment units, etc.)	Mitsubishi UFJ Trust and Banking Corporation
General Administrator (administration of investment corporation bonds)	MUFG Bank, Ltd. (Note)

Note. As a result of a company split, MUFG Bank, Ltd. succeeded the business from Mitsubishi UFJ Trust and Banking Corporation on April 16, 2018.

3. Portfolio Profile

(1) Asset Composition

Asset type	Use	Area	30th fiscal period As of July 31, 2018		29th fiscal period As of January 31, 2018	
			Total amount held	As a percentage of total assets	Total amount held	As a percentage of total assets
			Millions of yen	%	Millions of yen	%
Real estate	Retail	Central Tokyo	¥ 15,485	7.1	¥ 15,519	7.1
		Sub total	15,485	7.1	15,519	7.1
	Office	Central Tokyo	47,944	21.9	48,053	22.0
		Sub total	47,944	21.9	48,053	22.0
	Complex	Tokyu Areas	1,240	0.6	1,246	0.6
		Sub total	1,240	0.6	1,246	0.6
	Land with leasehold interest	Other	4,774	2.2	4,774	2.2
		Sub total	4,774	2.2	4,774	2.2
	Total		69,445	31.7	69,593	31.9
	Trust beneficiary interest in real estate	Retail	Central Tokyo	50,767	23.1	50,976
Sub total			50,767	23.1	50,976	23.4
Office		Central Tokyo	51,165	23.3	51,394	23.6
		Tokyu Areas	27,781	12.7	27,789	12.7
		Other	3,861	1.8	3,891	1.8
		Sub total	82,808	37.7	83,075	38.1
Land with leasehold interest		Other	7,026	3.2	7,026	3.2
		Sub total	7,026	3.2	7,026	3.2
Total		140,602	64.1	141,078	64.7	
Other assets			9,349	4.3	7,429	3.4
Total assets			¥ 219,396 [¥ 210,047]	100.0 [95.7]	¥ 218,101 [¥ 210,672]	100.0 [96.6]

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

Shibuya ward is included in Central Tokyo.

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

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

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

(2) Major Portfolio

Major portfolio held by TOKYU REIT as of July 31, 2018 is as follows:

Use classification		Book value	Total leasable area	Leased area	Occupancy rate	As a percentage of revenue from property leasing	Main use
	Name of property	Millions of yen	m ²	m ²	%	%	
R	QFRONT	¥ 13,658	4,502.93	4,502.93	100.0	9.7	Retail
R	Lexington Aoyama	4,701	2,107.08	2,107.08	100.0	1.8	Retail
R	TOKYU REIT Omotesando Square	5,650	2,669.10	2,669.10	100.0	2.5	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,574	1,543.05	1,543.05	100.0	3.5	Retail
R	cocoti	21,679	8,295.62	8,295.62	100.0	7.7	Retail
R	CONZE Ebisu	4,823	2,327.00	2,327.00	100.0	1.7	Retail
R	Daikanyama Forum	4,087	2,477.64	2,477.64	100.0	1.5	Retail
R	KALEIDO Shibuya Miyamasuzaka	5,077	3,399.34	3,399.34	100.0	2.6	Retail
O	Setagaya Business Square	18,281	24,886.62	23,940.38	96.2	13.5	Office
O	Tokyu Nampeidai-cho Building	4,221	7,148.18	7,148.18	100.0	2.2	Office
O	Tokyu Sakuragaoka-cho Building	6,561	4,737.19	4,737.19	100.0	3.2	Office
O	Tokyo Nissan Taito Building	3,847	7,845.42	7,356.20	93.8	2.6	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,411	3,202.57	3,202.57	100.0	1.9	Office
O	TOKYU REIT Kamata Building	3,838	7,337.82	7,337.82	100.0	3.1	Office
O	TOKYU REIT Toranomom Building	9,970	10,247.06	10,247.06	100.0	5.2	Office
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	7,878	3,533.03	3,533.03	100.0	2.5	Office
O	Tokyu Ikejiri-ohashi Building	5,660	5,733.23	5,733.23	100.0	2.8	Office
O	Kojimachi Square	8,252	5,409.11	5,409.11	100.0	3.1	Office
O	TOKYU REIT Shinjuku Building	8,797	6,270.68	6,270.68	100.0	3.6	Office
O	Akihabara Sanwa Toyo Building	4,522	4,590.53	4,590.53	100.0	2.4	Office
O	TOKYU REIT Kiba Building	3,861	5,797.79	5,797.79	100.0	2.2	Office
O	Tokyu Ginza 2-chome Building	4,544	3,469.14	3,469.14	100.0	2.1	Office
O	TOKYU REIT Shibuya R Building	5,413	5,266.15	5,266.15	100.0	3.6	Office
O	Tokyu Toranomom Building	16,379	9,016.59	9,016.59	100.0	4.7	Office
O	TOKYU REIT Shinjuku 2 Building	2,838	1,787.21	1,787.21	100.0	0.9	Office
O	Tokyu Bancho Building	12,469	5,717.45	5,717.45	100.0	4.2	Office
C	Maison Peony Toritsudaigaku	1,240	852.16	825.50	96.9	0.3	Complex
L	Shonan Mall Fill (land with leasehold interest)	7,026	44,078.12	44,078.12	100.0	2.6	Land with leasehold interest
L	OKI System Center (land with leasehold interest)	4,774	17,019.19	17,019.19	100.0	2.0	Land with leasehold interest
Total		¥ 210,047	211,267.00	209,804.87	99.3	100.0	

- Note 1. The properties listed above except for TOKYU REIT Shibuya Udagawa-cho Square, CONZE Ebisu, Daikanyama Forum, TOKYU REIT Toranomom Building, TOKYU REIT Shinjuku Building, Tokyu Ginza 2-chome Building, TOKYU REIT Shibuya R Building, Tokyu Toranomom Building, TOKYU REIT Shinjuku 2 Building, Maison Peony Toritsudaigaku and OKI System Center (land with leasehold interest) (total of 18 properties) are all owned in the form of trust beneficiary interest in real estate.
- Note 2. 'Use classification' is a classification of TOKYU REIT's portfolio properties into retail properties (R), office properties (O), complexes (C) and land with leasehold interest (*sokochi*) (L).
- Note 3. 'Total leasable area' is the total area of the building's, facility's and land's leasable office, retail, warehouse, residential and land space as indicated in the agreements and drawings (common-use portion is included when leased). For Tokyu Nampeidai-cho Building, the area of parking lots is included. For QFRONT, the area of other compartmentalized owners' exclusive ownership portions is included since the fiduciary rents that area and leases it out as a block together with the entrusted property. For Setagaya Business Square, which is co-owned with another owner, the stated figure is given by multiplying the total leasable area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomom Building, the area of the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For TOKYU REIT Shibuya R Building, the area of part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (land with leasehold interest) and OKI System Center (land with leasehold interest) indicates the leased area of land. For Tokyu Bancho Building, the stated figure is calculated by multiplying the total leasable area of the whole building by the 49% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest.
- Note 4. 'Leased area' is the area out of the total leasable area that is actually under lease agreements and leased (the area as indicated in the agreements; does not include lease agreements for parking lots, side signboards, etc.). For Tokyu Nampeidai-cho Building, the area of parking lots is included. For QFRONT, the area of other compartmentalized owners' exclusive ownership portions is included since the fiduciary rents that area and leases it out as a block together with the entrusted property. For Setagaya Business Square, which is co-owned with another owner, the stated figure is given by multiplying the total leased area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomom Building, the area of the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For TOKYU REIT Shibuya R Building, the part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (land with leasehold interest) and OKI System Center (land with leasehold interest) indicates the leased area of land. For Tokyu Bancho Building, the stated figure is calculated by multiplying the total leased area of the whole building by the 49% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest.
- Note 5. 'Occupancy rate' is the leased area expressed as a percentage of total leasable area at the end of the period.
- Note 6. 'Occupancy rate' and '(Book value) As a percentage of revenue from property leasing' are rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.

(3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of July 31, 2018 are as follows:

Use	Area		Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value	
	Use classification	Name of property			m ²	Millions of yen	Millions of yen	
Retail	Central Tokyo	R	QFRONT	75-8, etc., Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,502.93	¥ 29,800	¥ 13,658
		R	Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,107.08	5,610	4,701
		R	TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,669.10	8,090	5,650
		R	TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	12,600	6,574
		R	cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,295.62	21,600	21,679
		R	CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,327.00	5,100	4,823
		R	Daikanyama Forum	Building 1 (East) 33-18, etc., Sarugaku-cho, Shibuya-ku, Tokyo Building 2 (West) 33-1, Sarugaku-cho, Shibuya-ku, Tokyo	Real estate	2,477.64	3,480	4,087
		R	KALEIDO Shibuya Miyamasuzaka	1-12-4, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,399.34	7,340	5,077
		Sub total				27,321.76	93,620	66,252
		Total				27,321.76	93,620	66,252
Office	Central Tokyo	O	Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	6,000	4,221
		O	Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	9,740	6,561
		O	Tokyo Nissan Taito Building	2-120-2, etc., Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,845.42	5,530	3,847
		O	TOKYU REIT Akasaka Hinokicho Building	6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,202.57	4,520	3,411
		O	TOKYU REIT Toranomom Building	3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,247.06	11,100	9,970
		O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	4-806 and 4-819, Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,533.03	7,260	7,878
		O	Kojimachi Square	3-9 and 3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	9,060	8,252

