

TOKYU REIT

TOKYU REIT, Inc. Semiannual Report

The Fiscal Period Ended July 2019
(32nd Fiscal Period)

From February 1, 2019 to July 31, 2019

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



BASIC POLICY

1 Investment strategy to secure 'growth potential'

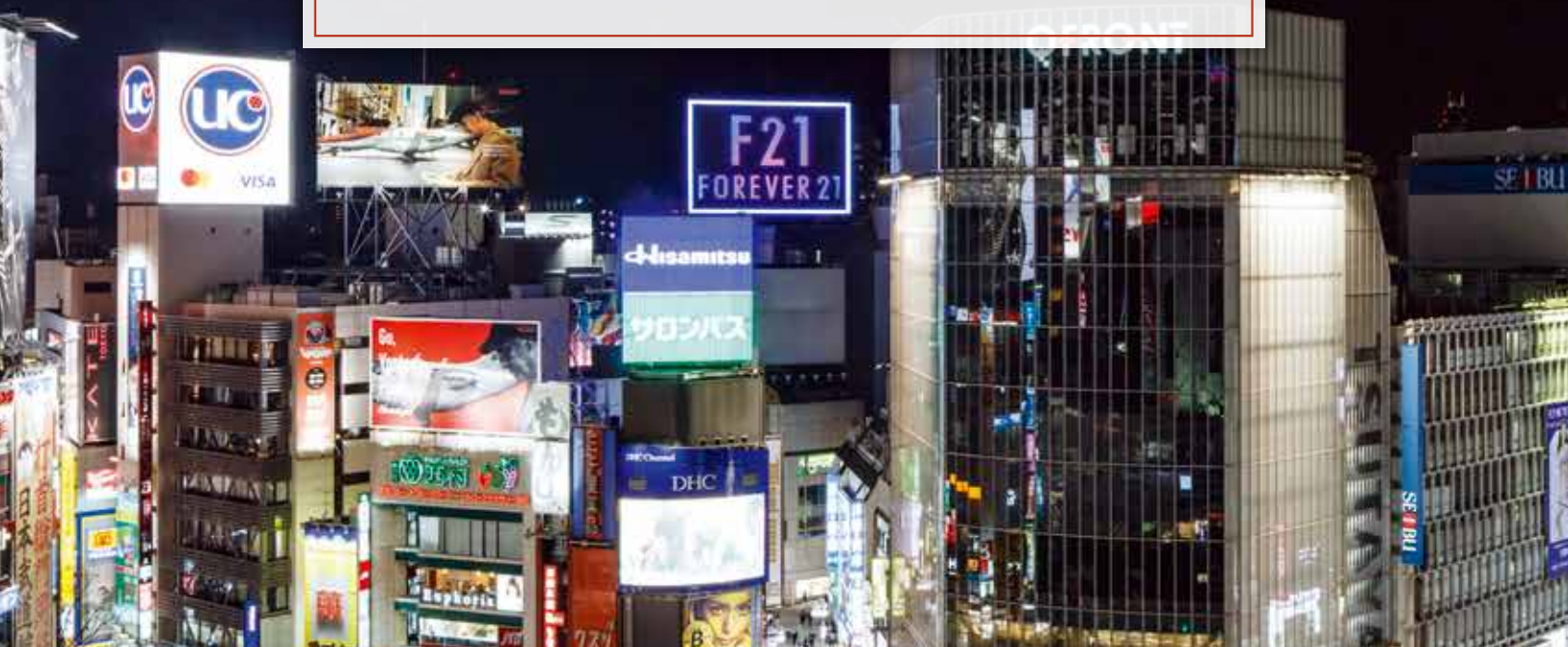
- Invest in areas with strong growth potential
—Investment in properties in central Tokyo and Tokyo Areas
- Committed to continued collaboration with Tokyu Corporation and its subsidiaries^(Note) (Sponsor collaboration)
- Growth through heightened added value of the Tokyu Areas

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 fiscal period ended July 2019.

In the current fiscal period, by exchanging properties with our sponsor Tokyu Corporation, we sold KALEIDO Shibuya Miyamasuzaka on the one hand and acquired Shibuya Dogenzaka Sky Building and additionally acquired quasi-co-ownership interest of Tokyu Bancho Building on the other hand in March 2019. We posted a gain on the difference from this exchanging of properties of ¥39 million. Also, we acquired UNIZO Shimokitazawa Building in April 2019.

Revenue increased due to the exchanging of properties and new acquisition and revenue increased due to rising occupancy rate and rent revisions, leading to increase in revenue from property leasing of ¥120 million from the previous fiscal period and increase in NOI from property leasing of ¥74 million from the previous fiscal period. The absence of the gain on sale of TOKYU REIT Kiba Building of ¥316 million that was recorded in the previous fiscal period, however, resulted in operating revenues of ¥3,349 million

(decrease of ¥197 million from the previous fiscal period) and net income of ¥2,857 million (decrease of ¥171 million from the previous fiscal period). Distribution per unit will be ¥2,923 (decrease of ¥176 from the previous fiscal period).

As for subsequent fiscal periods, disposition of TOKYU REIT Akasaka Hinokicho Building and acquisition of KN Jiyugaoka Plaza through property replacement with ORIX JREIT Inc. is planned. In an aim to level off increase in cash distribution due to the gain on sale of real estate from the property disposition and to accumulate reserve for reduction entry, the replacement is to take the form of 49% quasi-co-ownership interest on October 1, 2019 and the remaining 51% on March 4, 2020. As a result, gain on sale of real estate of ¥668 million and provision of reserve for reduction entry of ¥353 million are expected to be posted in the fiscal period ending January 2020, and gain on sale of real estate of ¥687 million and provision of reserve for reduction entry of ¥358 million in the fiscal period ending July 2020. The forecast is distribution per unit of ¥3,250 (increase of ¥327 from the previous fiscal period) for the fiscal period ending January 2020 and ¥3,300 (increase of ¥50 from the previous fiscal period) for the fiscal period ending July 2020.

TOKYU REIT will continue to 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 2019

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 2019
(FP 32)
Cash Distribution per Unit

¥2,923 (Fixed)

(Date of payment: October 16, 2019)

Fiscal Period Ending January 2020
(FP 33)
Cash Distribution per Unit

¥3,250 (Forecast)

(Date of payment: Mid April 2020)

Fiscal Period Ending July 2020
(FP 34)
Cash Distribution per Unit

¥3,300 (Forecast)

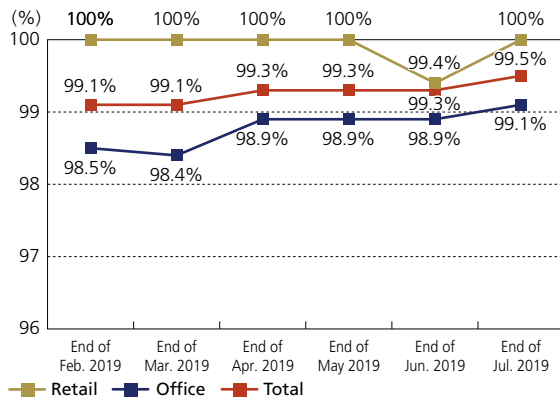
(Date of payment: Mid October 2020)

Financial Summary

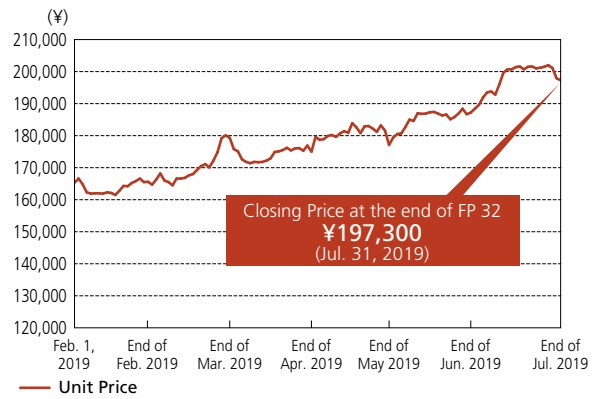
		Ended January 2019 (FP 31) Actual	Ended July 2019 (FP 32) Actual
Balance Sheets	■ Number of Properties	30 properties	31 properties
	■ Total Assets	¥219,958 million	¥218,587 million
	■ Interest-Bearing Debt	¥93,500 million	¥92,300 million
	■ Total Assets Loan-to-Value (LTV) Ratio	42.5%	42.2%
Statements of Income	■ Operating Revenues	¥7,523 million	¥7,366 million
	■ Net Income	¥3,029 million	¥2,857 million
Distributions	■ Distribution per Unit	¥3,099	¥2,923
	■ Average Market Price per Unit	¥159,494	¥179,134

TOKYU REIT, Inc. (**TOKYU REIT**) listed its units on the Tokyo Stock Exchange on September 10, 2003. With the ultimate goal of maximizing unitholder value, **TOKYU REIT** is engaged in asset investment and management based on principles of growth, stability, and transparency. **TOKYU REIT** is committed to securing stable earnings and cash distributions through investment in highly competitive properties in areas with strong growth potential. **TOKYU REIT** invests primarily in office properties, retail properties, residences and complexes that include any one of these properties located in Tokyo Central 5 Wards and the Tokyu Areas, which refers to the areas serviced by the Tokyu rail network. As of July 31, 2019 (FP 32), **TOKYU REIT** held 19 office buildings, 8 retail facilities, 1 residence and 3 land with leasehold interest for a total of 31 properties.

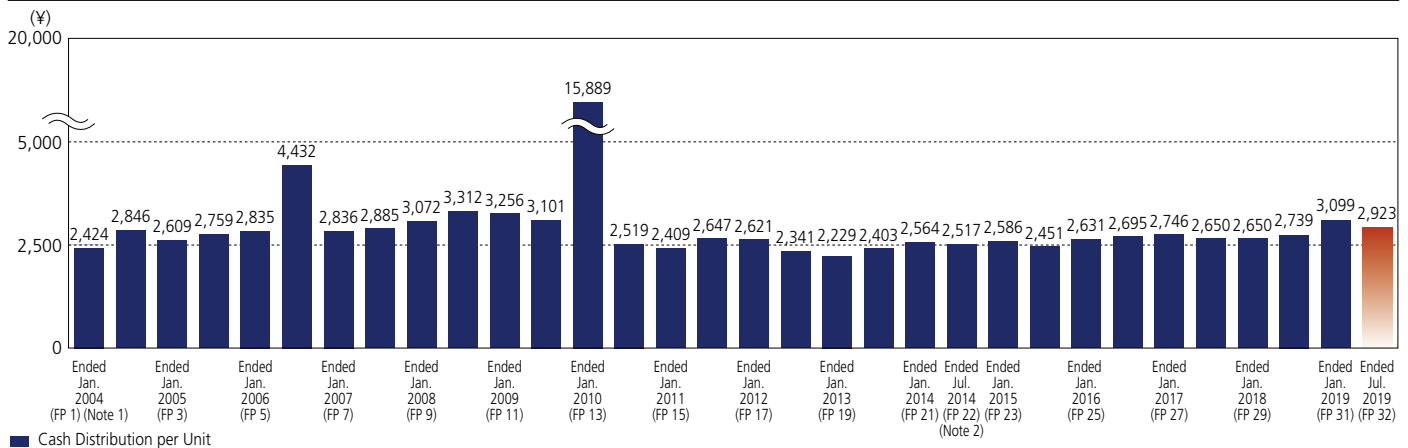
Occupancy Rate



Unit Price

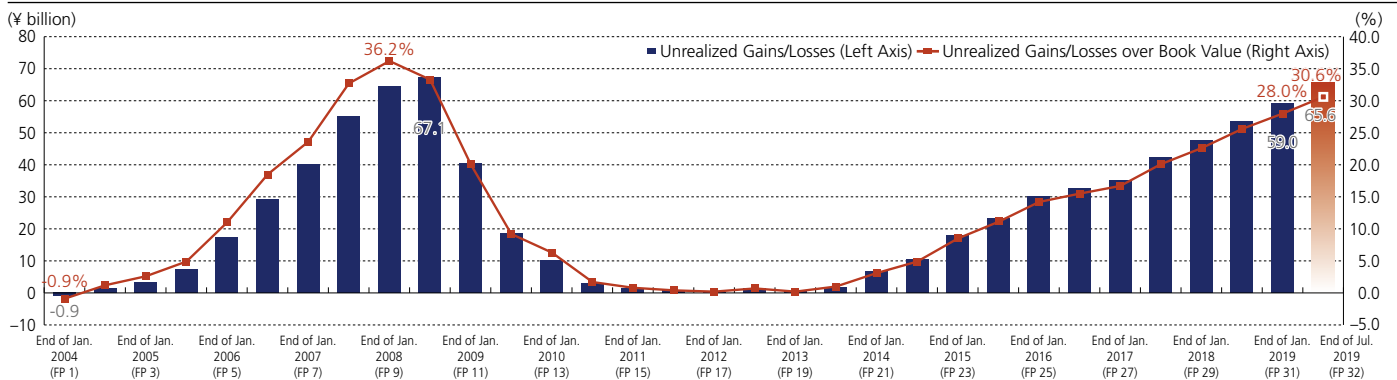


Cash Distribution per Unit



(Notes) 1. Official distribution per unit in the fiscal period ended January 2004 (FP1) was ¥1,897 (adjusted for five-for-one split) based on the actual operating period of 144 days, but the recalculated distribution per unit of ¥2,424 based on 184 operating days is used in the above graph for the sake of comparison with figures from the fiscal period ended July 2004 (FP2) and thereafter.
 2. Cash distribution per unit have been adjusted to take into account the split of investment units (five-for-one split) conducted on February 1, 2014 for pre-split figures.