Use	Area		Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value		
	Use classification				m ²	Millions of yen	Millions of yen		
	Name of property								
Office	Central Tokyo	O	TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,270.68	12,000	8,797	
		O	Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,590.53	6,290	4,522	
		O	Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	5,180	4,544	
		O	TOKYU REIT Shibuya R Building	3-10-2, etc., Shibuya, Shibuya-ku, Tokyo	Real estate	5,266.15	9,250	5,413	
		O	Tokyu Toranomon Building	1-216-2, etc., Toranomon, Minato-ku, Tokyo	Real estate	9,016.59	19,900	16,379	
		O	TOKYU REIT Shinjuku 2 Building	4-3-4, Shinjuku, Shinjuku-ku, Tokyo	Real estate	1,787.21	2,990	2,838	
		O	Tokyu Bancho Building	6-2, etc., Yonban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,717.45	14,200	12,469	
	Sub total					78,240.31	123,020	99,110	
	Tokyu Areas	O	Setagaya Business Square	4-260-2, etc., Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,886.62	18,700	18,281	
		O	TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	5,380	3,838	
		O	Tokyu Ikejiri-ohashi Building	3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,733.23	5,980	5,660	
	Sub total					37,957.67	30,060	27,781	
	Other	O	TOKYU REIT Kiba Building	3-21-5, etc., Toyo, Koto-ku, Tokyo	Trust beneficiary interest in real estate	5,797.79	4,050	3,861	
	Sub total					5,797.79	4,050	3,861	
	Total					121,995.77	157,130	130,753	
	Complex	Tokyu Areas	C	Maison Peony Toritsudaigaku	1-8-1 and 1-8-8, Nakane, Meguro-ku, Tokyo	Real estate	852.16	1,200	1,240
			Sub total					852.16	1,200
	Total					852.16	1,200	1,240	
	Land with leasehold interest	Other	L	Shonan Mall Fill (land with leasehold interest)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	6,560	7,026
			L	OKI System Center (land with leasehold interest)	1-16-20, etc., Chuo, Warabi-shi, Saitama	Real estate	17,019.19	5,220	4,774
		Sub total					61,097.31	11,780	11,800
Total					61,097.31	11,780	11,800		
Grand total					211,267.00	¥ 263,730	¥ 210,047		

- Note 1. 'Location (lot number)' is stated as based on the description shown in the registry book. The present status of the property might not correspond to the descriptions in the registry book.
- Note 2. 'Total leasable area' is the total area of the building's, facility's and land's leasable office, retail, warehouse, residential and land space as indicated in the agreements and drawing (common-use portion is included when leased). For Tokyu Nampeidai-cho Building, the area of parking lots is included. For QFRONT, the area of other compartmentalized owners' exclusive ownership portions is included since the fiduciary rents that area and leases it out as a block together with the entrusted property. For Setagaya Business Square, which is co-owned with another owner, the stated figure is given by multiplying the total leasable area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomon Building, the area of the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For TOKYU REIT Shibuya R Building, the area of part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (land with leasehold interest) and OKI System Center (land with leasehold interest) indicates the leased area of land. For Tokyu Bancho Building, the stated figure is calculated by multiplying the total leasable area of the whole building by the 49% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest.
- Note 3. For 'Appraisal value at end of period,' TOKYU REIT indicates the assessed value based on the appraisal by real estate appraisers following the asset evaluation method, standards and reporting date laid down in TOKYU REIT's Articles of Incorporation and rules of The Investment Trusts Association, Japan (based on real estate appraisal reports prepared by Japan Real Estate Institute, Japan Valuers Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd., which adopt the period end date as the date of value estimate).

The developments of the leasing business of the properties held by TOKYU REIT are as follows:

			30th fiscal period From February 1, 2018 to July 31, 2018				29th fiscal period From August 1, 2017 to January 31, 2018				
Use	Area	Use classification	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	
				Name of property	%	Millions of yen		%	%	Millions of yen	%
Retail	Central Tokyo	R	QFRONT	3	100.0	¥ 689	9.7	3	100.0	¥ 673	9.6
		R	Lexington Aoyama	7	100.0	130	1.8	7	100.0	131	1.9
		R	TOKYU REIT Omotesando Square	4	100.0	181	2.5	4	100.0	181	2.6
		R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	250	3.5	2	100.0	250	3.6
		R	cocoti	15	100.0	550	7.7	15	100.0	551	7.8
		R	CONZE Ebisu	8	100.0	121	1.7	8	100.0	127	1.8
		R	Daikanyama Forum	5	100.0	105	1.5	5	100.0	104	1.5
		R	KALEIDO Shibuya Miyamasuzaka	8	100.0	185	2.6	8	100.0	185	2.6
			Sub total	52	100.0	2,215	31.1	52	100.0	2,205	31.4
	Total	52	100.0	2,215	31.1	52	100.0	2,205	31.4		
Office	Central Tokyo	O	Tokyu Nampeidai-cho Building	1	100.0	159	2.2	1	100.0	159	2.3
		O	Tokyu Sakuragaoka-cho Building	2	100.0	228	3.2	2	100.0	228	3.2
		O	Tokyo Nissan Taito Building	11	93.8	185	2.6	11	93.8	180	2.6
		O	TOKYU REIT Akasaka Hinokicho Building	3	100.0	135	1.9	3	100.0	135	1.9

		30th fiscal period From February 1, 2018 to July 31, 2018				29th fiscal period From August 1, 2017 to January 31, 2018					
Use	Area	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing		
			Use classification	%	Millions of yen		%	%	Millions of yen	%	
	Name of property										
Office	Central Tokyo	O	TOKYU REIT Toranomom Building	11	100.0	372	5.2	11	100.0	340	4.8
		O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	177	2.5	1	100.0	177	2.5
		O	Kojimachi Square	7	100.0	220	3.1	7	100.0	219	3.1
		O	TOKYU REIT Shinjuku Building	9	100.0	253	3.6	9	100.0	263	3.7
		O	Akihabara Sanwa Toyo Building	6	100.0	171	2.4	6	100.0	170	2.4
		O	Tokyu Ginza 2-chome Building	2	100.0	146	2.1	2	100.0	129	1.8
		O	TOKYU REIT Shibuya R Building	11	100.0	257	3.6	11	100.0	258	3.7
		O	Tokyu Toranomom Building	3	100.0	331	4.7	3	100.0	395	5.6
		O	TOKYU REIT Shinjuku 2 Building	2	100.0	67	0.9	2	100.0	67	1.0
		O	Tokyu Bancho Building	7	100.0	298	4.2	7	100.0	293	4.2
	Sub total		76	99.4	3,005	42.2	76	99.4	3,018	42.9	
	Tokyu Areas	O	Setagaya Business Square	66	96.2	963	13.5	68	99.6	920	13.1
		O	TOKYU REIT Kamata Building	5	100.0	223	3.1	5	100.0	225	3.2
		O	Tokyu Ikejiri-ohashi Building	5	100.0	195	2.8	5	100.0	181	2.6
	Sub total		76	97.5	1,383	19.4	78	99.7	1,327	18.9	
	Other	O	TOKYU REIT Kiba Building	6	100.0	157	2.2	6	100.0	137	2.0
		Sub total		6	100.0	157	2.2	6	100.0	137	2.0
	Total		158	98.8	4,547	63.9	160	99.5	4,483	63.8	
	Complex	Tokyu Areas	C	Maison Peony Toritsudaigaku	25	96.9	24	0.3	25	96.9	10
Sub total			25	96.9	24	0.3	25	96.9	10	0.1	
Total		25	96.9	24	0.3	25	96.9	10	0.1		
Land with leasehold interest	Other	L	Shonan Mall Fill (land with leasehold interest)	1	100.0	188	2.6	1	100.0	188	2.7
		L	OKI System Center (land with leasehold interest)	1	100.0	145	2.0	1	100.0	145	2.1
	Sub total		2	100.0	333	4.7	2	100.0	333	4.7	
	Total		2	100.0	333	4.7	2	100.0	333	4.7	
Grand total		237	99.3	¥ 7,119	100.0	239	99.7	¥ 7,032	100.0		

- Note 1. 'Number of tenants' is counted cumulatively, i.e., when one tenant leases plural rooms for rent in the same property, it is regarded as one tenant, and when in plural properties, it is regarded as plural tenants.
- Note 2. 'Occupancy rate' is the leased area expressed as a percentage of total leasable area at the end of the period.
- Note 3. 'Occupancy rate' and '(Revenue from property leasing) As a percentage of revenue from property leasing' are rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.

(4) Other Assets

As of July 31, 2018, there are no assets targeted for investment other than those described above.

(5) Assets Held in Each Country and Region

TOKYU REIT does not invest in overseas properties.

4. Capital Expenditures for Properties Held

(1) Plan of Capital Expenditures

The following lists the estimated amounts of major capital expenditures for repair and maintenance work of properties held, as scheduled as of July 31, 2018. The estimated construction costs shown below include those recorded in expenses for accounting purposes.