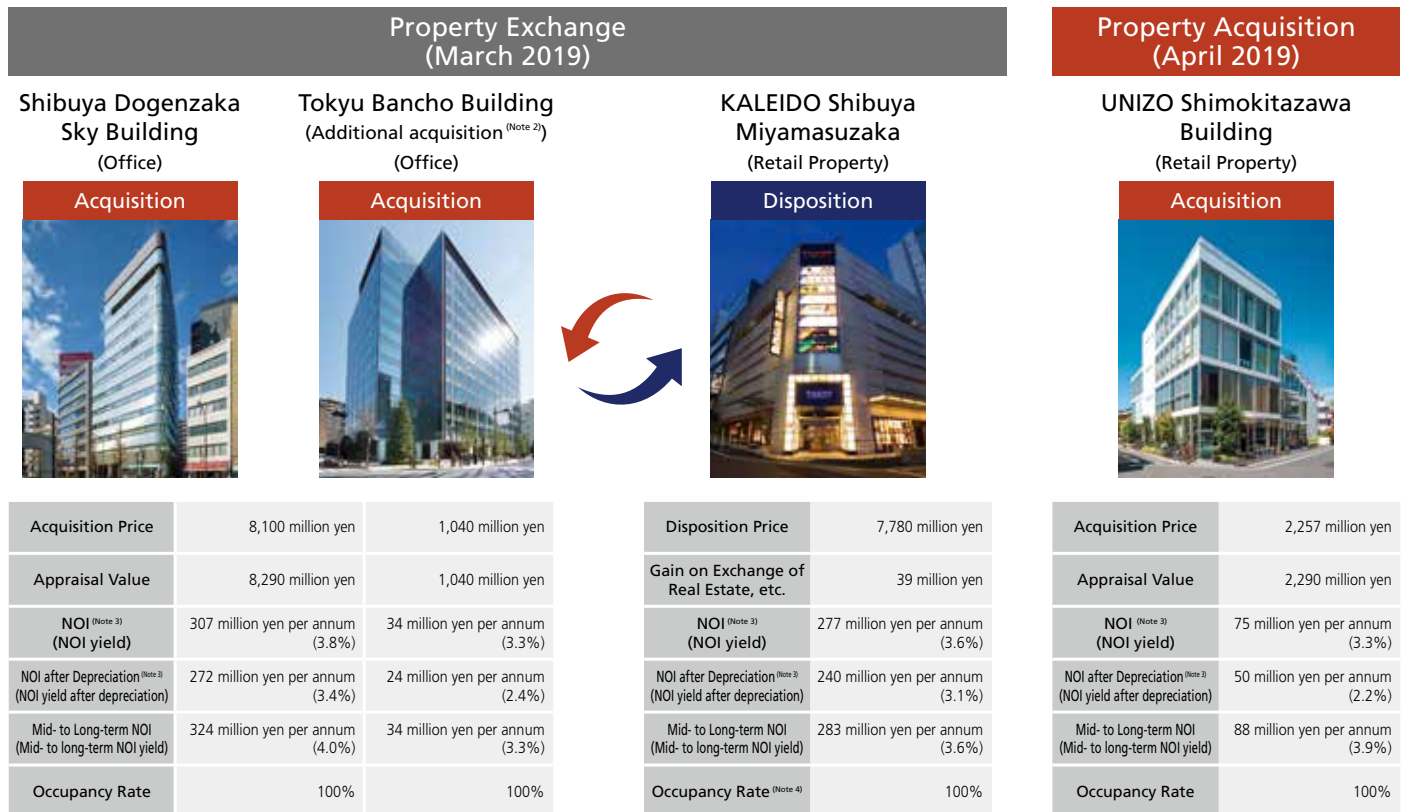
Unrealized Gains/Losses and Unrealized Gains/Losses over Book Value



Topics

Acquisition/Disposition of Properties (Fiscal Period ended July 2019 (FP 32))

Property exchange and acquisition of a property in the Tokyu Areas based on "Capital Re-investment Model" (Note 1)



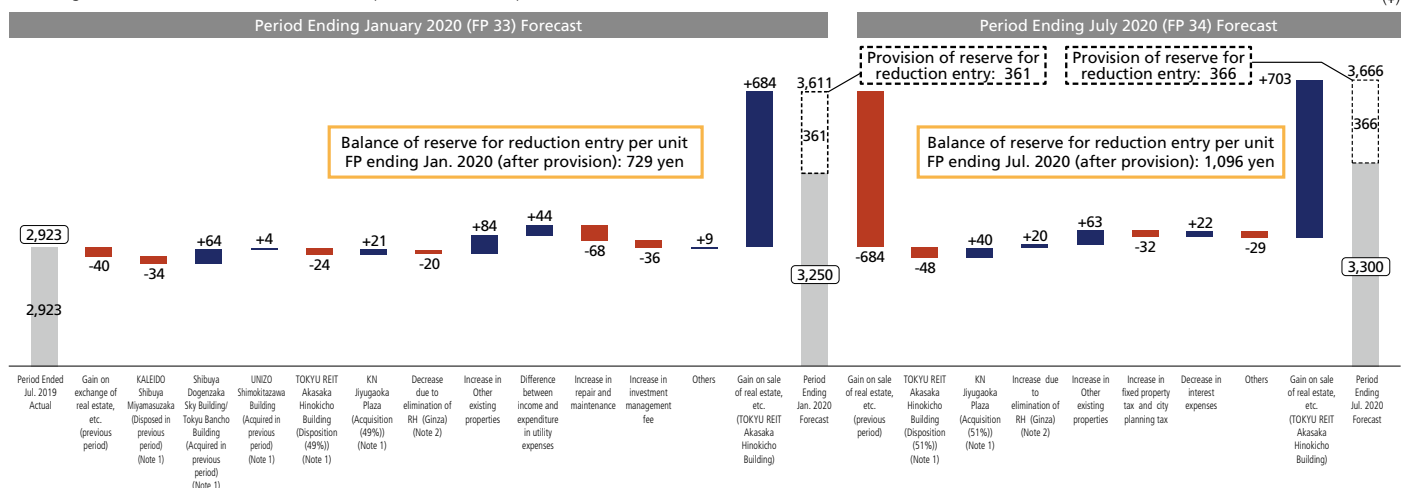
<Reduction through Exchange>	Acquisition Price	Reduction Amount	Book Value (Note 5)
Shibuya Dogenzaka Sky Building	8,100 million yen	2,369 million yen	5,760 million yen
Tokyu Bancho Building	1,040 million yen	296 million yen	752 million yen
Total	9,140 million yen	2,665 million yen	6,513 million yen

- (Notes) 1. An idea to aim for ceaseless value enhancement in investment targeted area through sponsor collaboration in line with stages of life of property
 2. 3.6% quasi-co-ownership interest of the trust beneficiary interest (95.1% compartmentalized ownership interest).
 3. For the acquired properties, estimated figures as of the disclosure date (estimated figures exclusive of special items from income and expenditure of the acquisition fiscal year) are indicated. For the disposed property, actual results from February 2018 to January 2019 are indicated. Yields are based on acquisition/disposition date.
 4. As of the date of exchange. (As of March 28, 2019)
 5. After reflecting the acquisition-related expenses, etc.

Variable Factor of Forecast Distribution per Unit

Breakdown of Forecast Distribution per Unit by Valiable Factor

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



- (Notes) 1. NOI after depreciation
 2. 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.

Property Replacement (Fiscal Period ending January 2020 (FP 33) and July 2020 (FP34))

Property replacement based on the “Long-Term Investment Management Strategy (Surf Plan)”. (Note 1)
 Acquisition of property in the Tokyu Areas while realizing capital gains.

Overview of Property Replacement

Acquisition		Disposition	
KN Jiyugaoka Plaza (Retail Property)		TOKYU REIT Akasaka Hinokicho Building (Office)	
			
			
Acquisition Date	Oct. 1, 2019 (49% quasi-co-ownership interest) Mar. 4, 2020 (51% quasi-co-ownership interest)	Disposition Date	Oct. 1, 2019 (49% quasi-co-ownership interest) Mar. 4, 2020 (51% quasi-co-ownership interest)
Seller	ORIX JREIT Inc.	Buyer	ORIX JREIT Inc.
Acquisition Price (100%)	3,160 million yen	Disposition Price (100%)	4,800 million yen
Most Recent Appraisal Value	3,370 million yen (as of Sep. 1, 2019)	Difference between the disposition price and the book value (Note 4)	1,368 million yen
NOI (Note 2) (NOI yield)	131 million yen per annum (4.2%)	NOI (Note 2) (NOI yield)	193 million yen per annum (4.0%)
NOI after Depreciation (Note 2) (NOI yield after depreciation)	125 million yen per annum (4.0%)	NOI after Depreciation (Note 2) (NOI yield after depreciation)	160 million yen per annum (3.3%)
Mid- to Long-term NOI (Mid- to long-term NOI yield)	131 million yen per annum (4.2%)	Mid- to Long-term NOI (Mid- to long-term NOI yield)	192 million yen per annum (4.0%)
Completion Date	Dec. 2001	Completion Date	Aug. 1984
Occupancy Rate (Note 3)	100%	Occupancy Rate (Note 3)	100%

(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 eyes the cyclicity of real estate prices
 2. For the acquired property, estimated figures exclusive of special items from income and expenditure of the acquisition fiscal year, after converting to its equivalent of 100% ownership interest; and for the disposed property, the actual results from August 2018 to July 2019. Yields are based on acquisition/disposition price.
 3. As of end of July 2019
 4. Difference between the disposition price and estimated book value as of the disposition date is indicated.

Location Map



Significance of Property Replacement

- TOKYU REIT Akasaka Hinokicho Building (Disposition)**
 - Since the office space is leased by a single tenant, there is a risk of a significant decrease in revenue upon move-out of the tenant
 - Since the property is 35 years old, there is a risk of an increase in fund required for large-scale maintenance on the automated parking system, etc.
- KN Jiyugaoka Plaza (Acquisition)**
 - Located a two-minute walk from Jiyugaoka Station on the Tokyu Toyoko and Oimachi lines. Trainchi Jiyugaoka, a retail facility owned by the sponsor, occupies the adjacent land. Enjoys demand from wide range of tenants as it is located in a highly prospered area.
 - Expects stable profit contribution through the investment in the Tokyu Areas, which fall under the focused investment areas of TOKYU REIT.
- Gain on sale of property/ Provision of reserve for reduction entry**

(Unit: million yen)	FP Ending Jan. 2020 (FP 33)	FP Ending Jul. 2020 (FP 34)	Total
Gain on sale of property	668	687	1,356
Of which, provision of reserve for reduction entry	353	358	711

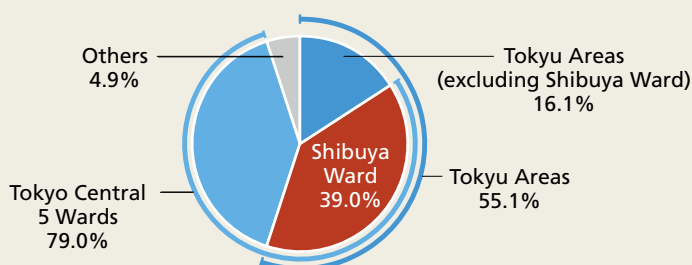
Investment in Highly Competitive Properties in Areas with Strong Growth Potential

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
- ✓ 95.1% of investment in Tokyo Central 5 Wards and areas along Tokyu rail lines as of the end of July 2019 (FP 32)
- *Based on acquisition price
- Control earthquake risk through PML (Set portfolio PML ^(Note 1) at 10% or lower)
- ✓ Set portfolio PML as of the end of July 2019 (FP 32): 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.

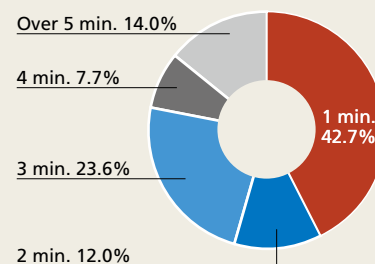
2. Excludes Shonan Mall Fill (Land with leasehold interest), OKI System Center (Land with leasehold interest) and REVE Nakameguro (Land with leasehold interest)

Highly Competitive Properties

Focus on Location

- Office buildings
 - 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
- Residences
 - Primarily located within a ten-minute walk from the nearest station
- Secure favorable location, with focus on exit price and liquidity
- ✓ 78.3%* of properties lie within a three-minute range (as of the end of July 2019 (FP 32))
 - * Based on acquisition price

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



Minimum Investment Amount per Property

- 4.0 billion yen, in principle ^(Note 1)
- However,
 - (1) Properties located in Tokyu Areas (including Shibuya Ward): 1.0 billion yen
 - (2) Properties located in Central Tokyo (excluding Shibuya Ward) ^(Note 2): 2.0 billion yen
 - (3) Land with leasehold interest: 1.0 billion yen
- ✓ Average amount invested per property is ¥7.4 billion* (end of July 2019 (FP 32))
 - * Based on acquisition price

Asset Class

- (1) Office Buildings
- (2) Retail properties
- (3) Residences
- (4) Complexes that include any one of the (1) to (3) above ^(Note 3)

(Notes) 1. The portfolio shall maintain 80% or higher ratio of properties with the investment amount per property of 4.0 billion yen or larger.

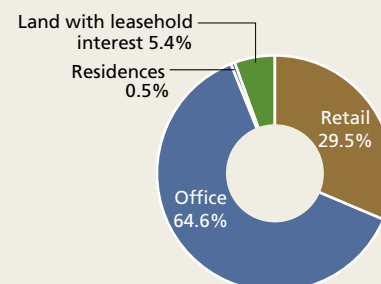
2. Chiyoda, Chuo, Minato and Shinjuku wards, and other major commercial and retail districts of Tokyo.

3. 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

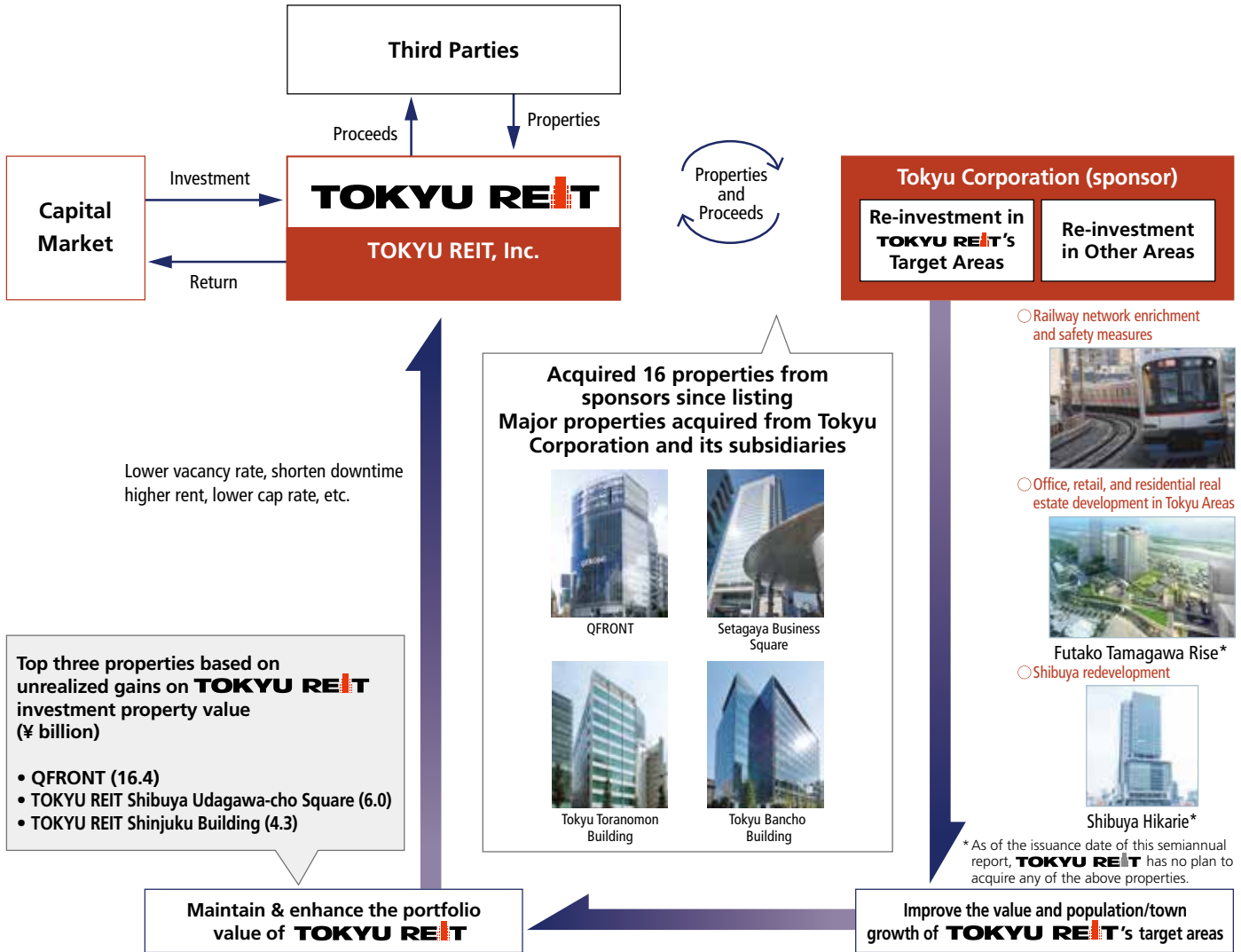
- “Capital Re-investment Model” through collaboration with sponsors → Refer to Page 10
- “Value and contrarian investment strategy” focusing on cyclicity of real estate prices → Refer to Page 11
- Investment management fee structure “being in the same boat as unitholders” → Refer to Page 17
- Debt management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

Investment Management Strategy

Capital Re-investment Model

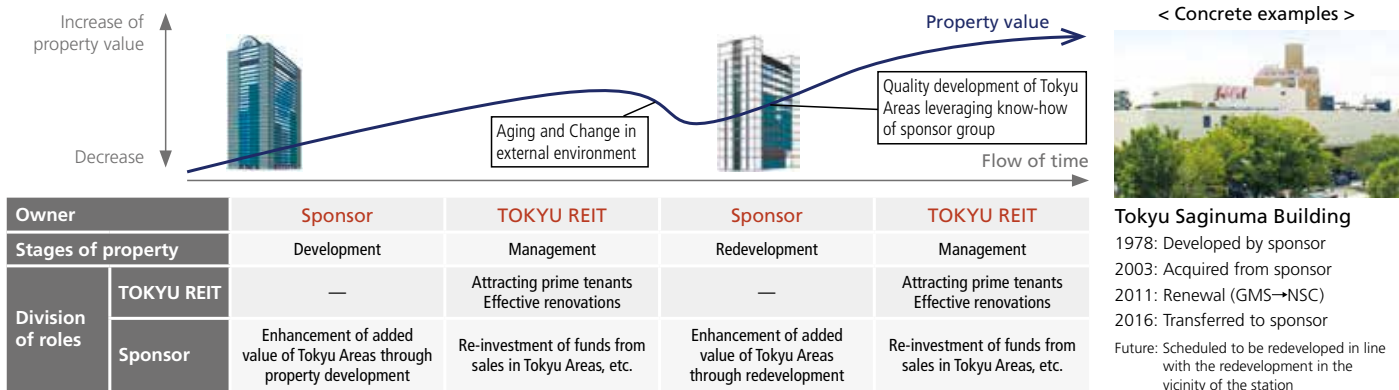
“Capital Re-investment Model” through collaboration with sponsors

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)

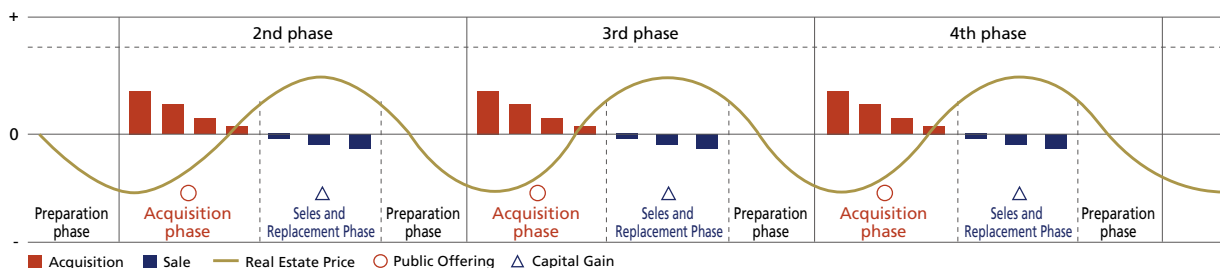
Aim for ceaseless value enhancement in investment targeted areas through division of roles with sponsor



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 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

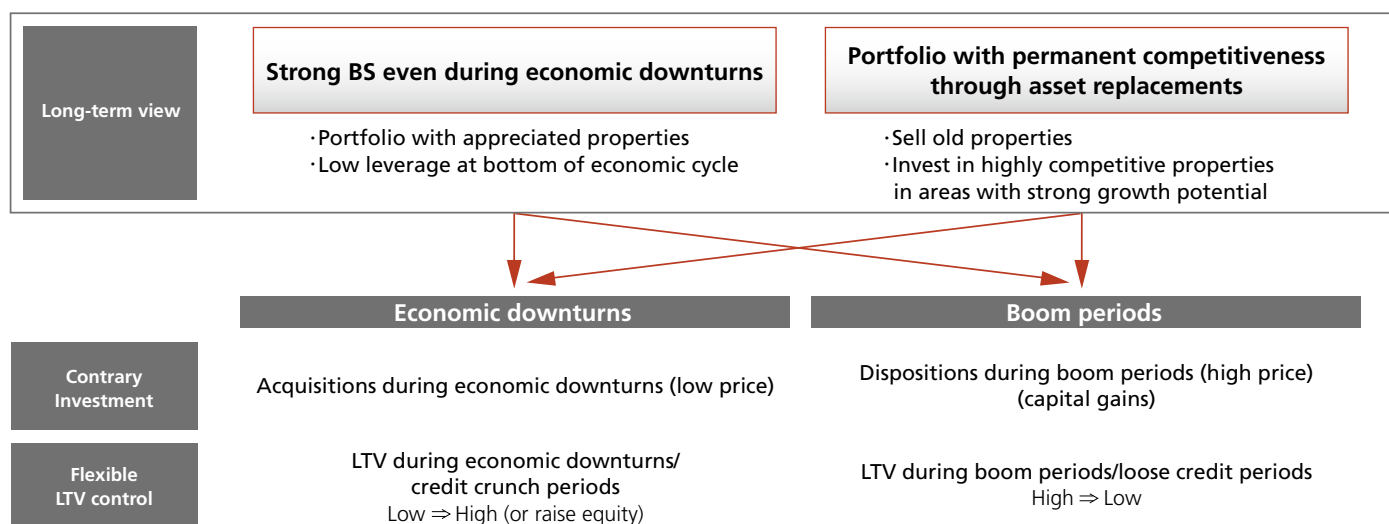
Value Investment

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

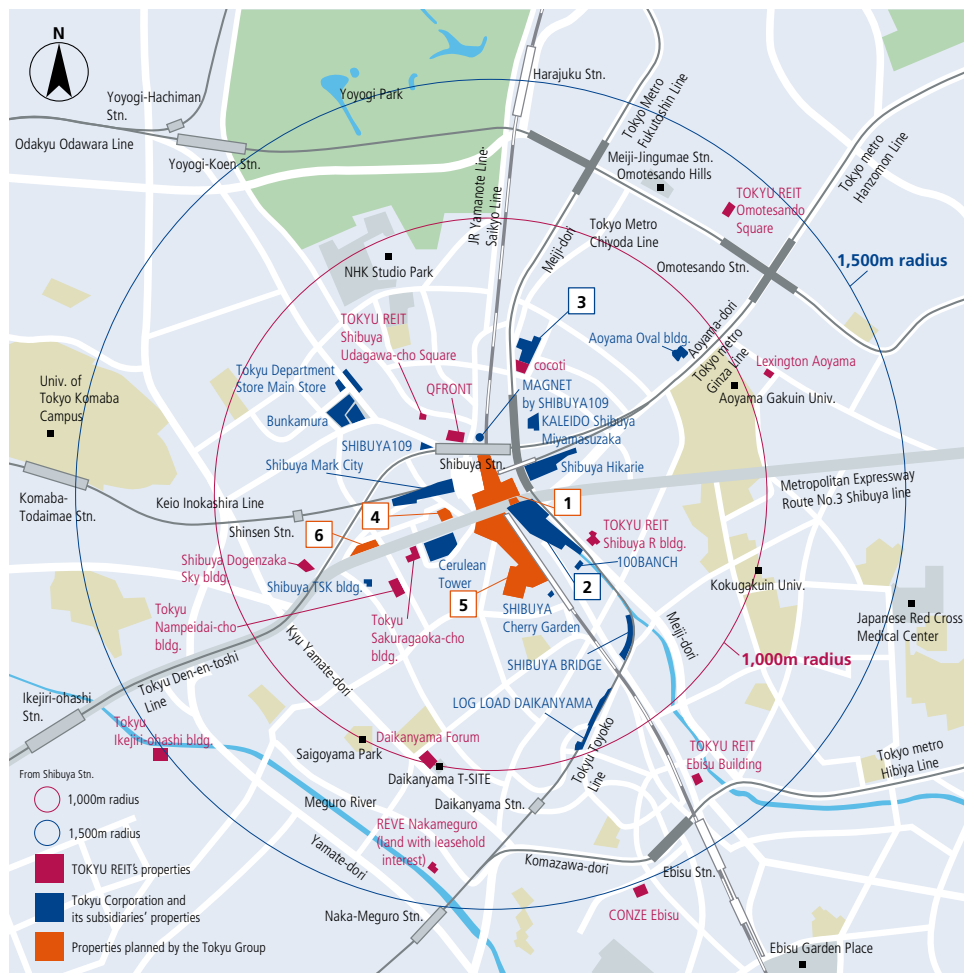
An approach of investing in the phase when prices are falling. TOKYU REIT aims to acquire properties when they are priced low and sell them when they are priced high, thereby recouping the investment.

Concept



Status of Redevelopment around Shibuya Station

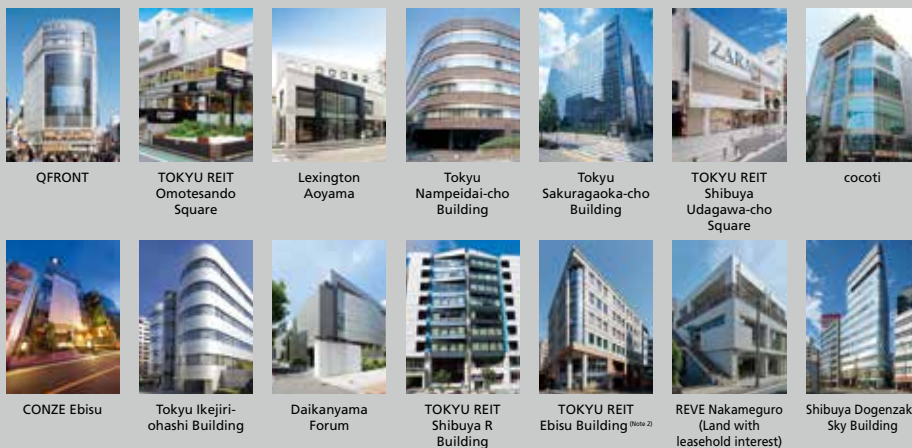
Redevelopment of Greater SHIBUYA (extensive Shibuya area) (Note 1) is in progress mainly by Tokyu Group



*As of the date

TOKYU REIT owns 14 properties in Greater SHIBUYA (extensive Shibuya area) (Note 1) where redevelopment is in progress

Acquisition Price: 101.8 billion yen Appraisal Value: 137.2 billion yen



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

2. TOKYU REIT Ebisu Building changed its name from the Lucid Square Ebisu on April 1, 2019.

*Some properties are only partially owned by TOKYU REIT or Tokyu Corporation and its subsidiaries.

*As of the issuance date of this semiannual report, TOKYU REIT has no plan to acquire properties owned by Tokyu Corporation and its subsidiaries.

*Pictures are provided by Shibuya Station Area Kyodo Building operators ①, SHIBUYA STREAM ②, Shibuya Miyashitacho Realty ③ and Tokyu Land Corporation (④-⑥).

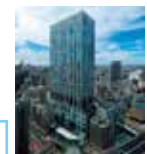
1 SHIBUYA SCRAMBLE SQUARE



Phase I (East Building)
Scheduled to open in Nov. 2019
Phase II (Central building/West building)
Scheduled to open in fiscal 2027

Implementing body	Tokyu Corporation, East Japan Railway Company, Tokyo Metro Co., Ltd.
Usage	Office, store, observation facility, parking lot, etc.
Major tenants	<Office> CyberAgent, Inc., mixi, Inc., wework
Floors	East building: B7/47F Central building: B2/10F West building: B5/13F

2 SHIBUYA STREAM



Opened on Sep. 13, 2018

Implementing body	Tokyu Corporation, etc.
Usage	Office, store, hotel, hall, parking lot, etc.
Major tenants	<Office> Google GK <Hotel> SHIBUYA STREAM EXCEL HOTEL TOKYU
Floors	B4/35F

3 SHIBUYA CAST.



Opened on Apr. 28, 2017

Implementing body	Shibuya Miyashitacho Realty (Investor: Tokyu Corporation, etc.)
Usage	Office, store, apartment, etc.
Major tenants	<Office> BAYCREW'S GROUP, co-lab <Retail> Tokyu Store
Floors	B2/16F

*Connecting passage to adjacent building cocoti is installed

4 SHIBUYA FUKURAS



Scheduled for completion in Oct. 2019

Implementing body	Dogenzaka 1-chome Ekimae Area Urban Redevelopment Association (Member: Tokyu Land Corporation)
Usage	<Office> GMO Internet Group <Retail> Tokyu Plaza Shibuya
Major tenants	Office, store, bus terminal, etc.
Floors	B4/18F

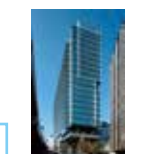
5 Shibuya Station Sakuragaoka Exit Block



Scheduled for completion in fiscal 2023

Implementing body	Shibuya Station Sakuragaoka-guchi Area Urban Redevelopment Association (Member: Tokyu Land Corporation)
Usage	Office, store, residences, church, parking lot, etc.
Floors	Block A: B4/39F Block B: B2/29F Block C: 4F

6 SHIBUYA SOLASTA



Completed in Mar. 2019

Implementing body	General Incorporated Association Dogenzaka 121 (business company formed by Tokyu Land Corporation and land owners)
Usage	Office, assembly hall (incubation office, etc.), store, parking lot, etc.
Major tenants	<Office> Tokyu Land Corporation, Business-Airport
Floors	B1/21F

Environmental Measures

Tokyu Corporation Environmental Policy (revised in April 2018)

Tokyu Corporation promotes environmental management of the entire Tokyu Group based on the group's philosophy and addresses environmental issues through businesses, thereby contributing to society.

1. Contribution to mitigation of climate change
2. Contribution to recycling-oriented society
3. Contribution to society in harmony with nature
4. Compliance with environmental laws and regulations, etc.
5. Promotion of environmental communication
6. Setting and continuous improvement of goals

Tokyu REIM (Investment Management Company) Environmental Policy (established in March 2014)

Tokyu REIM recognizes the importance of environmental consideration in the property investment and management sector. As a responsible corporation, we continue to act towards reducing environmental impact and helping transition to a sustainable society.

1. Implementation of Environmentally-friendly Operation
 - 1) Promote Energy Saving and Low-Carbon Society
 - 2) Reduce Water Consumption and Waste
 - 3) Pursue Health, Safety and Well-Being
2. Management Structure to Ensure Environmental Consideration
 - 1) Management Structure as a Responsible Corporation
 - Development of organizational structure
 - Compliance and appropriate risk management
 - Information disclosure and utilization of environmental certification and assessment
 - Continuous implementation of education and enlightenment activities
 - 2) Collaboration with our stakeholders
 - Collaboration with tenant, PM company, etc.