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

Use classification	Name of property	Location	Objective	Estimated period	Estimated construction cost		
					Millions of yen		
					Total	Amount paid during period	Amount paid by end of period
○	Setagaya Business Square	Setagaya-ku, Tokyo	Renovation of elevators	From October 2018 to January 2019	¥ 80	—	—
○	Setagaya Business Square	Setagaya-ku, Tokyo	Renovation of elevators	From November 2018 to January 2019	¥ 39	—	—
○	Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renovation of residential sections	From November 2018 to January 2019	¥ 40	—	—
○	TOKYU REIT Akasaka Hinokicho Building	Minato-ku, Tokyo	Replacement of elevators	From December 2018 to January 2019	¥ 41	—	—
○	TOKYU REIT Shinjuku 2 Building	Shinjuku-ku, Tokyo	Replacement of power receiving and transformation equipment	From October 2018 to January 2019	¥ 67	—	—

(2) Capital Expenditures Made during Period

The following is an overview of construction work conducted during the fiscal period under review that fall under the category of capital expenditures for properties held.

Capital expenditures during the 30th fiscal period amounted to ¥413 million and ¥125 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥538 million spent for such work.

Use classification	Name of property	Location	Objective	Period	Construction cost
					Millions of yen
○	Setagaya Business Square	Setagaya-ku, Tokyo	Replacement of uninterruptible power supply with storage battery for central monitoring	From February 2018 to February 2018	¥ 20
○	Setagaya Business Square	Setagaya-ku, Tokyo	Replacement of air-conditioning equipment	From May 2016 to July 2018	65
○	TOKYU REIT Kamata Building	Ota-ku, Tokyo	Replacement of mechanical parking equipment	From April 2018 to May 2018	19
○	TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Replacement of air-conditioning equipment	From April 2018 to June 2018	64
○	TOKYU REIT Shibuya R Building	Shibuya-ku, Tokyo	Renewal of common areas	From January 2018 to June 2018	30
Other					212
Total					¥ 413

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

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

	30th fiscal period From February 1, 2018 to July 31, 2018	29th fiscal period From August 1, 2017 to January 31, 2018	28th fiscal period From February 1, 2017 to July 31, 2017	27th fiscal period From August 1, 2016 to January 31, 2017	26th fiscal period From February 1, 2016 to July 31, 2016
	Millions of yen				
Reserve at beginning of period	¥ 109	¥ 129	¥ 104	¥ 138	¥ 139
Amount transferred to reserve during period	517	698	1,023	543	832
Reversal from reserve during period	392	718	998	577	833
Reserve at end of period	¥ 235	¥ 109	¥ 129	¥ 104	¥ 138

Note. TOKYU REIT took over reserves made in the trust assets that the prior owner accounted for at the time of trade of beneficiary interests in trust accounts and such reserves are included in the 'Amount transferred to reserve during period.'

5. Expenses and Debt

(1) Investment Management Expenses

	30th fiscal period From February 1, 2018 to July 31, 2018		29th fiscal period From August 1, 2017 to January 31, 2018	
	Millions of yen			
Asset management fees				
Asset-based fees	¥ 320		¥ 312	
Cash-based fees	258		245	
Unit price-based fees	—	¥ 578	—	¥ 558
Asset custodian fees		17		17
General administration fees		43		44
Directors' fees		6		6
Other operating expenses		65		66
Total		¥ 711		¥ 692

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

Short-term debt and long-term debt from each financial institution as of July 31, 2018 are as follows:

Category	Draw-down date	Balance as of July 31, 2018	Balance as of January 31, 2018	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
		Millions of yen	Millions of yen	%				
Lender								
MUFG Bank, Ltd.	September 26, 2011	¥ —	¥ 5,000	1.41375	March 26, 2018	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 2)
Mizuho Bank, Ltd.	November 11, 2011	1,700	1,700	1.48875	November 11, 2018			Unsecured and Unguaranteed (Notes 2 and 3)
MUFG Bank, Ltd.	May 25, 2012	2,000	2,000	1.37250	May 25, 2019			Unsecured and Unguaranteed (Note 2)
Development Bank of Japan Inc.	June 25, 2012	4,000	4,000	1.48000	June 25, 2020			Unsecured and Unguaranteed (Notes 2 and 3)
Sumitomo Mitsui Trust Bank, Limited	June 29, 2012	400	400	1.32375	June 29, 2019			Unsecured and Unguaranteed (Note 2)
MUFG Bank, Ltd. (Note 4)		400	400					
MUFG Bank, Ltd.	August 29, 2012	1,400	1,400	1.32250	August 29, 2019			
MUFG Bank, Ltd. (Note 4)	November 19, 2012	2,000	2,000	1.24625	November 19, 2019			
Mizuho Bank, Ltd.	December 25, 2012	500	500	1.23375	December 25, 2019			

Category	Draw-down date	Balance as of July 31, 2018	Balance as of January 31, 2018	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
		Millions of yen	Millions of yen	%				
Sumitomo Mitsui Trust Bank, Limited	June 25, 2013	2,900	2,900	1.53375	December 25, 2020	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 2)
MUFG Bank, Ltd. (Note 4)		1,500	1,500	1.45125	June 25, 2020			
MUFG Bank, Ltd. (Note 4)		—	500	1.07500	June 25, 2018			
Mizuho Trust & Banking Co., Ltd.	June 27, 2013	1,500	1,500	1.91375	June 27, 2023			
Development Bank of Japan Inc.		1,000	1,000					
Mitsui Sumitomo Insurance Co., Ltd.		500	500	1.47250	June 27, 2020			
The Norinchukin Bank		500	500					
The Dai-ichi Life Insurance Company, Limited	July 31, 2013	2,500	2,500	1.51375	July 31, 2021			
The Dai-ichi Life Insurance Company, Limited		—	2,000	0.99125	July 31, 2018			
Nippon Life Insurance Company		500	500	1.51375	July 31, 2021			
Sumitomo Mitsui Trust Bank, Limited	December 25, 2013	2,500	2,500	1.21000	December 25, 2020			
MUFG Bank, Ltd. (Note 4)		2,000	2,000					
MUFG Bank, Ltd. (Note 4)	December 25, 2013	1,500	1,500	0.95625	June 25, 2019			Unsecured and Unguaranteed (Notes 2 and 3)
The Dai-ichi Life Insurance Company, Limited	January 27, 2014	1,000	1,000	1.04625	January 27, 2020			Unsecured and Unguaranteed (Note 2)
The Norinchukin Bank		3,000	3,000	0.85000	January 27, 2019			Unsecured and Unguaranteed (Notes 2 and 3)
Development Bank of Japan Inc.	February 25, 2014	5,000	5,000	1.57750	February 25, 2024	Unsecured and Unguaranteed (Note 2)		
Mizuho Bank, Ltd.	June 25, 2014	1,000	1,000	1.05250	June 25, 2021			
Mitsui Sumitomo Insurance Co., Ltd.		1,000	1,000					
MUFG Bank, Ltd.	October 22, 2014	800	800	0.96875	October 22, 2021			
Mizuho Bank, Ltd.		800	800					
MUFG Bank, Ltd. (Note 4)		800	800					
Sumitomo Mitsui Trust Bank, Limited		1,600	1,600					

Long-term debt

Category	Draw-down date	Balance as of July 31, 2018	Balance as of January 31, 2018	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
		Millions of yen	Millions of yen	%				
Development Bank of Japan Inc.	June 25, 2015	5,000	5,000	1.26125	June 25, 2025	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 2)
Shinkin Central Bank	July 27, 2015	2,000	2,000	0.99000	July 27, 2022			
Sumitomo Mitsui Trust Bank, Limited		2,000	2,000					
Mizuho Bank, Ltd.	November 11, 2015	1,700	1,700	0.89250	November 11, 2022			
Daido Life Insurance Company	December 25, 2015	500	500	0.85875	December 25, 2022			
Daido Life Insurance Company	March 10, 2016	1,500	1,500	0.57130	March 10, 2023			
MUFG Bank, Ltd. (Note 4)	June 27, 2016	500	500	0.45630	June 27, 2023			
Sumitomo Mitsui Trust Bank, Limited	December 27, 2016	3,500	3,500	0.56000	December 27, 2021			
Nippon Life Insurance Company	January 31, 2017	1,500	1,500	0.50000	January 31, 2022			
Sumitomo Mitsui Trust Bank, Limited	May 18, 2017	2,000	2,000	0.56093	May 25, 2022			
Sumitomo Mitsui Trust Bank, Limited	May 25, 2017	1,000	1,000	0.55529				
Sumitomo Mitsui Trust Bank, Limited	May 25, 2017	1,000	1,000	0.62116	November 25, 2023			
Mizuho Bank, Ltd.	June 27, 2017	2,000	2,000	0.61773	December 27, 2023			
The Norinchukin Bank	July 25, 2017	1,000	1,000	0.63573	January 25, 2024			
Development Bank of Japan Inc.	January 25, 2018	5,000	5,000	0.90880	January 25, 2028			
Nippon Life Insurance Company	January 31, 2018	500	500	0.58000	July 31, 2023			
MUFG Bank, Ltd.	March 26, 2018	2,500	—	0.62827	September 26, 2024			
MUFG Bank, Ltd.		2,500	—	0.65250	March 26, 2025			
Nippon Life Insurance Company	April 10, 2018	1,500	—	0.60000	October 10, 2023			
MUFG Bank, Ltd.	June 25, 2018	500	—	0.68569	December 25, 2025			
The Dai-ichi Life Insurance Company, Limited	July 31, 2018	2,000	—	—	July 31, 2028			
Sub total		84,000	82,500					
Total		¥ 84,000	¥ 82,500					

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

Note 2. Depending on the financial position of TOKYU REIT, additional interest rates, additional cash reserves, asset acquisition and disposition restrictions, debt burden and payment restrictions, dividend restrictions, offering of additional pledge and other financial covenants may apply.