Energy Saving

● Major Construction Work for Improving Energy Efficiency (February 2018 to January 2019)

- Renewal of air conditioning equipment **Reduction of electricity consumption** (Setagaya Business Square, TOKYU REIT Toranomon Building)
- Switching to LED **Reduction of electricity consumption** (Setagaya Business Square, Kojimachi Square, Tokyo Nissan Taito Building, Tokyu Sakuragaoka-cho Building)
- Renewal of elevator **Reduction of electricity consumption** (Setagaya Business Square, TOKYU REIT Akasaka Hinokicho Building, Akihabara Sanwa Toyo Building)
- Renovation of restroom **Water saving** (Setagaya Business Square)



After Construction work for switching to LED (Setagaya Business Square)

● Implementation of Energy Conservation Diagnosis by External Business Operator (fiscal 2018) (TOKYU REIT Shinjuku Building)

Heat Countermeasures

● Efforts on the "Promotion Business of Heat Countermeasures for the 2020 Tokyo Olympic Games" (Note)

(Setagaya Business Square) (scheduled to be completed in November 2019)

Development of facility reducing road surface temperature and rise in temperature

- Laying of heat insulation interlocking block
Changed to paving block suppressing the rise in road surface temperature by a maximum of approximately 15°C
- Installation of bio-shelter
Installed a bench emitting fine mist

(Note) Business of the Tokyo Metropolitan Government subsidizing expenses for the development of facilities responding to heat and possessing advanced technology, etc. in areas where many tourists, etc. gather around the venues of the 2020 Tokyo Olympic Games

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

■ 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

Acquisition Ratio of Environmental Certification: 27.87% (based on total leasable area)

DBJ Green Building Certification for 5 properties



BELS for 1 property

■ 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 REIT has continuously acquired "Green Star" ratings given to companies that excel both in "Management and Policies" and "Implementation and Measurement" related to sustainability evaluation since 2015.



Social Contribution

Human Resource Development

Enriched Personnel Training Program

Tokyu REIM

<Various trainings>

Implemented various trainings targeting all officers and employees

- Compliance training (Once a month)
- Training for fostering work motivation
- Training by job class (Twice a year)
- Training for personnel evaluator, etc.

<Support for the acquisition of qualifications>

Supporting self-enlightenment of officers and employees with the enrichment of subsidy system of expenses for acquiring and maintaining qualifications

- Major qualifications
 - 5 Real Estate Appraisers
 - 24 Real Estate Notaries
 - 12 ARES Certified Masters and associates
 - 5 Certified Building Administrator, etc.

Sponsor

<Various trainings>

Developed various curriculums by setting the “strengthening of training for candidate manager with medium-to long-term perspective and consolidated perspective”, “training of personnel capable of responding to various and global business development”, “enhancement of penetration of Tokyu Value” and “fostering of independent career awareness” as key points

	General employees	Management	Actual results of people who attended the training in fiscal 2017
	Systematic deployment and training for enhancing expertise and diversity	Deployment and training for cultivating the perspective of consolidated management	
Training of manager	● Tokyu Academy ● Training for selected employees		108 in total
Independent career support	● Overseas training program ● Skill improvement training ● Introductory training		634 in total * Number of people attending skill improvement training, introductory training and new employee training (all job classes)
	● New employee training	● Career training	
Self-enlightenment support	● Correspondence education	● Challenge system	147 in total

Work Style Reform/Diversity

Development of a Comfortable Working Environment

Tokyu REIM

Promotion of work-life balance and enrichment of maternity, childcare and nursing care leave system, etc.

- Ratio of female officers and employees 50% (23 people)
- Use rate of paid leave 74% (actual results for fiscal 2018)
- Enrichment of childcare and nursing care leave system, short-time work system, etc.
- Establishment of health committee (appointment of industrial physician, interview with officers and employees)
- Implementation rate of stress check for officers and employees 100% (actual results for fiscal 2018)

Sponsor

<Promotion of work-style reform (work-style innovation)>

- Promotion of work style not bound by time and place (flexible-hours system, telecommuting and satellite office work system, etc.)

<Support for achieving both childcare and nursing care>

- Expansion of childcare support system (sick children care support, after-school childcare and assistance, offering part of childcare leave as paid leave, etc.)
- Holding of seminar/exchange meeting (nursing care support seminar, exchange meeting for those taking maternity and childcare leave, return to work seminar, etc.)

<Promotion of diversity>

- Setting a goal to “double the number of female managers from that in fiscal 2014 by fiscal 2020 (40 people)”
- Holding of seminar and exchange meeting (female manager communication meeting, LGBT study session, career consultation, etc.)

<Various certifications>

Various certifications acquired by Tokyu Corporation



Nadeshiko Brand selected for 7 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 5 consecutive years (Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)



Selected as one of the Top 100 Telework Pioneers (Ministry of Internal Affairs and Communications)

Benefit program

Tokyu REIM

Developed by targeting all employees in collaboration with sponsor

Sponsor

- Employee shareholding association of Tokyu Group
- Tokyu Mutual Aid Association

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 2019 (FP 32), there were one Executive Director and two Supervisory Directors ^(Note) at **TOKYU REIT**.

(Note) In addition, appointment of Takashi Aikawa as a substitute supervisory director was approved at the General Meeting of Unitholders of TOKYU REIT held on April 19, 2019.



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

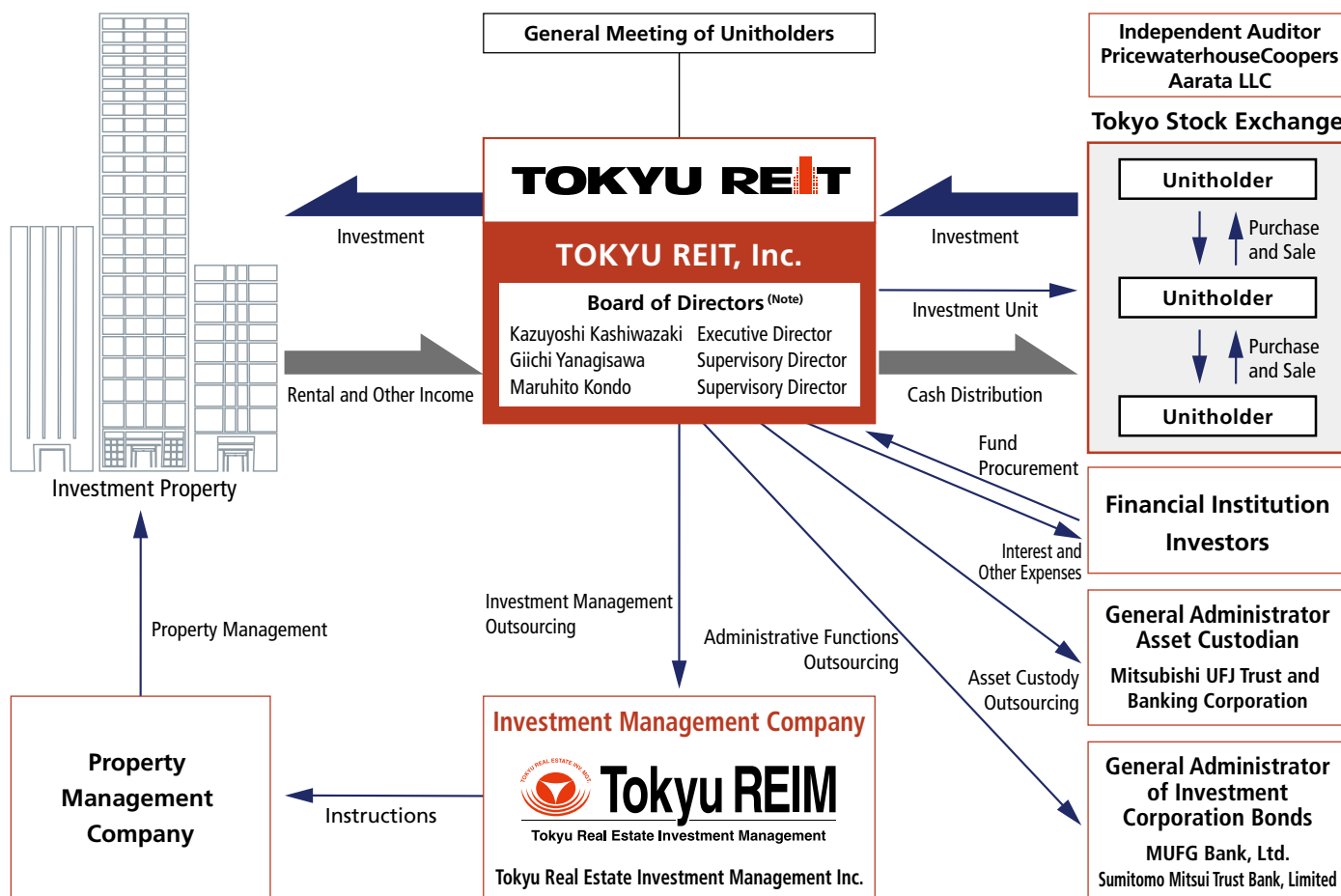
- 1 Involvement of independent outside board members**
- 2 Optimal balance between sponsor collaboration and independence**
- 3 Strict focus on fiduciary duty for investment management company and the others**
- 4 Management fee set to "being in the same boat as unitholders"**

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. 2019 (FP 32)): 1.8 meetings per month on average 	<ul style="list-style-type: none"> ■ Attendance at board of directors' meeting (Ended Jul. 2019 (FP 32)) <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



(Note) In addition, appointment of Takashi Aikawa was approved at the General Meeting of Unitholders of TOKYU REIT held on April 19, 2019.

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. 2019 (FP 32)
	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)	¥334 million
	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)	¥265 million
	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.

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

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

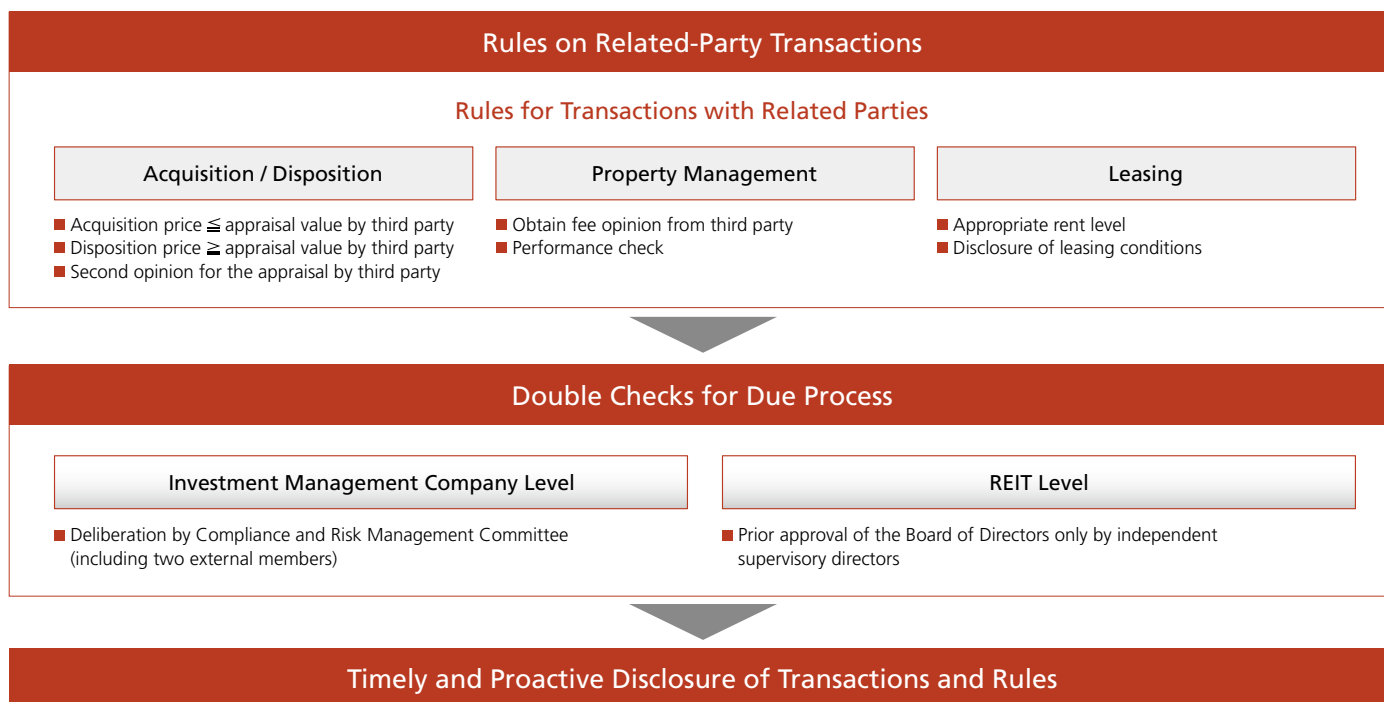
Collaboration with Tokyu Corporation and Its Subsidiaries

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.

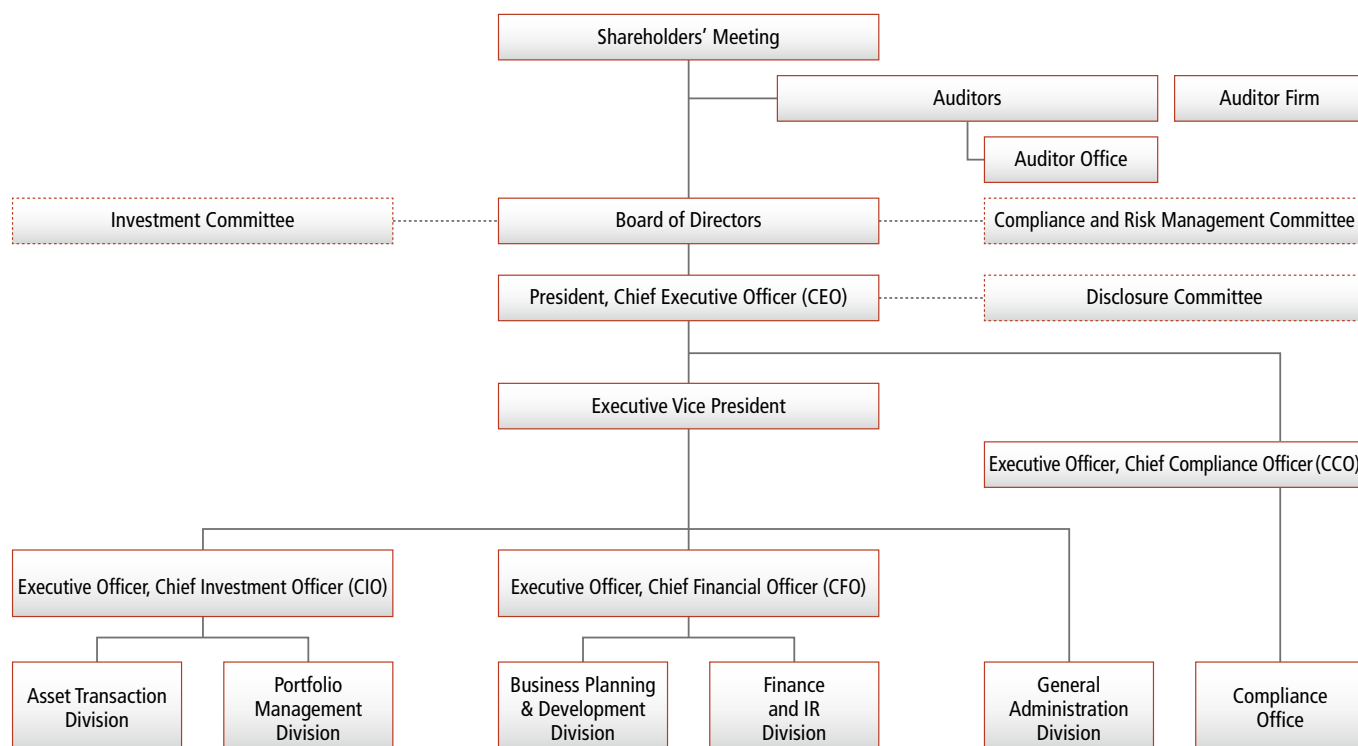
Tokyu REIM is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (*Kin-sho*) No. 360).