Note 3. As of the end of the fiscal period, the amounts are recorded in the balance sheets as 'Long-term debt due within one year' under 'Current liabilities.'

Note 4. MUFG Bank, Ltd. succeeded the corporate-loan-related businesses from Mitsubishi UFJ Trust and Banking Corporation, effective April 16, 2018.

(3) Investment Corporation Bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2018 is as follows:

Name	Issue date	Balance as of July 31, 2018	Balance as of January 31, 2018	Annual interest rate	Maturity date	Redemption method	Use of proceeds	Remark
		Millions of yen		(%)				
3rd Series Unsecured Investment Corporation Bond	October 22, 2012	¥ 3,000	¥ 3,000	1.47000	October 21, 2022	Full amount on maturity	Repayment of debt financing	Unsecured/Unguaranteed (Note 1)
4th Series Unsecured Investment Corporation Bond	February 14, 2014	3,500	3,500	0.39900	February 14, 2019			Unsecured/Unguaranteed (Notes 1 and 2)
5th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	3,000	0.68200	March 11, 2021			Unsecured/Unguaranteed (Note 1)
Total		¥ 9,500	¥ 9,500					

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

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

(4) Short-term Investment Corporation Bonds

There is no item that falls under this category.

(5) Investment Unit Options

There is no item that falls under this category.

6. Acquisitions and Dispositions during the 30th Fiscal Period

(1) Sales and Purchases of Properties and Asset Backed Securities or Infrastructure Assets and Infrastructure-related Assets

There is no item that falls under this category.

(2) Sales and Purchases of Other Assets

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

(3) Research on Prices of Specified Assets

① Property

There is no item that falls under this category.

② Other

There is no item that falls under this category.

(4) Trading with Interested Persons, Etc.

① Status of Trading

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

② Amounts of Commissions Paid

Item	Total amounts of commissions paid (A)	Paid to interested persons, etc.		B/A (%)
		Payee	Amount of payment (B)	
	Thousands of yen		Thousands of yen	
Utilities expenses	¥ 552,133	Tokyu Power Supply Co., Ltd.	¥ 198,531	36.0
		Yoga District Heating and Cooling Co., Ltd.	¥ 106,907	19.4
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 442,010	Tokyu Community Corporation	¥ 280,062	63.4
		Tokyu Facility Service Co., Ltd.	¥ 70,684	16.0
		Tokyu Livable, Inc.	¥ 115	0.0
		Tokyu Corporation	¥ 19	0.0
Other rental service expenses	¥ 199,801	Tokyu Agency Inc.	¥ 2,706	1.4
		Tokyu Corporation	¥ 2,420	1.2
		its communications Inc.	¥ 879	0.4
		Shibuya Underground Shopping Center, Inc.	¥ 840	0.4
		Tokyu Community Corporation	¥ 72	0.0
Property management fees	¥ 161,434	Tokyu Corporation	¥ 96,938	60.0
		Tokyu Community Corporation	¥ 63,407	39.3
		Tokyu Housing Lease Corporation	¥ 1,087	0.7
Insurance premium	¥ 12,857	Tokyu Insurance Consulting Co., Ltd.	¥ 12,567	97.7

Note 1. Pursuant to Article 123 of the Investment Trust Law Enforcement Order, interested persons, etc. are defined as having interests in Tokyu REIM based on the investment management agreement concluded with TOKYU REIT. However, information provided in this section, '(4) Trading with Interested Persons, Etc.,' includes trading with related parties, which are subject to the Rules on Related-Party Transactions that are Tokyu REIM's self-imposed rules.

Note 2. In addition to the commissions paid as described above, TOKYU REIT paid commissions to third parties through interested persons, etc. Tokyu Corporation and Tokyu Community Corporation in the amount of ¥54,828 thousand and ¥11,722 thousand, respectively.
In addition to the commissions paid as described above, the amount paid for repair and maintenance work placed to interested persons, etc. during the 30th fiscal period are as follows:

Tokyu Renewal Co., Ltd.	¥ 30,160 thousand
Tokyu Community Corporation	¥ 16,340 thousand
Tokyu Facility Service Co., Ltd.	¥ 10,858 thousand
Tokyu Corporation	¥ 6,776 thousand
Ishikatsu Exterior Inc.	¥ 2,336 thousand
Tokyu Construction Co., Ltd.	¥ 984 thousand
Tokyu Bldg Maintenance Co., Ltd.	¥ 15 thousand

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

There is no item that falls under this category.

7. Accounting

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

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

(2) Change in Depreciation Method

There is no item that falls under this category.

(3) Change in Property and Infrastructure Asset Valuation Methods

There is no item that falls under this category.

8. Other

(1) News

There is no item that falls under this category.

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

There is no item that falls under this category.

(3) Disclosure Pertaining to Corporation Holding Overseas Properties

There is no item that falls under this category.

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

There is no item that falls under this category.

(5) Other

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



Independent Auditor's Report

To the Board of Directors of TOKYU REIT, Inc.

We have audited the accompanying financial statements of TOKYU REIT, Inc. ("the Company"), which comprise the balance sheet as at July 31, 2018, and the statements of income, statements of changes in unitholders' equity and statements of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2018, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata LLC

October 25, 2018

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TOKYU REIT, Inc.
Balance Sheets
As of July 31, 2018 and January 31, 2018

	July 31, 2018	January 31, 2018
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 5,366	¥ 2,046
Cash and deposits with banks held in trust	2,677	4,123
Tenant receivables	146	110
Lease deposits held in trust due within one year	18	18
Other current assets	50	49
Total current assets	8,259	6,347
Fixed assets:		
Property and equipment		
Buildings and structures	13,465	13,343
Land	59,800	59,800
Other tangible assets	193	192
Construction in progress	96	90
Buildings and structures held in trust	47,144	46,890
Land held in trust	111,861	111,861
Other tangible assets held in trust	1,568	1,540
Construction in progress held in trust	17	1
Less accumulated depreciation	(24,097)	(23,054)
Total property and equipment	210,050	210,667
Intangible assets		
Intangible assets	7	7
Intangible assets held in trust	4	4
Total intangible assets	11	12
Investments and other assets		
Lease deposits	208	208
Lease deposits held in trust	706	706
Other assets	143	137
Total investments and other assets	1,058	1,052
Total fixed assets	211,120	211,732
Deferred assets:		
Investment corporation bond issuance expenses	16	21
Total deferred assets	16	21
Total assets	¥ 219,396	¥ 218,101

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of July 31, 2018 and January 31, 2018

	July 31, 2018	January 31, 2018
	(Millions of yen)	
<u>LIABILITIES</u>		
Current liabilities:		
Investment corporation bonds due within one year	¥ 3,500	¥ -
Long-term debt due within one year	9,000	12,200
Accounts payable	1,040	984
Consumption tax payable	123	120
Rent received in advance	1,088	1,118
Tenant leasehold and security deposits held in trust due within one year	190	190
Accrued expenses and other current liabilities	148	139
Total current liabilities	15,092	14,754
Long-term liabilities:		
Investment corporation bonds	6,000	9,500
Long-term debt	75,000	70,300
Tenant leasehold and security deposits	3,603	3,888
Tenant leasehold and security deposits held in trust	6,179	6,226
Other long-term liabilities	3	1
Total long-term liabilities	90,786	89,916
Total liabilities	¥ 105,879	¥ 104,671
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 10,000,000 units as of July 31, 2018 and 10,000,000 units as of January 31, 2018		
Units issued and outstanding - 977,600 units as of July 31, 2018 and 977,600 units as of January 31, 2018	¥ 110,479	¥ 110,479
Reserve for reduction entry	360	457
Retained earnings	2,678	2,493
Total net assets	113,517	113,430
Total liabilities and net assets	¥ 219,396	¥ 218,101

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

TOKYU REIT, Inc.
Statements of Income

For the six months ended July 31, 2018 and January 31, 2018

	For the six months ended	
	July 31, 2018	January 31, 2018
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 6,663	¥ 6,588
Other rental revenue	455	443
Operating expenses:		
Rental service expenses	(3,211)	(3,271)
Asset management fees	(578)	(558)
Other	(132)	(134)
Operating income	3,197	3,068
Non-operating income:		
Interest income	0	0
Other	0	2
Non-operating expenses:		
Interest expense	(453)	(510)
Interest expense on investment corporation bonds	(39)	(39)
Amortization of investment corporation bond issuance expenses	(4)	(4)
Other	(22)	(22)
Income before income taxes	2,679	2,494
Income taxes:		
Current	(1)	(0)
Deferred	0	0
Net income	2,678	2,493
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,678	¥ 2,493

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

TOKYU REIT, Inc.
Statements of Changes in Unitholders' Equity
For the six months ended July 31, 2018 and January 31, 2018

For the six months ended July 31, 2018

	Unitholders' capital	Reserve for reduction entry	Retained earnings	Total
	(Millions of yen)			
Balance at beginning of period	¥ 110,479	¥ 457	¥ 2,493	¥ 113,430
Changes during the period				
Reversal of reserve for reduction entry	-	(97)	97	-
Cash distributions declared	-	-	(2,590)	(2,590)
Net income	-	-	2,678	2,678
Total changes during the period	-	(97)	184	87
Balance at end of period	¥ 110,479	¥ 360	¥ 2,678	¥ 113,517