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) 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>

Major Shareholder

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

Organization Chart

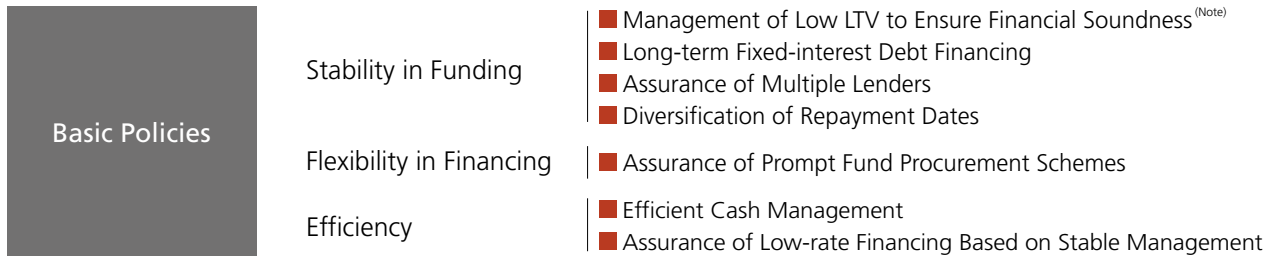


Financial Strategies

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	¥92.3 billion
Long-Term Fixed-Rate Ratio	97.5%
Avg. Duration	3.75 years
Commitment Line	¥18.0 billion ^(Note)

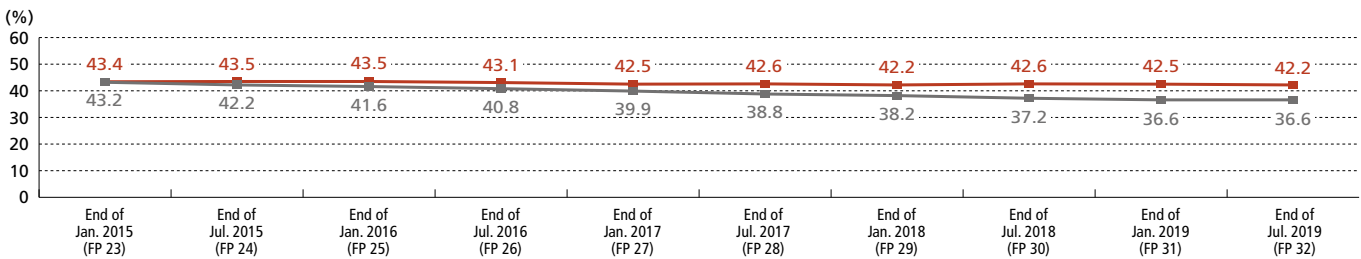
(Note) The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured. Moreover, the balance of debt under the commitment line agreement as of July 31, 2019 is ¥2.3 billion.

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)

Changes in LTV

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



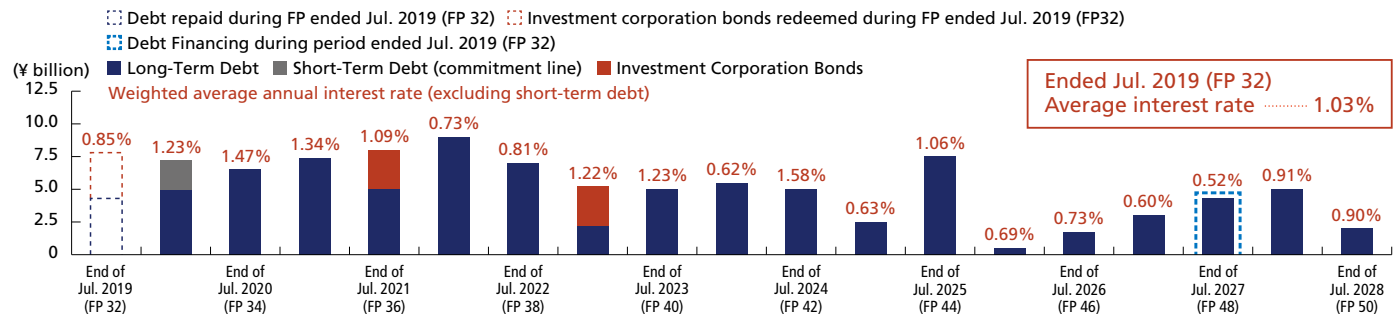
■ LTV based on total assets at end of period = Balance of period-end interest-bearing debt / Period end total assets

■ 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 2019 (FP 32)

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	21.1%
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	Setagaya Business Square ^(Note 2)	6/30/2020	688.57	0.3%
			Tokyu Nampeidai-cho Building	12/31/2021	7,148.18	3.4%
			Tokyu Sakuragaoka-cho Building	12/31/2021	3,878.36	1.9%
			REVE Nakameguro (Land with leasehold interest)	9/26/2068	497.02	0.2%
4	VENDOR SERVICE CO., LTD.	Wholesale	Tokyu Toranomon Building	3/31/2020	5,907.30	2.8%
5	FUJITSU LIMITED	Electric equipment	TOKYU REIT Kamata Building	9/30/2020 ^(Note 3)	4,593.33	2.2%
6	TSUTAYA Co., Ltd.	Wholesale	QFRONT	12/14/2019	4,044.10	1.9%
7	Tokyu Community Corporation	Service	Setagaya Business Square ^(Note 2)	7/31/2021 ^(Note 3)	3,857.71	1.8%
8	OPT Holding Inc.	Other financial services	Tokyu Bancho Building ^(Note 4)	12/31/2020	3,637.07	1.7%
9	Japan Post Insurance Co., Ltd.	Insurance	TOKYU REIT Toranomon Building	4/30/2020 ^(Note 3)	3,533.89	1.7%
10	Tokyu Agency Inc.	Service	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1/31/2023	3,533.03	1.7%
Total of top 10 tenants in leased area					102,435.87	49.0%
Total leased area as of end of July 2019 (FP 32) (31 properties)					209,190.74	100.0%

(Notes) 1. "Ratio" indicates ratio of tenant's leased areas to total leased area of 31 properties held as of the end of July 2019 (FP 32).

2. Leased area for the 55% co-ownership interest is indicated for the tenant of Setagaya Business Square.

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

4. Leased area for the 52.6% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest is indicated for the tenant of Tokyu Bancho Building.

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"> 28 out of 31 properties comply with the new earthquake resistance standards (Three 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.

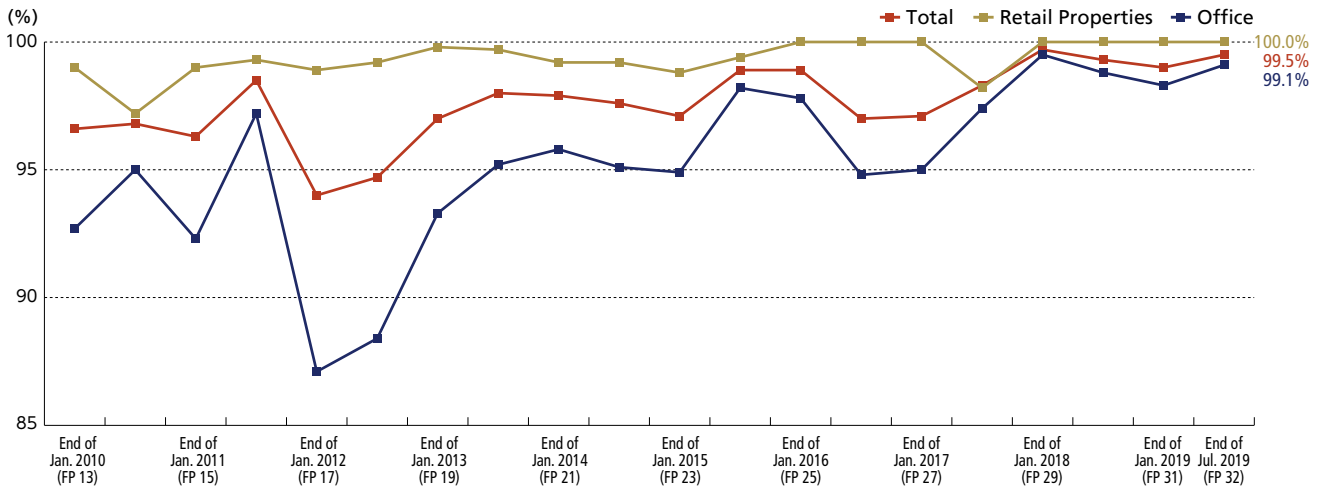
(Notes) 1. The new earthquake resistance standards are the earthquake resistant design standards based on the Building Standards Act, which was revised in 1981 with the aim to prevent buildings from collapsing even from earthquakes with seismic intensity of six and secure safety for human lives. Buildings 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), OKI System Center (Land with leasehold interest) and REVE Nakameguro (Land with leasehold interest).

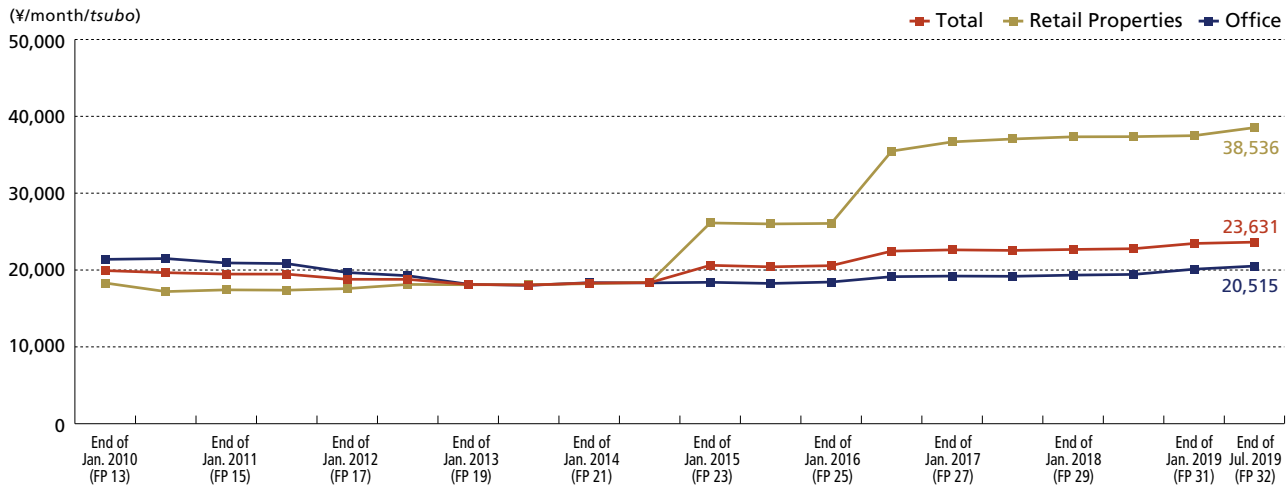
Portfolio (properties owned at the end of July 2019 (FP 32))

Track Record (Results of Management)

Changes in Occupancy Rate

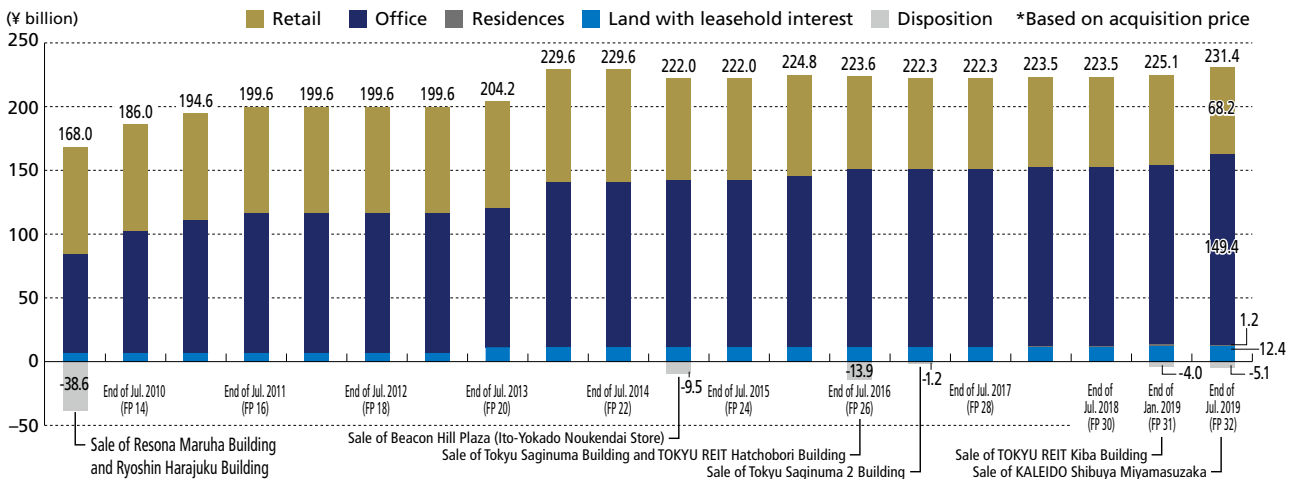


Changes in Average Rent



* 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 \approx 3.30578m²

Change in Asset Size



Portfolio Overview (at the end of July 2019 (FP 32))