For the six months ended January 31, 2018

	Unitholders' capital	Reserve for reduction entry	Retained earnings	Total
	(Millions of yen)			
Balance at beginning of period	¥ 110,479	¥ 692	¥ 2,355	¥ 113,527
Changes during the period				
Reversal of reserve for reduction entry	-	(234)	234	-
Cash distributions declared	-	-	(2,590)	(2,590)
Net income	-	-	2,493	2,493
Total changes during the period	-	(234)	137	(97)
Balance at end of period	¥ 110,479	¥ 457	¥ 2,493	¥ 113,430

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

TOKYU REIT, Inc.
Statements of Cash Flows
For the six months ended July 31, 2018 and January 31, 2018

	For the six months ended	
	July 31, 2018	January 31, 2018
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,679	¥ 2,494
Depreciation and amortization	1,049	1,032
Amortization of investment corporation bond issuance expenses	4	4
Loss on disposal of property and equipment	5	4
Interest income	(0)	(0)
Interest expense	492	550
(Increase) Decrease in tenant receivables	(36)	34
Increase (Decrease) in consumption tax payable	2	68
Increase (Decrease) in accounts payable	23	(22)
Increase (Decrease) in rent received in advance	(29)	42
Other, net	14	(11)
Total	4,204	4,196
Interest received	0	0
Interest paid	(495)	(556)
Income taxes paid	(0)	(0)
Net cash provided by (used in) operating activities	3,708	3,639
Cash flows from investing activities:		
Payments for purchases of property and equipment	(130)	(1,368)
Payments for purchases of intangible assets	(7)	-
Payments for purchases of property and equipment held in trust	(273)	(548)
Payments for lease deposits held in trust	-	(4)
Proceeds from lease deposits held in trust	-	18
Proceeds from tenant leasehold and security deposits	82	391
Payments for tenant leasehold and security deposits	(366)	(31)
Proceeds from tenant leasehold and security deposits held in trust	21	172
Payments for tenant leasehold and security deposits held in trust	(68)	(294)
Net cash provided by (used in) investing activities	(743)	(1,664)
Cash flows from financing activities:		
Proceeds from long-term debt	9,000	5,500
Repayment of long-term debt	(7,500)	(7,000)
Payment of dividends	(2,590)	(2,589)
Net cash provided by (used in) financing activities	(1,090)	(4,089)
Net change in cash and cash equivalents	1,874	(2,113)
Cash and cash equivalents at beginning of period	6,169	8,283
Cash and cash equivalents at end of period	¥ 8,044	¥ 6,169

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

TOKYU REIT, Inc.
Notes to Financial Statements
For the six months ended July 31, 2018 and January 31, 2018

1. Organization and basis of presentation

(a) Organization

TOKYU REIT, Inc. ("TOKYU REIT"), a real estate investment corporation with initial capital of ¥200 million, was formed on June 20, 2003 under the Investment Trust and Investment Corporation Law of Japan ("Investment Trust Law"). Registration with the Kanto Local Finance Bureau of the Ministry of Finance was completed on July 18, 2003 in accordance with the Investment Trust Law.

On September 10, 2003, TOKYU REIT was listed on the Tokyo Stock Exchange and issued 97,600 investment units for proceeds totaling ¥49,917 million through initial public offering. TOKYU REIT acquired 11 properties with those proceeds and started its substantial operation.

In August 2004, TOKYU REIT completed its second public offering of 42,000 units and third party allotment of 2,000 units. Net proceeds totaling ¥27,742 million were utilized in the partial repayments of short-term debt and the acquisition of an additional two properties.

In August 2005, TOKYU REIT completed its third public offering of 26,700 units and third party allotment of 680 units. With net proceeds totaling ¥20,159 million, TOKYU REIT repaid short-term debt and acquired 40% of trust beneficiary interest of cocoti.

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

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

As of July 31, 2018, TOKYU REIT's total capital is ¥110,479 million with 977,600 units issued and outstanding. TOKYU REIT has been operating 29 properties at an occupancy rate of approximately 99.3%. Total acquisition cost of the 29 properties is ¥223,539 million and total rentable area is 211,267.00 m².

(b) Basis of presentation

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

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

2. Significant accounting policies

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

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

	July 31, 2018	January 31, 2018
	(years)	
Buildings and structures		
Buildings	2-50	2-50
Structures	2-52	2-52
Other tangible assets		
Machinery and equipment	2-17	2-17
Tools, furniture and fixtures	2-15	2-15

- (c) **Intangible assets** - Amortization is computed by using the straight-line method.
- (d) **Accounting treatment of beneficiary interest in trust accounts, including real estate** - For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan and through which TOKYU REIT holds most of its property, all accounts of assets and liabilities within the trust, as well as all income generated and expenses incurred from assets and liabilities in the trust, are recognized in the balance sheet and income statement accounts.
- (e) **Accounting standard for impairment of fixed assets** - Effective August 1, 2005, TOKYU REIT adopted the "Accounting Standard for Impairment of Fixed Assets" ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council in Japan on August 9, 2002) and "Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets" ("Financial Accounting Standard Implementation Guidance No. 6" issued by the Accounting Standards Board of Japan on October 31, 2003). The standard requires the recognition of an impairment loss on fixed assets whenever events or changes in circumstances indicate that the carrying amounts of fixed assets may not be recoverable.
- (f) **Accounting method for deferred assets** - Amortization of investment corporation bond issuance expenses is computed by using the straight-line method at rates based on the redemption period of the respective bonds.
- (g) **Accounting standard for asset retirement obligations** - Effective April 1, 2010, TOKYU REIT adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21 issued on March 31, 2008).

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

- (h) **Revenue recognition** – TOKYU REIT operates rental office properties, rental retail properties and complexes that include rental office or retail properties. Revenue from leasing is recognized on an accrual basis over the term of each lease. Rental revenue includes fixed rental revenues, recoveries of utility charges and other income.
- (i) **Property-related taxes** – Property-related taxes (property tax, city planning tax and depreciable property tax) are imposed on property on a calendar year basis. The amount of such taxes assessed in the period is charged to income as rental service expenses. In accordance with Japanese business practice, at the time of disposal, the seller of the property is generally liable for property-related taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser of the property for the accrued property-related tax liabilities up to the time of disposal, and the amount of the settlement reflects this adjustment when acquiring a property. TOKYU REIT is allocating the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amount of those allocated portions of the property-related taxes is capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes are nil for the six months ended July 31, 2018. Capitalized property-related taxes are ¥352 thousand for the six months ended January 31, 2018.
- (j) **Income taxes** – Income taxes are accounted for financial reporting purposes. The tax effect of temporary differences between the amount of assets and liabilities for financial statements and for income tax reporting is recognized as deferred taxes. Deferred tax assets of ¥26 thousand are included in other current assets as of July 31, 2018. Deferred tax assets of ¥13 thousand are included in other current assets as of January 31, 2018.
- (k) **Net income per unit** – Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during each period.

3. Unapplied accounting standard, etc.

- “Accounting Standard for Revenue Recognition” (Corporate Accounting Standards No.29 issued by Accounting Standards Board of Japan (“ASBJ”) on March 30, 2018)
- “Implementation Guidance on Accounting Standard for Revenue Recognition”(Implementation Guidance of Corporate Accounting Standards No.30 issued by ASBJ on March 30, 2018)

(a) Overview

The International Accounting Standard Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) have jointly developed the comprehensive accounting standard for revenue recognition, and have published “Revenue from Contracts with Customers”(IFRS No. 15 issued by IASB and Topic 606 issued by FASB) in May 2014. As IFRS No. 15 is effective for annual periods beginning on or after January 1, 2018 and Topic 606 is effective for annual periods beginning after December 15, 2017, ASBJ has developed the comprehensive accounting standard for revenue recognition, and announced it along with the implementation guidance.

As a basic policy to develop the accounting standards for revenue recognition, ASBJ decided to incorporate the basic principles from IFRS No. 15 in order to ensure the comparability among Financial Statements based on IFRS, U.S. GAAP and Japanese GAAP. The comparability between the financial statements is one of the benefits of the consistency with IFRS No. 15. In addition, in the case there is an item where consideration should be given to special treatment in Japan, the alternative treatment is accepted to the extent consistency is maintained.

TOKYU REIT, Inc.

Notes to Financial Statements, continued

For the six months ended July 31, 2018 and January 31, 2018

(b) Scheduled date of the application

TOKYU REIT will adopt the accounting standard, etc. from the beginning of the fiscal period ending January 31, 2022.

(c) Impact of the application of the respective accounting standard, etc.

TOKYU REIT is currently evaluating the effect on its financial statements by applying the "Accounting Standard for Revenue Recognition", etc.