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
Retail	QFRONT	Sep. 10, 2003	15,100	Shibuya Ward, Tokyo	4,502.93	100%	6.5%	4.2%
	Lexington Aoyama	Sep. 11, 2003	4,800	Minato Ward, Tokyo	2,094.96	100%	2.1%	2.3%
	TOKYU REIT Omotesando Square	Sep. 10, 2003	5,770	Shibuya Ward, Tokyo	2,669.10	100%	2.5%	9.5%
	TOKYU REIT Shibuya Udagawa-cho Square	Mar. 1, 2004	6,600	Shibuya Ward, Tokyo	1,543.05	100%	2.9%	7.3%
	cocoti	Apr. 6, 2005	14,700	Shibuya Ward, Tokyo	8,295.62	100%	10.6%	6.2%
		Aug. 2, 2005	9,800					
	CONZE Ebisu	Oct. 31, 2006	5,116	Shibuya Ward, Tokyo	2,327.00	100%	2.2%	4.1%
	Daikanyama Forum	Apr. 22, 2008	4,136	Shibuya Ward, Tokyo	2,477.37	100%	1.8%	8.0%
UNIZO Shimokitazawa Building	Apr. 26, 2019	2,257	Setagaya Ward, Tokyo	1,246.98	100%	1.0%	10.9%	
Office	Setagaya Business Square	Sep. 11, 2003	22,400	Setagaya Ward, Tokyo	24,920.26	99.3%	9.7%	2.9%
	Tokyu Nampeidai-cho Building	Sep. 11, 2003	4,660	Shibuya Ward, Tokyo	7,148.18	100%	2.0%	7.9%
	Tokyu Sakuragaoka-cho Building	Sep. 11, 2003	6,620	Shibuya Ward, Tokyo	4,737.19	100%	2.9%	11.1%
	Tokyo Nissan Taito Building	Sep. 11, 2003	4,450	Taito Ward, Tokyo	7,845.42	88.3%	1.9%	7.4%
	TOKYU REIT Akasaka Hinokicho Building ^(Note 2)	Sep. 10, 2003	3,570	Minato Ward, Tokyo	3,202.57	100%	1.5%	11.2%
	TOKYU REIT Kamata Building	Sep. 10, 2003	4,720	Ota Ward, Tokyo	7,337.82	100%	2.0%	7.7%
	TOKYU REIT Toranomon Building	Dec. 15, 2004	8,630	Minato Ward, Tokyo	10,247.06	100%	4.4%	7.2%
		Sep. 21, 2007	1,100					
		Oct. 26, 2007	200					
		Jan. 21, 2015	107					
	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Jan. 31, 2008	8,500	Minato Ward, Tokyo	3,533.03	100%	3.7%	3.9%
	Tokyu Ikejiri-ohashi Building	Mar. 28, 2008	5,480	Meguro Ward, Tokyo	5,733.23	100%	2.4%	5.8%
	Kojimachi Square	Mar. 19, 2010	9,030	Chiyoda Ward, Tokyo	5,409.11	100%	3.9%	4.8%
	TOKYU REIT Shinjuku Building	Mar. 26, 2010	9,000	Shinjuku Ward, Tokyo	6,270.68	100%	3.9%	4.2%
	Akihabara Sanwa Toyo Building	Oct. 29, 2010	4,600	Chiyoda Ward, Tokyo	4,590.53	100%	2.0%	11.8%
	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5,010	Chuo Ward, Tokyo	3,469.14	100%	2.2%	4.4%
	TOKYU REIT Shibuya R Building	Aug. 16, 2013	5,270	Shibuya Ward, Tokyo	5,266.15	100%	2.3%	5.9%
	Tokyu Toranomon Building ^(Note 3)	Aug. 16, 2013	15,000	Minato Ward, Tokyo	9,016.59	100%	7.3%	5.4%
		Jan. 9, 2015	1,850					
	TOKYU REIT Shinjuku 2 Building	Oct. 30, 2015	2,750	Shinjuku Ward, Tokyo	1,790.46	100%	1.2%	4.2%
Tokyu Bancho Building	Mar. 24, 2016	12,740	Chiyoda Ward, Tokyo	6,137.50	100%	6.0%	3.3%	
	Mar. 28, 2019	1,040						
TOKYU REIT Ebisu Building ^(Note 4)	Aug. 1, 2018	4,500	Shibuya Ward, Tokyo	1,879.17	100%	1.9%	5.5%	
Shibuya Dogenzaka Sky Building	Mar. 28, 2019	8,100	Shibuya Ward, Tokyo	4,137.31	100%	3.5%	6.4%	
Maison Peony Toritsudaigaku	Nov. 15, 2017	1,200	Meguro Ward, Tokyo	852.16	100%	0.5%	6.2%	
Land with leasehold interest	Shonan Mall Fill (Land with leasehold interest)	Apr. 28, 2006	6,810	Fujisawa City, Kanagawa Prefecture	44,078.12	100%	2.9%	—
	OKI System Center (Land with leasehold interest)	Mar. 27, 2013	4,530	Warabi City, Saitama Prefecture	17,019.19	100%	2.0%	—
	REVE Nakameguro (Land with leasehold interest)	Sep. 27, 2018	1,150	Meguro Ward, Tokyo	497.02	100%	0.5%	—
Total			231,436		210,274.91	99.5%	100.0%	3.8% ^(Note 5)

To be Acquired Property in Fiscal Period Ending January 2020 (FP 33) and July 2020 (FP 34)

Retail	KN Jiyugaoka Plaza ^{(Note 6) (Note 7)}	Oct. 1, 2019	1,548	Meguro Ward, Tokyo	1,231.80	100%	—	8.8%
		Mar. 4, 2020	1,611					

- (Notes) 1. Ratio is rounded to one decimal place. Accordingly, the total may not exactly match the sum of relevant items.
2. 49% quasi-co-ownership interest is scheduled to be disposed on October 1, 2019, and 51% quasi-co-ownership interest is scheduled to be disposed on March 4, 2020.
3. Total Leasable Area and Occupancy Rate of Tokyu Toranomon Building do not include those of the adjacent land acquired on January 9, 2015.
4. TOKYU REIT Ebisu Building changed its name from the Lucid Square Ebisu on April 1, 2019.
5. Excludes Shonan Mall Fill (Land with leasehold interest), OKI System Center (Land with leasehold interest) and REVE Nakameguro (Land with leasehold interest).
6. 49% quasi-co-ownership interest is scheduled to be acquired on October 1, 2019, and 51% quasi-co-ownership interest is scheduled to be acquired on March 4, 2020.
7. As of the date of acquisition.

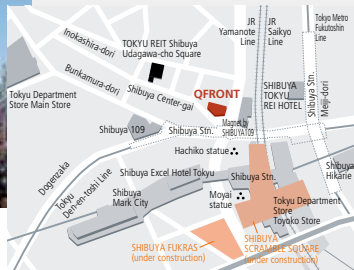
PORTFOLIO (properties owned at the end of July 2019 (FP 32))

QFRONT

Properties contributed by sponsors



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

Lexington Aoyama

Properties contributed by sponsors



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/R, B1/4F
 Completed: January 1998
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

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.



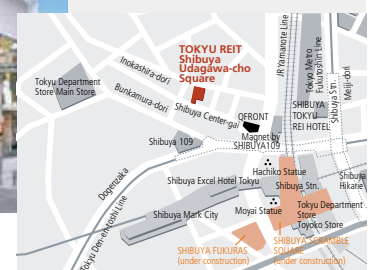
Address: 4-3-2, Jingumae, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Omotesando Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 1,259.21m²
 Total Floor Space: 3,321.20m²
 Structure/Floors: S/SRC, B1/4F
 Completed: October 1985
 Type of Ownership: Land—Proprietary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

TOKYU REIT Shibuya Udagawa-cho Square

Properties contributed by sponsors



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

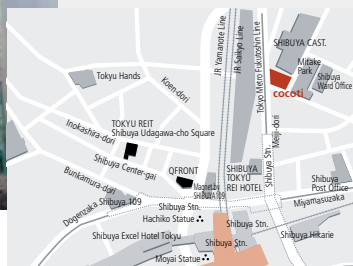


Address: [Bldg. 1] 25-10, Udagawa-cho, Shibuya-ku, Tokyo
 [Bldg. 2] 25-5, Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Total Land Space: 679.27m²
 Total Floor Space: [Bldg. 1] 1,473.10m²
 [Bldg. 2] 56.39m²
 Structure/Floors: [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

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

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

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—Tokyu 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

UNIZO Shimokitazawa Building



A retail property located in the Shimo-kitazawa area occupied by stores and offices. Redevelopment of the station-front plaza of Shimo-kitazawa Station, pedestrian pathways, etc. are underway and greater bustle are anticipated.



Address: 6-6-1 Daita, Setagaya-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Shimo-kitazawa Station, Keio Inokashira Line
 Approximately a five-minute walk from Shimo-kitazawa Station, Odakyu Odawara Line
 Total Land Space: 489.27m²
 Total Floor Space: 1,306.55m²
 Structure/Floors: RC B1/4F
 Completed: June 2008
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership

PORTFOLIO (properties owned at the end of July 2019 (FP 32))

Setagaya Business Square

Properties contributed by sponsors



A large office building comprised of office and retails directly connected to Yoga Station. Has excellent access from National Road.



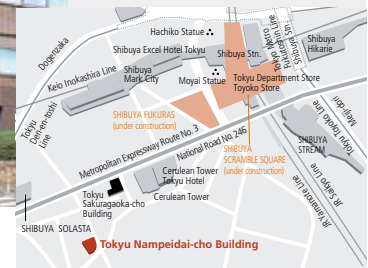
Address: 4-10-1,2,3,4,5,6, Yoga, Setagaya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Yoga Station—Tokyu Den-en-toshi Line
 Total Land Space: 21,315.68m²
 Total Floor Space: 94,373.72m²
 Structure/Floors: SRC/RC/S, B2/28F
 Completed: September 1993
 Type of Ownership: Land—Proprietary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

Tokyu Nampeidai-cho Building

Properties contributed by sponsors



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



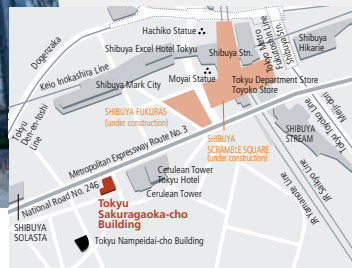
Address: 5-6, Nampeidai-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a seven-minute walk from Shibuya Station—JR Yamanote Line, etc.
 Total Land Space: 2,013.28m²
 Total Floor Space: 7,003.88m²
 Structure/Floors: S/SRC, B2/5F
 Completed: July 1992
 Type of Ownership: Land—Proprietary ownership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

Tokyu Sakuragaoka-cho Building

Properties contributed by sponsors



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)

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

Tokyo Nissan Taito Building

Properties contributed by sponsors



A highly convenient office 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 seven-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

*49% quasi-co-ownership interest is scheduled to be disposed on October 1, 2019, and 51% quasi-co-ownership interest is scheduled to be disposed on March 4, 2020

TOKYU REIT Kamata Building



A nine-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.



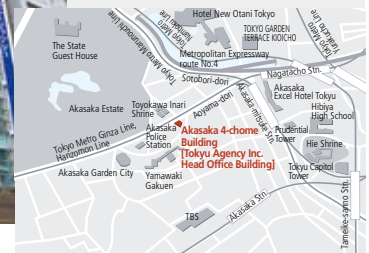
Address: 3-17-1, Toranomon, Minato-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Kamiyacho Station—Tokyo Metro Hibiya Line, etc.
 Total Land Space: 1,728.38m² (Co-ownership ratio: 86.116%)
 Total Floor Space: 15,343.73m² (Area owned by TOKYU REIT: 10,882.65m²)
 Structure/Floors: SRC/RC, 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

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

Properties contributed by sponsors



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

PORTFOLIO (properties owned at the end of July 2019 (FP 32))

Tokyu Ikejiri-ohashi Building

Properties contributed by sponsors



A seven-story office building, 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

Properties contributed by sponsors



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

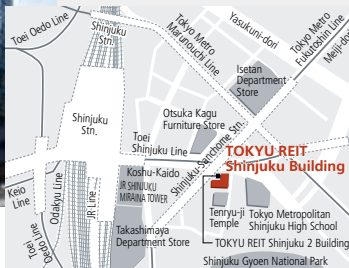


Address: 3, Nibancho, Chiyoda-ku Tokyo
 Nearest Station: Approximately a one-minute walk from Kojimachi Station—Tokyo Metro Yurakucho Line, etc.
 Total Land Space: 1,269.24m²
 Total Floor Space: 6,803.47m²
 Structure/Floors: S/R, B1/7F
 Completed: January 2003
 Type of Ownership: Land—Proprietary ownership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

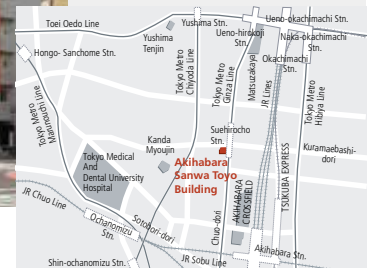


Address: 4-3-25, Shinjuku, Shinjuku-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shinjuku-Sanchome Station—Tokyo Metro Marunouchi Line, etc.
 Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.
 Total Land Space: 1,113.87m²
 Total Floor Space: 8,720.09m²
 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)

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

Tokyu Ginza 2-chome Building

Properties contributed by sponsors



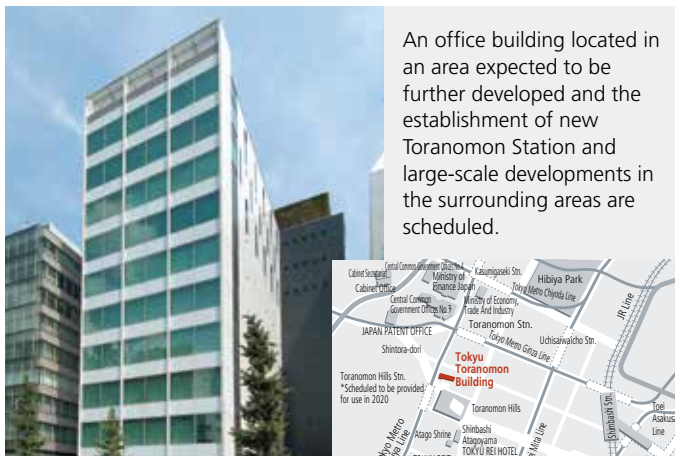
Located in one of Japan's busiest commercial areas with high brand strength. An office building where demand from companies that prefer an address in Ginza is expected.



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 Toranomon Building

Properties contributed by sponsors



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.

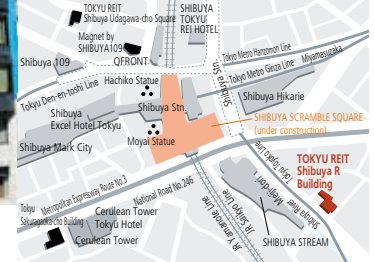


Address: 1-21-19, Toranomon, Minato-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Toranomon Station—Tokyo Metro Ginza Line, etc.
 Total Land Space: 2,016.83m²
 Total Floor Space: 11,983.09m²
 Structure/Floors: S, 10F
 Completed: April 2010
 Type of Ownership: Land—Proprietary ownership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

TOKYU REIT 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.

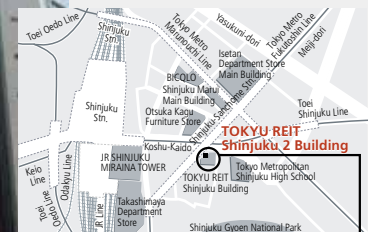


Address: 3-10-13, Shibuya, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shibuya Station—JR Lines, etc.
 Total Land Space: 1,077.45m² (Area owned by TOKYU REIT: 819.41m²)
 Total Floor Space: 7,289.38m² (Including parking space 41.18m²)
 (Area owned by TOKYU REIT: 4,403.69m²)
 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 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-Sanchome 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



PORTFOLIO (properties owned at the end of July 2019 (FP 32))

Tokyu Bancho Building

Properties contributed by sponsors



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: 52.6%)
 Building—Compartmentalized ownership
 (Quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest: 52.6%)

TOKYU REIT Ebisu Building (Note)



An 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 three-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) TOKYU REIT Ebisu Building changed its name from the Lucid Square Ebisu on April 1, 2019.

Shibuya Dogenzaka Sky Building

Properties contributed by sponsors



Highly visible office building sitting at the intersection of Tamagawa-dori Street (National Route No.246) and Dogenzaka Street. Surrounding the area, the redevelopment around Shibuya Station is in progress.



Address: 28-1 Maruyamacho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Shibuya Station, Keio Inokashira Line
 Approximately a three-minute walk from Shinsen Station, Keio Inokashira Line
 Total Land Space: 721.34m²
 Total Floor Space: 5,644.91m²
 Structure/Floors: SRC B1/11F
 Completed: March 1988
 Type of ownership: Land—Proprietary ownership
 Building—Proprietary ownership

Maison Peony Toritsudaigaku



The property is a residence building located approximately a one-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

Shonan Mall Fill (Land with leasehold interest)



Land with leasehold interest of a large retail property located between Fujisawa Station and Tsujido Station. In the vicinity of the Property, “Fujisawa Sustainable Smart Town” opened in 2014.