4. Cash and cash equivalents

Cash and cash equivalents as of July 31, 2018 and January 31, 2018 consisted of the following:

	<u>July 31, 2018</u>	<u>January 31, 2018</u>
	(Millions of yen)	
Cash and deposits with banks	¥ 5,366	¥ 2,046
Cash and deposits with banks held in trust	<u>2,677</u>	<u>4,123</u>
Cash and cash equivalents	<u>¥ 8,044</u>	<u>¥ 6,169</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

5. Schedule of property and equipment and intangible assets

Property and equipment and intangible assets as of July 31, 2018 and January 31, 2018 consisted of the following:

	July 31, 2018			January 31, 2018		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 13,296	¥ (3,898)	¥ 9,398	¥ 13,174	¥ (3,643)	¥ 9,531
Structures	169	(61)	107	169	(56)	112
Land	59,800	-	59,800	59,800	-	59,800
Other tangible assets						
Machinery and equipment	105	(85)	19	105	(79)	26
Tools, furniture and fixtures	87	(58)	29	86	(53)	33
Construction in progress	96	-	96	90	-	90
Property and equipment held in trust						
Buildings and structures						
Buildings	46,397	(18,259)	28,137	46,146	(17,531)	28,614
Structures	747	(442)	304	744	(430)	314
Land	111,861	-	111,861	111,861	-	111,861
Other tangible assets						
Machinery and equipment	1,071	(934)	136	1,052	(920)	131
Tools, furniture and fixtures	496	(356)	140	488	(337)	150
Construction in progress	17	-	17	1	-	1
Sub total	234,148	(24,097)	210,050	233,721	(23,054)	210,667
Intangible assets						
Intangible assets	10	(3)	7	10	(2)	7
Intangible assets held in trust	32	(28)	4	34	(29)	4
Sub total	43	(32)	11	45	(32)	12
Total	¥ 234,191	¥ (24,130)	¥ 210,061	¥ 233,766	¥ (23,087)	¥ 210,679

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

6. Short-term debt and long-term debt

Short-term debt and long-term debt as of July 31, 2018 and January 31, 2018 consisted of the following:

	Balance as of July 31, 2018	Balance as of January 31, 2018	Average interest rate (Note 1)
	(Millions of yen)		(%)
Short-term debt			
Sub total	¥ -	¥ -	
Long-term debt			
Unsecured loans due on March 26, 2018 with fixed rate	-	5,000	1.41375
Unsecured loans due on June 25, 2018 with fixed rate	-	500	1.07500
Unsecured loans due on July 31, 2018 with fixed rate	-	2,000	0.99125
Unsecured loans due on November 11, 2018 with fixed rate (Note 2)	1,700	1,700	1.48875
Unsecured loans due on January 27, 2019 with fixed rate (Note 2)	3,000	3,000	0.85000
Unsecured loans due on May 25, 2019 with fixed rate (Note 2)	2,000	2,000	1.37250
Unsecured loans due on June 25, 2019 with fixed rate (Note 2)	1,500	1,500	0.95625
Unsecured loans due on June 29, 2019 with fixed rate (Note 2)	800	800	1.32375
Unsecured loans due on August 29, 2019 with fixed rate	1,400	1,400	1.32250
Unsecured loans due on November 19, 2019 with fixed rate	2,000	2,000	1.24625
Unsecured loans due on December 25, 2019 with fixed rate	500	500	1.23375
Unsecured loans due on January 27, 2020 with fixed rate	1,000	1,000	1.04625
Unsecured loans due on June 25, 2020 with fixed rate	4,000	4,000	1.48000
Unsecured loans due on June 25, 2020 with fixed rate	1,500	1,500	1.45125
Unsecured loans due on June 27, 2020 with fixed rate	1,000	1,000	1.47250
Unsecured loans due on December 25, 2020 with fixed rate	2,900	2,900	1.53375
Unsecured loans due on December 25, 2020 with fixed rate	4,500	4,500	1.21000
Unsecured loans due on June 25, 2021 with fixed rate	2,000	2,000	1.05250
Unsecured loans due on July 31, 2021 with fixed rate	3,000	3,000	1.51375
Unsecured loans due on October 22, 2021 with fixed rate	4,000	4,000	0.96875
Unsecured loans due on December 27, 2021 with fixed rate	3,500	3,500	0.56000
Unsecured loans due on January 31, 2022 with fixed rate	1,500	1,500	0.50000
Unsecured loans due on May 25, 2022 with fixed rate	2,000	2,000	0.56093
Unsecured loans due on May 25, 2022 with fixed rate	1,000	1,000	0.55529
Unsecured loans due on July 27, 2022 with fixed rate	4,000	4,000	0.99000
Unsecured loans due on November 11, 2022 with fixed rate	1,700	1,700	0.89250
Unsecured loans due on December 25, 2022 with fixed rate	500	500	0.85875
Unsecured loans due on March 10, 2023 with fixed rate	1,500	1,500	0.57130
Unsecured loans due on June 27, 2023 with fixed rate	2,500	2,500	1.91375
Unsecured loans due on June 27, 2023 with fixed rate	500	500	0.45630
Unsecured loans due on July 31, 2023 with fixed rate	500	500	0.58000
Unsecured loans due on October 10, 2023 with fixed rate	1,500	-	0.60000
Unsecured loans due on November 25, 2023 with fixed rate	1,000	1,000	0.62116
Unsecured loans due on December 27, 2023 with fixed rate	2,000	2,000	0.61773
Unsecured loans due on January 25, 2024 with fixed rate	1,000	1,000	0.63573
Unsecured loans due on February 25, 2024 with fixed rate	5,000	5,000	1.57750
Unsecured loans due on September 26, 2024 with fixed rate	2,500	-	0.62827
Unsecured loans due on March 26, 2025 with fixed rate	2,500	-	0.65250
Unsecured loans due on June 25, 2025 with fixed rate	5,000	5,000	1.26125
Unsecured loans due on December 25, 2025 with fixed rate	500	-	0.68569
Unsecured loans due on January 25, 2028 with fixed rate	5,000	5,000	0.90880
Unsecured loans due on July 31, 2028 with fixed rate	2,000	-	-
Sub total	84,000	82,500	
Total	¥ 84,000	¥ 82,500	

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

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

TOKYU REIT has commitment line agreements which provide credit facilities totaling ¥2 billion with one financial institution, ¥8 billion with one financial institution and ¥8 billion with three financial institutions. Combined, commitment lines total ¥18 billion with four financial institutions. No amount has been drawn down as of July 31, 2018.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

7. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2018 and January 31, 2018 were as follows:

Name	Issue date	Balance as of July 31, 2018	Balance as of January 31, 2018	Annual interest rate	Maturity date
		(Millions of yen)		(%)	
3 rd Series Unsecured Investment Corporation Bond	October 22, 2012	¥ 3,000	¥ 3,000	1.47000	October 21, 2022
4 th Series Unsecured Investment Corporation Bond (Note)	February 14, 2014	3,500	3,500	0.39900	February 14, 2019
5 th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	3,000	0.68200	March 11, 2021
Total		¥ 9,500	¥ 9,500		

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

8. Unitholders' equity

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

9. Rental revenue and expense

Rental revenues and expenses for the six months ended July 31, 2018 and January 31, 2018 were as follows:

		For the six months ended	
		July 31, 2018	January 31, 2018
		(Millions of yen)	
Revenue from property leasing:			
Rental revenue:			
Rent income		¥ 5,479	¥ 5,411
Common area charges		707	709
Parking lot revenue under monthly contract		156	150
Other rent income		319	316
Sub total		6,663	6,588
Other rental revenue:			
Incidental income		421	421
Other miscellaneous income		34	22
Sub total		455	443
Total revenue from property leasing	(a)	7,119	7,032
Rental service expenses:			
Utilities expenses		552	551
Subcontract expenses		442	452
Property management fees		161	168
Repairs and maintenance expenses		125	165
Property-related taxes		663	626
Insurance premium		12	12
Depreciation and amortization		1,049	1,032
Loss on disposal of property and equipment		5	4
Other		199	257
Total rental service expenses	(b)	3,211	3,271
Operating income from property leasing activities	(a)-(b)	¥ 3,908	¥ 3,760

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

10. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended July 31, 2018 and January 31, 2018 were as follows: (Unaudited)

For the six months ended July 31, 2018

Name of building	Revenue from property leasing	Property leasing expenses (Note 1)	NOI (Note 2)	Depreciation and amortization (Note 3)	Operating income from property leasing activities
	(Millions of yen)				
R QFRONT	¥ 689	¥ 273	¥ 415	¥ 38	¥ 376
R Lexington Aoyama	130	28	101	7	94
R TOKYU REIT Omotesando Square	181	37	143	11	132
R TOKYU REIT Shibuya Udagawa-cho Square	250	26	224	3	220
R cocoti	550	173	376	142	233
R CONZE Ebisu	121	33	88	21	66
R Daikanyama Forum	105	40	65	11	54
R KALEIDO Shibuya Miyamasuzaka	185	49	136	18	118
O Setagaya Business Square	963	499	464	183	280
O Tokyu Nampeidai-cho Building	159	28	130	27	103
O Tokyu Sakuragaoka-cho Building	228	46	182	35	146
O Tokyo Nissan Taito Building	185	55	129	43	85
O TOKYU REIT Akasaka Hinokicho Building	135	39	96	14	82
O TOKYU REIT Kamata Building	223	83	140	34	105
O TOKYU REIT Toranomom Building	372	135	236	48	187
O Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	177	38	138	27	110
O Tokyu Ikejiri-ohashi Building	195	41	154	34	119
O Kojimachi Square	220	45	174	46	128
O TOKYU REIT Shinjuku Building	253	62	190	37	153
O Akihabara Sanwa Toyo Building	171	42	128	13	115
O TOKYU REIT Kiba Building	157	39	118	34	83
O Tokyu Ginza 2-chome Building	146	37	109	35	73
O TOKYU REIT Shibuya R Building	257	80	177	20	157
O Tokyu Toranomom Building	331	94	237	73	163
O TOKYU REIT Shinjuku 2 Building	67	16	51	12	38
O Tokyu Bancho Building	298	60	238	68	169
C Maison Peony Toritsudaigaku	24	4	19	5	13
L Shonan Mall Fill (land with leasehold interest)	188	25	162	-	162
L OKI System Center (land with leasehold interest)	145	15	129	-	129
Total	¥ 7,119	¥ 2,156	¥ 4,962	¥ 1,054	¥ 3,908