Address: 4-1-1, Tsujido Shinmachi, Fujisawa City, Kanagawa
 Nearest Station: Approximately a three-minute 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

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

To be Acquired Property in Fiscal Period ending January 2020 (FP 33) and July 2020 (FP 34)

REVE Nakameguro (Land with leasehold interest)



Land with leasehold interest of a complex comprised of retail facilities and residences located approximately a four-minute walk from Naka-Meguro Station on the Tokyu Toyoko Line.



Address: 1-13-14, Kamimeguro Meguro-ku, Tokyo
 Nearest Station: Approximately a four-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

KN Jiyugaoka Plaza



A retail property located approximately a two-minute walk from Jiyugaoka Station on the Tokyu Toyoko and Oimachi lines. Facing Kuhonbutsugawa Ryokudo (Green Street), where there is a concentration of many sophisticated stores and customer-visiting-type offices.



Address: 2-13-6, Jiyugaoka, Meguro-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Jiyugaoka Station, Tokyu Toyoko Line and Oimachi Line
 Total Land Space: 575.54m²
 Total Floor Space: 1,272.60m²
 Structure/ Floors: SRC, 5F
 Completed: December, 2001
 Type of Ownership: Land-Proprietary ownership
 Building-Proprietary ownership

*49% quasi-co-ownership interest is scheduled to be acquired on October 1, 2019, and 51% quasi-co-ownership interest is scheduled to be acquired on March 4, 2020.

I. Asset Management Report

1. Financial Highlights

(1) Result of Operation and Financial Position

		32nd fiscal period From February 1, 2019 to July 31, 2019 (181 days)	31st fiscal period From August 1, 2018 to January 31, 2019 (184 days)	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)		
		Millions of yen, except per unit data or where otherwise indicated						
Result of operation	Statement of income	Operating revenues	¥ 7,366	¥ 7,523	¥ 7,119	¥ 7,032	¥ 6,919	
		Operating income	¥ 3,349	¥ 3,547	¥ 3,197	¥ 3,068	¥ 2,940	
		Net income	¥ 2,857	¥ 3,029	¥ 2,678	¥ 2,493	¥ 2,355	
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 7,327	¥ 7,207	¥ 7,119	¥ 7,032	¥ 6,919	
		Rental service expenses (b)	¥ 3,251	¥ 3,238	¥ 3,211	¥ 3,271	¥ 3,310	
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	[¥ 994]	[¥ 1,028]	[¥ 1,054]	[¥ 1,036]	[¥ 1,022]	
		NOI (Net Operating Income) (a) – (b) + (c)	¥ 5,070	¥ 4,996	¥ 4,962	¥ 4,797	¥ 4,631	
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,812	¥ 3,740	¥ 3,732	¥ 3,530	¥ 3,377	
		Capital expenditures (e)	¥ 583	¥ 506	¥ 413	¥ 458	¥ 840	
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 3,229	¥ 3,233	¥ 3,318	¥ 3,071	¥ 2,537	
Financial position	Balance sheet	Total assets (f)	¥ 218,587	¥ 219,958	¥ 219,396	¥ 218,101	¥ 219,579	
		[Change from the preceding period]	[–0.6%]	[0.3%]	[0.6%]	[–0.7%]	[–0.1%]	
		Interest-bearing liabilities (g) (Note 5)	¥ 92,300	¥ 93,500	¥ 93,500	¥ 92,000	¥ 93,500	
		Total unitholders' equity (Net assets) (h)	¥ 113,697	¥ 113,869	¥ 113,517	¥ 113,430	¥ 113,527	
		[Change from the preceding period]	[–0.2%]	[0.3%]	[0.1%]	[–0.1%]	[–0.3%]	
		Unitholders' capital	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479	
	Portfolio	Acquisition costs of properties (Note 6)	¥ 231,436	¥ 225,189	¥ 223,539	¥ 223,539	¥ 222,339	
		Book value of properties (Note 6)	¥ 214,720	¥ 211,404	¥ 210,047	¥ 210,672	¥ 210,000	
		Appraisal value of properties at end of period (i) (Note 6)	¥ 280,340	¥ 270,500	¥ 263,730	¥ 258,360	¥ 252,280	
		Number of properties at end of period	31 properties	30 properties	29 properties	29 properties	28 properties	
		Total leasable area (Note 7)	210,274.91 m ²	207,848.65 m ²	211,267.00 m ²	211,303.47 m ²	210,373.50 m ²	
		Occupancy rate at end of period (Note 7)	99.5%	99.0%	99.3%	99.7%	98.3%	
	Other	Distri- bution	Cash distribution	¥ 2,857	¥ 3,029	¥ 2,677	¥ 2,590	¥ 2,590
			Dividend payout ratio	100.0%	100.0%	100.0%	103.9%	110.0%
		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)			¥ 116,302	¥ 116,478	¥ 116,118	¥ 116,029	¥ 116,128	
Cash distribution per unit			¥ 2,923	¥ 3,099	¥ 2,739	¥ 2,650	¥ 2,650	
Management index		Return on total unitholders' equity (annualized) (Note 8)	5.1%	5.3%	4.8%	4.4%	4.2%	
		Equity ratio (h)÷(f)	52.0%	51.8%	51.7%	52.0%	51.7%	
		[Change from the preceding period]	[0.2%]	[0.0%]	[–0.3%]	[0.3%]	[–0.1%]	
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	42.2%	42.5%	42.6%	42.2%	42.6%	
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	32.9%	34.6%	35.5%	35.6%	37.1%	
Average market price per unit during period (Note 9)	¥ 179,134	¥ 159,494	¥ 146,066	¥ 137,260	¥ 137,786			

- 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 (28th fiscal period: ¥10 million; 29th fiscal period: ¥4 million; 30th fiscal period: ¥5 million; 31st fiscal period: ¥13 million; 32nd fiscal period: ¥7 million).
- Note 4. Net income + Depreciation and amortization + Other property related depreciation and amortization + Loss on sales of real estate properties – Gain on sales of real estate properties – Gain on exchange of real estate properties – Revenues from facility acceptance.
Other property related depreciation and amortization was not incurred.
- Note 5. Short-term debt + Long-term debt due within one year + Long-term debt + Investment corporation bonds due within one year + Investment corporation bonds.
- Note 6. For 'Trust beneficiary interest in real estate,' the portion equivalent to the properties held in substance, which is total assets less the money that is part of the assets of the concerned trust beneficiary interest in real estate, is shown.
- Note 7. Regarding 'Total leasable area' and 'Occupancy rate at end of period,' please refer to notes 2 and 4 of '3. Portfolio Profile (2) Major Portfolio.'
- Note 8. $\text{Net income} \div \{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\} \times 365 \div \text{Number of days of investment management}$.
- 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 (32nd fiscal period: six-month period ended July 31, 2019), the Japanese economy recovered at a moderate pace, although it continued to be weak mainly in exports.

Specifically, in the Tokyo metropolitan area's economy, consumer spending was recovering overall with department store sales turnover and supermarket sales turnover falling below that of the previous year but convenience store sales turnover and drugstore sales turnover exceeding that of the previous year being among the factors. There was moderate pickup overall in production activities, too, and the employment situation improved as evidenced by a high active job openings-to-applicants ratio and a low unemployment rate.

With regard to population movements, over 120,000 people migrated to the Tokyo metropolitan area from other regions of the country during the period between January and June 2019 (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, the vacancy rate hovered at a low level and there continued to be moderate increase in the average rent.

Meanwhile, in the retail property leasing market, with consumer sentiment continuing to show weak developments but moderate increase in real gross employee income leading to pickup in consumer spending, the environment surrounding tenants of central urban retail properties was bullish.

In addition, in the real estate trading market, backed by active investment appetite among real estate investors and a favorable financing environment, transaction prices continued to hover in the high price range and the expected cap rate hovered 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 32nd fiscal period, TOKYU REIT exchanged KALEIDO Shibuya Miyamasuzaka for the Shibuya Dogenzaka Sky Building and the Tokyu Bancho Building (additional acquisition) on March 28, 2019, and acquired UNIZO Shimokitazawa Building on April 26, 2019.

As of July 31, 2019, TOKYU REIT held an investment portfolio totaling 31 properties with a total acquisition price of ¥231,436 million and total leasable area of 210,274.91 m². The period-end appraisal value for TOKYU REIT’s entire portfolio amounted to ¥280,340 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 ¥65,619 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 32nd fiscal period increased by 0.84% compared with the end of the 31st fiscal period. In addition, the vacancy rate at the end of the 32nd fiscal period decreased from the 1.0% at the end of the 31st fiscal period by 0.5 percentage points to 0.5%.

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.

During the 32nd fiscal period, investment corporation bonds of ¥3,500 million due for redemption in the 32nd fiscal period were repaid using cash on hand, and long-term debt of ¥4,300 million due for repayment in the 32nd fiscal period was refinanced in efforts to secure interest-bearing liabilities with fixed long-term interest rates and diversified repayment dates. TOKYU REIT has established commitment lines with four financial institutions, which provide credit facilities up to a total of ¥18,000 million, in order to secure financial credibility through the enhancement of liquidity on hand. Funds were procured through these credit facilities as short-term debt in the amount of ¥2,000 million to allocate as part of funds for payment of cash distributions, the entire amount of which was repaid during the 32nd fiscal period, and in the amount of ¥2,300 million to fund part of the acquisition of UNIZO Shimokitazawa Building and the expenditures pertaining to the acquisition. The balance of interest-bearing liabilities as of the end of the 32nd fiscal period was ¥92,300 million, consisting of ¥6,000 million in investment corporation bonds, ¥84,000 million in long-term debt (of which, ¥11,400 million is the current portion of long-term debt) and ¥2,300 million in short-term debt. The weighted-average interest rate for the 32nd fiscal period was 1.03% (calculated based on the annualized amount of interest payable for the 32nd fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of the end of the 32nd 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) (Note)	Long-term corporate credit rating: A Short-term corporate credit rating: A-1	Outlook: Stable

Note. The long-term corporate credit rating and short-term corporate credit rating from S&P Global Ratings Japan Inc. were terminated on August 30, 2019.

(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:

	32nd fiscal period From February 1, 2019 to July 31, 2019	31st fiscal period From August 1, 2018 to January 31, 2019	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
	Yen				
Highest	¥ 202,000	¥ 168,400	¥ 156,900	¥ 145,900	¥ 142,500
Lowest	¥ 161,500	¥ 151,600	¥ 134,000	¥ 131,600	¥ 129,300

(4) Distribution Information

With respect to the distribution for the 32nd 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 32nd fiscal period was ¥2,923.

	32nd fiscal period From February 1, 2019 to July 31, 2019	31st fiscal period From August 1, 2018 to January 31, 2019	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
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 2,857	¥ 3,029	¥ 2,678	¥ 2,493	¥ 2,355
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distribution	¥ 2,857	¥ 3,029	¥ 2,677	¥ 2,590	¥ 2,590
[Cash distribution per unit]	[¥ 2,923]	[¥ 3,099]	[¥ 2,739]	[¥ 2,650]	[¥ 2,650]
Cash distribution of accumulated earnings	¥ 2,857	¥ 3,029	¥ 2,677	¥ 2,590	¥ 2,590
[Cash distribution of accumulated earnings per unit]	[¥ 2,923]	[¥ 3,099]	[¥ 2,739]	[¥ 2,650]	[¥ 2,650]
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 U.S.-China trade issue developments and other uncertainties over developments and policies in overseas economies, 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 hover at a low level. 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.

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.

Based on the environment 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 3 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.”

Note 3. 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 32nd fiscal period of TOKYU REIT.

① Disposition and Acquisition of Assets

The following disposition and acquisition of assets took place on September 12, 2019. And the "1st" phase of this disposition and acquisition of assets was executed on October 1, 2019.

(a) Disposition of Asset

- | | |
|--|--|
| (i) Type of asset: | Trust beneficiary interest in domestic real estate |
| (ii) Property name: | TOKYU REIT Akasaka Hinokicho Building |
| (iii) Disposition price (Note 1): | Total: ¥4,800 million
(The disposition of trust beneficiary interest is scheduled to take place in the form of disposition of quasi-co-ownership interest in two phases (49% quasi-co-ownership interest, "1st", and 51% quasi-co-ownership interest, "2nd"), and the planned disposition prices are as follows.)
1st: ¥2,352 million (49% quasi-co-ownership interest)
2nd: ¥2,448 million (51% quasi-co-ownership interest) |
| (iv) Contract date: | September 12, 2019 |
| (v) Disposition date: | 1st: October 1, 2019 (49% quasi-co-ownership interest)
2nd: March 4, 2020 (51% quasi-co-ownership interest) |
| (vi) Purchaser: | ORIX JREIT Inc. (Note 2) |
| (vii) Record gain on sale of real estate and reserve for reduction | Gain on sale of real estate of 668 million yen and accumulation of reserve for reduction entry of 353 million yen from the disposition are expected to be posted during the fiscal period ending January 2020 (33rd Fiscal Period), while during the fiscal period ending July 2020 (34th Fiscal Period), the same is expected to be posted in the amounts of 687 million yen and 358 million, respectively. |

Note 1. 'Disposition price' is the amount exclusive of the expenses required for disposition of the asset (property-related taxes, etc.).

Note 2. 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 a 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: | KN Jiyugaoka Plaza |
| (iii) Acquisition price (Note1): | Total: ¥3,160 million
(The acquisition of trust beneficiary interest is scheduled to take place in the form of acquisition of quasi-co-ownership interest in two phases (49% quasi-co-ownership interest and 51% quasi-co-ownership interest) and the planned acquisition prices are as follows.)
1st: ¥1,548 million (49% quasi-co-ownership interest)
2nd: ¥1,611 million (51% quasi-co-ownership interest) |
| (iv) Contract date: | September 12, 2019 |
| (v) Acquisition date: | 1st: October 1, 2019 (49% quasi-co-ownership interest)
2nd: March 4, 2020 (51% quasi-co-ownership interest) |
| (vi) Seller: | ORIX JREIT Inc. (Note 2) |
| (vii) Financing: | Funds from disposition of the TOKYU REIT Akasaka |

Hinokicho Building.

- Note 1. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the asset (property-related taxes, etc.).
- Note 2. 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 a related party of TOKYU REIT or Tokyu REIM.

② Issuance of Investment corporation bonds

Based on the "information on the engagement of underwriters for investment corporation bond offerings" at the meeting of the Board of Directors of TOKYU REIT held on November 26, 2018, investment corporation bonds were issued on October 24, 2019, and payments for such have been completed.

(a) 6th Series Unsecured Investment Corporation Bond

Name: TOKYU REIT, Inc. 6th Series Unsecured Investment Corporation Bond
(Ranks *pari passu* in the right of payment with certain investment corporation bonds)

Total issue amount: 1,000 million yen

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

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

Annual interest rate: 0.540% (Fixed interest rate)

Security / Guarantee: Unsecured and unguaranteed

Maturity date: The entire amount will be redeemed on October 24, 2029
The investment corporation bonds may be redeemed at any time beginning on the day following the payment date, unless determined otherwise by the book-entry transfer agent.

Interest payment dates: April 24 and October 24 annually

Underwriters: SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and Mizuho Securities Co., Ltd.