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

For the six months ended January 31, 2018

	Name of building	Revenue from property leasing	Property leasing expenses (Note 1)	NOI (Note 2)	Depreciation and amortization (Note 3)	Operating income from property leasing activities
		(Millions of yen)				
R	QFRONT	¥ 673	¥ 264	¥ 408	¥ 39	¥ 368
R	Lexington Aoyama	131	27	103	7	95
R	TOKYU REIT Omotesando Square	181	57	124	11	113
R	TOKYU REIT Shibuya Udagawa-cho Square	250	23	226	3	222
R	cocoti	551	180	371	144	227
R	CONZE Ebisu	127	28	98	21	77
R	Daikanyama Forum	104	42	61	11	50
R	KALEIDO Shibuya Miyamasuzaka	185	57	127	18	109
O	Setagaya Business Square	920	502	417	173	244
O	Tokyu Nampeidai-cho Building	159	40	118	27	91
O	Tokyu Sakuragaoka-cho Building	228	43	185	35	149
O	Tokyo Nissan Taito Building	180	55	125	43	82
O	TOKYU REIT Akasaka Hinokicho Building	135	38	97	14	83
O	TOKYU REIT Kamata Building	225	82	142	34	108
O	TOKYU REIT Toranomom Building	340	133	206	44	161
O	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	177	46	130	27	103
O	Tokyu Ikejiri-ohashi Building	181	48	132	34	98
O	Kojimachi Square	219	56	163	45	117
O	TOKYU REIT Shinjuku Building	263	68	194	37	157
O	Akihabara Sanwa Toyo Building	170	42	127	13	113
O	TOKYU REIT Kiba Building	137	40	97	34	63
O	Tokyu Ginza 2-chome Building	129	35	94	35	58
O	TOKYU REIT Shibuya R Building	258	80	178	19	158
O	Tokyu Toranomom Building	395	119	275	73	201
O	TOKYU REIT Shinjuku 2 Building	67	18	49	11	37
O	Tokyu Bancho Building	293	56	236	68	167
C	Maison Peony Toritsudaigaku	10	1	8	2	5
L	Shonan Mall Fill (land with leasehold interest)	188	25	162	-	162
L	OKI System Center (land with leasehold interest)	145	15	129	-	129
	Total	¥ 7,032	¥ 2,234	¥ 4,797	¥ 1,036	¥ 3,761

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

11. Income taxes

Income taxes in Japan applicable to TOKYU REIT consist of corporate income tax, enterprise tax and inhabitant tax. The following is a reconciliation between the statutory income tax rate in Japan and the effective tax rate reflected in the accompanying financial statements for the six months ended July 31, 2018 and January 31, 2018.

	<u>July 31, 2018</u>	<u>January 31, 2018</u>
Statutory income tax rate	31.74%	31.74%
Deductible cash distributions	(31.72)	(32.97)
Reversal of reserve for reduction entry	-	1.24
Other	0.02	0.02
Effective tax rate	<u>0.04%</u>	<u>0.03%</u>

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

12. Per unit information

The following table summarizes the net income per unit for the six months ended July 31, 2018 and January 31, 2018 and the unitholders' equity per unit as of July 31, 2018 and January 31, 2018.

	For the six months ended	
	July 31, 2018	January 31, 2018
Net income per unit	¥ 2,739	¥ 2,550
Weighted-average number of units ※1	977,600 units	977,600 units
※1 Average number of units weighed by days in each fiscal period.		
	As of July 31, 2018	As of January 31, 2018
Unitholders' equity per unit	¥ 116,118	¥ 116,029

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended July 31, 2018 and January 31, 2018.

13. Distribution information

The Board of Directors of TOKYU REIT resolved on September 13, 2018 and March 15, 2018 to effect payment of cash distributions of ¥2,739 and ¥2,650 per unit to unitholders of record on July 31, 2018 and January 31, 2018, respectively. Retained earnings carried forward after the distributions were as follows:

	July 31, 2018	January 31, 2018
	(Millions of yen)	
Retained earnings at end of period	¥ 2,678	¥ 2,493
Reversal of reserve for reduction entry	-	97
Cash distributions declared	2,677	2,590
Retained earnings carried forward	¥ 0	¥ 0

14. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of July 31, 2018 and January 31, 2018, the future lease revenues under the non-cancelable operating leases were as follows:

	July 31, 2018	January 31, 2018
	(Millions of yen)	
Due within one year	¥ 4,564	¥ 4,660
Due after one year	13,758	15,462
Total	¥ 18,323	¥ 20,122

As of July 31, 2018 and January 31, 2018, the future lease payments under the non-cancelable operating leases were as follows:

	July 31, 2018	January 31, 2018
	(Millions of yen)	
Due within one year	¥ 228	¥ 228
Due after one year	1,533	1,643
Total	¥ 1,762	¥ 1,872

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

15. Fair value of financial instruments

(a) Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

Concerning the investment management of surplus funds, while the scope of investment includes securities and monetary claims, considering safety, in principle, TOKYU REIT manages surplus funds in the form of deposits.

While derivative transactions may possibly be utilized for the purpose of hedging interest rate fluctuation risks, etc., TOKYU REIT adopts the policy of not engaging in speculative transactions. At present, TOKYU REIT does not engage in any derivative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

At TOKYU REIT, the appropriateness and effectiveness of the risk management structure is regularly evaluated and enhanced by the investment management company. The following outlines the description of individual financial instruments and the associated risks, and the risk management structure.

Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but the concerned risks are controlled by striving to diversify the financial institutions holding the deposit.

Funds from debts and investment corporation bonds are mainly used as funds for asset acquisition or debt repayment, etc. These funds are exposed to liquidity risk at the time of repayment, but the liquidity risk is controlled at TOKYU REIT through such measures as striving to maintain and strengthen the capacity to procure funds from the capital market via capital increases, securing several fund procurement sources and diversifying repayment deadlines, executing commitment line agreements which provide credit facilities totaling ¥18 billion with TOKYU REIT's main financial institutions (no amount has been drawn down as of July 31, 2018), and also preparing monthly fund management plans.

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

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

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

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

(b) Matters concerning fair value of financial instruments

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

	July 31, 2018			January 31, 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 5,366	¥ 5,366	¥ -	¥ 2,046	¥ 2,046	¥ -
(2) Cash and deposits with banks held in trust	2,677	2,677	-	4,123	4,123	-
Assets total	8,044	8,044	-	6,169	6,169	-
(1) Investment corporation bonds due within one year	3,500	3,504	4	-	-	-
(2) Long-term debt due within one year	9,000	9,049	49	12,200	12,246	46
(3) Tenant leasehold and security deposits held in trust due within one year	190	190	(0)	190	190	(0)
(4) Investment corporation bonds	6,000	6,180	180	9,500	9,716	216
(5) Long-term debt	75,000	76,286	1,286	70,300	71,704	1,404
Liabilities total	¥ 93,690	¥ 95,212	¥ 1,521	¥ 92,190	¥ 93,857	¥ 1,666

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

Assets

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

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

Liabilities

(1) Investment corporation bonds due within one year; (4) Investment corporation bonds

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

(2) Long-term debt due within one year; (5) Long-term debt

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

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

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

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

	July 31, 2018	January 31, 2018
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 3,603	¥ 3,888
(ii) Tenant leasehold and security deposits held in trust	6,179	6,226

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

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

	July 31, 2018			January 31, 2018		
	Cash and deposits with banks	Cash and deposits with banks held in trust	Total	Cash and deposits with banks	Cash and deposits with banks held in trust	Total
	(Millions of yen)					
Within one year	¥ 5,366	¥ 2,677	¥ 8,044	¥ 2,046	¥ 4,123	¥ 6,169
Within two years, but over one year	-	-	-	-	-	-
Within three years, but over two years	-	-	-	-	-	-
Within four years, but over three years	-	-	-	-	-	-
Within five years, but over four years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-

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

	July 31, 2018				January 31, 2018			
	Short-term debt	Investment corporation bonds	Long-term debt	Total	Short-term debt	Investment corporation bonds	Long-term debt	Total
	(Millions of yen)							
Within one year	¥ -	¥ 3,500	¥ 9,000	¥ 12,500	¥ -	¥ -	¥ 12,200	¥ 12,200
Within two years, but over one year	-	-	11,400	11,400	-	3,500	9,200	12,700
Within three years, but over two years	-	3,000	12,400	15,400	-	-	13,900	13,900
Within four years, but over three years	-	-	16,000	16,000	-	3,000	14,000	17,000
Within five years, but over four years	-	3,000	7,200	10,200	-	3,000	9,200	12,200
Over five years	-	-	28,000	28,000	-	-	24,000	24,000

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

16. Related party transactions

Kazuyoshi Kashiwazaki, who holds no voting units of TOKYU REIT, is Executive Director of TOKYU REIT and Representative Director & President and Chief Executive Officer of Tokyu REIM, has entered into an asset management agreement subject to the conditions set forth in TOKYU REIT's Articles of Incorporation with TOKYU REIT. The amount of management fees incurred for the six months ended July 31, 2018 and January 31, 2018 and payable due to asset manager as of then were as follows:

	<u>July 31, 2018</u>	<u>January 31, 2018</u>
	(Millions of yen)	
Asset management fees for the period	¥ 578	¥ 558
Management fees payable due to asset manager	279	264

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

17. Fair value of investment and rental properties

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

	For the six months ended	
	July 31, 2018	January 31, 2018
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 210,672	¥ 210,000
Change during the period (Note 3)	(625)	671
Balance at end of period	¥ 210,047	¥ 210,672
	As of July 31, 2018	As of January 31, 2018
	(Millions of yen)	
Fair value at end of period (Note 4)	¥ 263,730	¥ 258,360

Note 1. Area classification:

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

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

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

Note 3. Of the change during the six months ended July 31, 2018, the amount of increase is mainly attributable to replacement of the air-conditioning equipment of Setagaya Business Square and other capital expenditures (¥413 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥1,048 million).

Of the change during the six months ended January 31, 2018, the amount of increase is mainly attributable to acquisition of Maison Peony Toritsudaigaku (¥1,249 million) and replacement of the air-conditioning equipment of Setagaya Business Square and other capital expenditures (¥458 million), and the amount of decrease is mainly attributable to depreciation and amortization (¥1,032 million).

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

The income (loss) in the six months ended July 31, 2018 and January 31, 2018 for investment and rental properties are as presented in “Rental revenue and expense” of the “Notes to Financial Statements.”

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

18. Segment and related information

[Segment information]

Disclosure of segment information is omitted because TOKYU REIT has a single segment—the Property Leasing Business.

[Related information]

(a) Information about products and services

Disclosure is omitted because net sales to external customers of a single products and services category account for over 90% of the operating revenues recorded in the statements of income.

(b) Information about geographical areas

(1) Operating revenues

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

(2) Property and equipment

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

(c) Information about major customers

For the six months ended July 31, 2018

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,077	Property Leasing Business

For the six months ended January 31, 2018

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,037	Property Leasing Business

Note. “Related parties” refers to any entity that falls under the following (i) to (vii):

- (i) Tokyu Corporation
- (ii) A consolidated subsidiary of Tokyu Corporation
- (iii) A tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) that was established based on the intention of Tokyu Corporation or a consolidated subsidiary of Tokyu Corporation and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.
- (iv) Affiliates within the scope of consolidation of Tokyu Corporation
- (v) Tokyu Fudosan Holdings Corporation (“Tokyu Fudosan Holdings”)
- (vi) A consolidated subsidiary of Tokyu Fudosan Holdings
- (vii) A tokutei mokuteki kaisha (TMK) or special purpose company (SPC) that was established based on the intention of Tokyu Fudosan Holdings or a consolidated subsidiary of Tokyu Fudosan Holdings and where the share of investment by undisclosed associations or other investment shares in that entity by the respective company exceeds 50%.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2018 and January 31, 2018

19. Subsequent events

Disposition and acquisition of assets

The following disposition and acquisition of assets took place on August 1, 2018.

(a) Disposition of asset

(1) Type of asset:	Trust beneficiary interest in domestic real estate
(2) Property name:	TOKYU REIT Kiba Building
(3) Disposition price (Note 1):	¥4,250 million
(4) Contract date:	July 13, 2018
(5) Disposition date:	August 1, 2018
(6) Purchaser:	Domestic tokutei mokuteki kaisha (TMK) (Note 2)
(7) Impact on income (loss):	Gain on sale of ¥316 million is scheduled to be recorded in the six months ending January 31, 2019

Note 1. 'Disposition price' is the amount exclusive of the expenses required for disposition of the asset (property-related taxes, etc.) and is identical to the disposition costs stated in the beneficiary interest sale and purchase agreement.

Note 2. The name, etc. is not disclosed as consent from the purchaser has not been obtained. There is no capital relationship, personnel relationship or business relationship to state between TOKYU REIT or Tokyu REIM and the purchaser, and the purchaser does not fall under the category of related party of TOKYU REIT or Tokyu REIM.

(b) Acquisition of asset

(1) Type of asset:	Trust beneficiary interest in domestic real estate
(2) Property name:	Lucid Square Ebisu
(3) Acquisition price (Note 1):	¥4,500 million
(4) Contract date:	July 13, 2018
(5) Acquisition date:	August 1, 2018
(6) Seller:	Domestic tokutei mokuteki kaisha (TMK) (Note 2)
(7) Financing:	Funds from disposition of TOKYU REIT Kiba Building and cash on hand

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

Note 2. The name, etc. is not disclosed as consent from the seller has not been obtained. There is no capital relationship, personnel relationship or business relationship to state between TOKYU REIT or Tokyu REIM and the seller, and the seller does not fall under the category of related party of TOKYU REIT or Tokyu REIM.

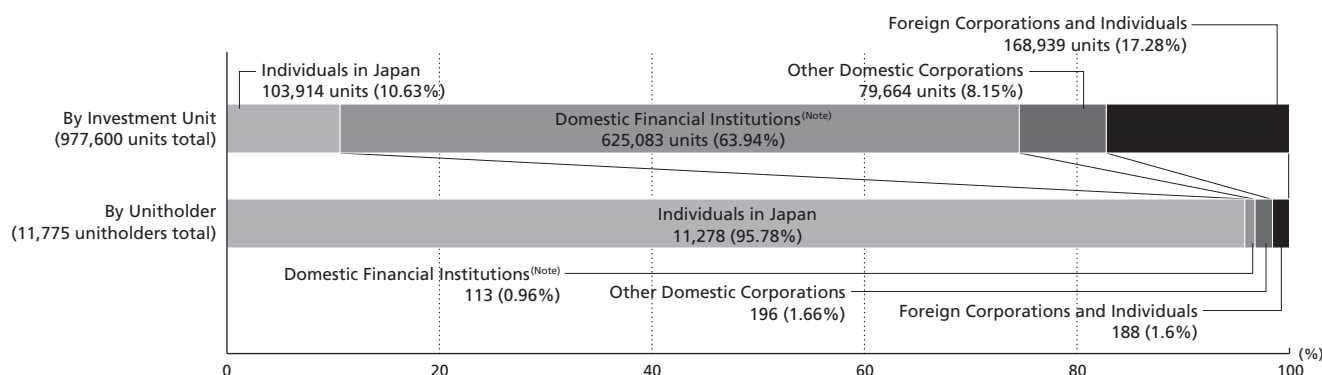
Unitholder Information

Unit Price Chart (Note)



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

Unitholder Composition



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

Results Reporting Schedule

	Ended Jul. 2018 (FP 30)	Ending Jan. 2019 (FP 31)		Ended Jul. 2018 (FP 30)	Ending Jan. 2019 (FP 31)
Date of settlement	Jul. 31, 2018	Jan. 31, 2019	Delivery of investment management report (Japanese only)	Oct. 15, 2018	Mid Apr. 2019
Announcement of financial results	Sep. 13 2018	Mid Mar. 2019	Payment of cash distributions	Oct. 16, 2018	Mid Apr. 2019

Concerning the distribution of analyst-oriented presentation materials, etc.

Every fiscal period, **TOKYU REIT** conducts an analyst-oriented explanatory meeting which is held by the investment management company on the next business day after the announcement of results. The presentation materials, etc. used at the explanatory meetings are posted on **TOKYU REIT**'s website (www.tokyu-reit.co.jp/eng/), but for unitholders that are not able to view the website we will consider sending the presentation materials, etc. used at the explanatory meeting. Unitholders that wish to receive these materials should contact the investment management company listed below by mail or fax. When contacting the company please include your unitholder number which can be found in the enclosed "distributions statement."

Tokyu Real Estate Investment Management Inc.

Shibuya Mark City West Bldg. 11F 12-1, Dogenzaka 1-chome, Shibuya-ku, Tokyo 150-0043 Fax: +81-3-5489-1633

* The investment management company will cover postal fees.
* If there are any questions please contact us at 81-3-5428-5828.

Address

1-12-1, Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan

Established

June 20, 2003

Executive Director

Kazuyoshi Kashiwazaki

Supervisory Directors

Giichi Yanagisawa

Maruhito Kondo

Independent Auditor

PricewaterhouseCoopers Aarata LLC

1-1-1, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

Date of Settlement

Annually on January 31 and July 31

Unitholders' General Meeting

More than once every two years

Newspaper for Posting Public Announcements

The Nikkei (Nihon Keizai Shimbun)

Date for Finalizing General Meeting Voting Rights

As designated under Article 12 of the by-laws

Date for Determining Cash Distribution Payments

Annually on January 31 and July 31

(Cash distributions paid within three months of each date)

The Administrator of the Register of Unitholders

The Mitsubishi UFJ Trust and Banking Corporation

1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Transfer Agent Head Business Office

The Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Contact

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Tel: 0120-232-711 (toll free number: Japan only)

Listing

Tokyo Stock Exchange (8957)

Distributions**The Time Limit for Claiming Cash Distributions**

The Articles of Incorporation of TOKYU REIT stipulates that the time limit for claiming cash distributions shall be three years from the date on which payment commenced, at which point the right of unitholders to receive cash distributions that remain unclaimed shall be annulled.

The date on which payment commenced for fiscal period ended January 2016 (FP 25) is on April 15, 2016 and for fiscal period ended July 2016 (FP 26) is on October 17, 2016.

Investment Management Company

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

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

Disclaimer

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

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

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

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

■ The information in this report without description of dates is as of July 31, 2018.

TOKYU REIT

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