Use of funds: The funds will be allocated for the repayment of short-term debt due for repayment on October 28, 2019

(b) 7th Series Unsecured Investment Corporation Bond

Name: TOKYU REIT, Inc. 7th Series Unsecured Investment Corporation Bond
(Ranks *pari passu* in the right of payment with certain investment corporation bonds)

Total issue amount: 1,000 million yen

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

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

Annual interest rate: 1.000% (Fixed interest rate)

Security / Guarantee: Unsecured and unguaranteed

Maturity date: The entire amount will be redeemed on October 24, 2039
The investment corporation bonds may be redeemed at any time beginning on the day following the payment date, unless determined otherwise by the book-entry transfer agent.

Interest payment dates: April 24 and October 24 annually

Underwriters: SMBC Nikko Securities Inc.

Use of funds: The funds will be allocated for the repayment of short-term debt due for repayment on October 28, 2019

(Reference Information)

Acquisition of Asset
KN Jiyugaoka Plaza

Property Details

Property name		KN Jiyugaoka Plaza
Type of specified asset		Trust beneficiary interest in domestic real estate
Location	Registered	Land 2-20-10, 2-20-11, Jiyugaoka, Meguro-ku, Tokyo
		Building 2-20-10, 2-20-11, Jiyugaoka, Meguro-ku, Tokyo
Travel time from nearest train station (Note 1)		Approximately a two-minute walk from Jiyugaoka Station, Tokyu Toyoko Line and Oimachi Line
Use		Office and retail
Site/Floor area (Registered)	Land	575.54 m ² (Note 2)
	Building	1,272.60 m ²
Structure/Floors (Registered)		SRC 5F
Completion date (Registered)		December 2001
Seller		ORIX JREIT Inc. (Note 3)
Type of ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Total number of tenants (Note 4)		5
Acquisition price (Note 5)		Total: ¥3,160 million 1st: ¥1,548 million (49% quasi-co-ownership interest) 2nd: ¥1,611 million (51% quasi-co-ownership interest)
Appraisal value at time of acquisition		¥3,370 million (effective date of value: September 1, 2019) Appraiser: Japan Valuers Co., Ltd.
Special items		None

Note 1. The figure is 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. A part of the south side of the subject land (approximately 40.86 m²) is used for passage as a road based on Article 42, Paragraph 2 of the Building Standards Law (Paragraph 2 road).

Note 3. 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 4. 'Total number of tenants' is as of acquisition date (October 1, 2019).

Note 5. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the asset (property-related taxes, etc.).

2. Company Profiles

(1) Summary of Unitholders' Contributions

	32nd fiscal period As of July 31, 2019	31st fiscal period As of January 31, 2019	30th fiscal period As of July 31, 2018	29th fiscal period As of January 31, 2018	28th fiscal period As of July 31, 2017
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)	10,209	10,983	11,775	12,484	13,144

(2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of July 31, 2019.

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	233,276	23.86
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	150,827	15.43
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	35,826	3.66
Trust & Custody Services Bank, Ltd. (securities investment trust account)	Harumi Triton Square Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	33,406	3.42
Rakuten General Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	19,159	1.96
State Street Bank West Client – Treaty 505234 (Standing Proxy: Mizuho Bank, Ltd.)	Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo	15,091	1.54
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo	12,688	1.30
The Hokkoku Bank, Ltd. (Standing Proxy: Trust & Custody Services Bank, Ltd.)	Harumi Island Triton Square Office Tower Z, 1-8-12, Harumi, Chuo-ku, Tokyo	11,760	1.20
State Street Bank and Trust Company 505103 (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	3-11-1, Nihonbashi, Chuo-ku, Tokyo	11,426	1.17
Total		572,459	58.56

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, 2019)

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, 2019.

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.

3. Portfolio Profile

(1) Asset Composition

Asset type	Use	Area	32nd fiscal period As of July 31, 2019		31st fiscal period As of January 31, 2019	
			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	Shibuya Ward	¥ 15,424	7.1	¥ 15,452	7.0
		Tokyu Areas (excluding Shibuya Ward)	2,266	1.0	—	—
		Sub total	17,691	8.1	15,452	7.0
	Office	Shibuya Ward	5,375	2.5	5,392	2.5
		Central Tokyo (excluding Shibuya Ward)	42,298	19.4	42,426	19.3
		Sub total	47,674	21.8	47,819	21.7
	Residence	Tokyu Areas (excluding Shibuya Ward)	1,228	0.6	1,234	0.6
		Sub total	1,228	0.6	1,234	0.6
	Land with leasehold interest	Tokyu Areas (excluding Shibuya Ward)	1,162	0.5	1,162	0.5
		Other	4,774	2.2	4,774	2.2
		Sub total	5,936	2.7	5,936	2.7
	Total		72,530	33.2	70,443	32.0
	Trust beneficiary interest in real estate	Retail	Shibuya Ward	40,675	18.6	45,883
Central Tokyo (excluding Shibuya Ward)			4,688	2.1	4,694	2.1
Sub total			45,363	20.8	50,578	23.0
Office		Shibuya Ward	20,996	9.6	15,301	7.0
		Central Tokyo (excluding Shibuya Ward)	40,907	18.7	40,253	18.3
		Tokyu Areas (excluding Shibuya Ward)	27,896	12.8	27,802	12.6
		Sub total	89,800	41.1	83,357	37.9
Land with leasehold interest		Other	7,026	3.2	7,026	3.2
		Sub total	7,026	3.2	7,026	3.2
Total		142,189	65.0	140,961	64.1	
Other assets		3,867	1.8	8,553	3.9	
Total assets		¥ 218,587 [¥ 214,720]	100.0 [98.2]	¥ 219,958 [¥ 211,404]	100.0 [96.1]	

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

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

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

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

(2) Major Portfolio

Major portfolio held by TOKYU REIT as of July 31, 2019 is as follows:

Name of property	Book value	Total leasable area	Leased area	Occupancy rate	As a percentage of revenue from property leasing	Main use
	Millions of yen	m ²	m ²	%	%	
QFRONT	¥ 13,589	4,502.93	4,502.93	100.0	9.5	Retail
Lexington Aoyama	4,688	2,094.96	2,094.96	100.0	1.7	Retail
TOKYU REIT Omotesando Square	5,650	2,669.10	2,669.10	100.0	2.5	Retail
TOKYU REIT Shibuya Udagawa-cho Square	6,566	1,543.05	1,543.05	100.0	3.4	Retail
cocoti	21,434	8,295.62	8,295.62	100.0	7.5	Retail
CONZE Ebisu	4,786	2,327.00	2,327.00	100.0	1.7	Retail
Daikanyama Forum	4,071	2,477.37	2,477.37	100.0	1.4	Retail
UNIZO Shimokitazawa Building	2,266	1,246.98	1,246.98	100.0	0.4	Retail
Setagaya Business Square	18,496	24,920.26	24,750.99	99.3	13.3	Office
Tokyu Nampeidai-cho Building	4,170	7,148.18	7,148.18	100.0	2.3	Office
Tokyu Sakuragaoka-cho Building	6,495	4,737.19	4,737.19	100.0	3.3	Office
Tokyo Nissan Taito Building	3,833	7,845.42	6,930.53	88.3	2.6	Office
TOKYU REIT Akasaka Hinokicho Building	3,428	3,202.57	3,202.57	100.0	1.9	Office
TOKYU REIT Kamata Building	3,773	7,337.82	7,337.82	100.0	3.0	Office
TOKYU REIT Toranomon Building	9,982	10,247.06	10,247.06	100.0	5.0	Office
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	7,864	3,533.03	3,533.03	100.0	2.4	Office
Tokyu Ikejiri-ohashi Building	5,625	5,733.23	5,733.23	100.0	2.6	Office
Kojimachi Square	8,182	5,409.11	5,409.11	100.0	3.1	Office
TOKYU REIT Shinjuku Building	8,745	6,270.68	6,270.68	100.0	3.9	Office
Akihabara Sanwa Toyo Building	4,514	4,590.53	4,590.53	100.0	2.3	Office
Tokyu Ginza 2-chome Building	4,486	3,469.14	3,469.14	100.0	2.0	Office
TOKYU REIT Shibuya R Building	5,375	5,266.15	5,266.15	100.0	3.6	Office
Tokyu Toranomon Building	16,242	9,016.59	9,016.59	100.0	6.1	Office
TOKYU REIT Shinjuku 2 Building	2,841	1,790.46	1,790.46	100.0	0.9	Office
Tokyu Bancho Building	13,083	6,137.50	6,137.50	100.0	4.2	Office
TOKYU REIT Ebisu Building	4,577	1,879.17	1,879.17	100.0	1.4	Office
Shibuya Dogenzaka Sky Building	5,752	4,137.31	4,137.31	100.0	2.0	Office
Maison Peony Toritsudaigaku	1,228	852.16	852.16	100.0	0.3	Residence
Shonan Mall Fill (land with leasehold interest)	7,026	44,078.12	44,078.12	100.0	2.6	Land with leasehold interest
OKI System Center (land with leasehold interest)	4,774	17,019.19	17,019.19	100.0	2.0	Land with leasehold interest
REVE Nakameguro (land with leasehold interest)	1,162	497.02	497.02	100.0	0.3	Land with leasehold interest
Total	¥ 214,720	210,274.91	209,190.74	99.5	99.2	

- Note 1. The properties listed above except for TOKYU REIT Shibuya Udagawa-cho Square, CONZE Ebisu, Daikanyama Forum, UNIZO Shimokitazawa Building, 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, OKI System Center (land with leasehold interest) and REVE Nakameguro (land with leasehold interest) (total of 18 properties) are all owned in the form of trust beneficiary interest in real estate.
- Note 2. 'Total leasable area' is the total area of the building's, facility's and land's leasable 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), OKI System Center (land with leasehold interest) and REVE Nakameguro (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 52.6% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest.
- Note 3. 'Leased area' is the area out of the total leasable area that is actually under lease agreements and leased (the area as indicated in the agreements; does not include lease agreements for parking lots, side signboards, etc.). For Tokyu 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), OKI System Center (land with leasehold interest) and REVE Nakameguro (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 52.6% quasi-co-ownership interest of the 95.1% compartmentalized ownership interest of the trust beneficiary interest.
- Note 4. 'Occupancy rate' is the leased area expressed as a percentage of total leasable area at the end of the period.
- Note 5. 'Occupancy rate' and '(Book value) As a percentage of revenue from property leasing' are rounded to one decimal place. Therefore, the sum total of the items may not necessarily correspond to the 'Total' figure.

(3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of July 31, 2019 are as follows:

Use	Area	Name of property	Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value
					m ²	Millions of yen	Millions of yen
Retail	Shibuya Ward	QFRONT	75-8, etc., Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,502.93	¥ 30,000	¥ 13,589
		TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,669.10	8,330	5,650
		TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	12,600	6,566
		cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,295.62	23,900	21,434
		CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,327.00	5,290	4,786
		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	2,477.37	3,510	4,071
	Sub total				21,815.07	83,630	56,100
	Central Tokyo (excluding Shibuya Ward)	Lexington Aoyama	5-235-7, etc., Minami-Aoyama, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,094.96	6,140	4,688
		Sub total			2,094.96	6,140	4,688
	Tokyu Areas (excluding Shibuya Ward)	UNIZO Shimokitazawa Building	6-1058-114, etc., Daita, Setagaya-ku, Tokyo	Real estate	1,246.98	2,300	2,266
		Sub total			1,246.98	2,300	2,266
	Total				25,157.01	92,070	63,054
Office	Shibuya Ward	Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	6,790	4,170
		Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	10,700	6,495
		TOKYU REIT Shibuya R Building	3-10-2, etc., Shibuya, Shibuya-ku, Tokyo	Real estate	5,266.15	9,520	5,375
		TOKYU REIT Ebisu Building	3-2-11, Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,879.17	4,790	4,577
		Shibuya Dogenzaka Sky Building	22-1, etc., Maruyamacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,137.31	8,350	5,752
	Sub total				23,168.00	40,150	26,372

Use	Area	Name of property	Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value
					m ²	Millions of yen	Millions of yen
Office	Central Tokyo (excluding Shibuya Ward)	Tokyo Nissan Taito Building	2-120-2, etc., Moto-Asakusa, Taito-ku, Tokyo	Trust beneficiary interest in real estate	7,845.42	5,750	3,833
		TOKYU REIT Akasaka Hinokicho Building	6-1401, etc., Akasaka, Minato-ku, Tokyo	Trust beneficiary interest in real estate	3,202.57	4,630	3,428
		TOKYU REIT Toranomom Building	3-45-6, Toranomom, Minato-ku, Tokyo	Real estate	10,247.06	12,400	9,982
		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	7,864
		Kojimachi Square	3-9 and 3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	9,450	8,182
		TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,270.68	13,100	8,745
		Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,590.53	6,320	4,514
		Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,469.14	5,870	4,486
		Tokyu Toranomom Building	1-216-2, etc., Toranomom, Minato-ku, Tokyo	Real estate	9,016.59	19,900	16,242
		TOKYU REIT Shinjuku 2 Building	4-3-4, Shinjuku, Shinjuku-ku, Tokyo	Real estate	1,790.46	3,300	2,841
	Tokyu Bancho Building	6-2, etc., Yonban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	6,137.50	15,300	13,083	
	Sub total				61,512.09	103,280	83,205
	Tokyu Areas (excluding Shibuya Ward)	Setagaya Business Square	4-260-2, etc., Yoga, Setagaya-ku, Tokyo	Trust beneficiary interest in real estate	24,920.26	18,700	18,496
		TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	5,390	3,773
Tokyu Ikejiri-ohashi Building		3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,733.23	6,180	5,625	
Sub total				37,991.31	30,270	27,896	
Total				122,671.40	173,700	137,474	
Residence	Tokyu Areas (excluding Shibuya Ward)	Maison Peony Toritsudaigaku	1-8-1 and 1-8-8, Nakane, Meguro-ku, Tokyo	Real estate	852.16	1,240	1,228
		Sub total			852.16	1,240	1,228
Total				852.16	1,240	1,228	

Use	Area	Name of property	Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value
					m ²	Millions of yen	Millions of yen
Land with leasehold interest	Tokyu Areas (excluding Shibuya Ward)	REVE Nakameguro (land with leasehold interest)	1-202-1, Kamimeguro, Meguro-ku, Tokyo	Real estate	497.02	1,150	1,162
	Sub total				497.02	1,150	1,162
	Other	Shonan Mall Fill (land with leasehold interest)	4-4300-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa	Trust beneficiary interest in real estate	44,078.12	6,670	7,026
		OKI System Center (land with leasehold interest)	1-16-20, etc., Chuo, Warabi-shi, Saitama	Real estate	17,019.19	5,510	4,774
	Sub total				61,097.31	12,180	11,800
Total				61,594.33	13,330	12,962	
Grand total				210,274.91	¥ 280,340	¥ 214,720	

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 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), OKI System Center (land with leasehold interest) and REVE Nakameguro (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 52.6% 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:

Use	Area	Name of property	32nd fiscal period From February 1, 2019 to July 31, 2019				31st fiscal period From August 1, 2018 to January 31, 2019				
			Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	
				%	Millions of yen	%		%	Millions of yen	%	
Retail	Shibuya Ward	QFRONT	3	100.0	¥ 692	9.5	3	100.0	¥ 691	9.6	
		TOKYU REIT Omotesando Square	4	100.0	180	2.5	4	100.0	181	2.5	
		TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	250	3.4	2	100.0	250	3.5	
		cocoti	15	100.0	553	7.5	15	100.0	558	7.7	
		CONZE Ebisu	8	100.0	124	1.7	8	100.0	125	1.7	
		Daikanyama Forum	5	100.0	102	1.4	5	100.0	105	1.5	
		KALEIDO Shibuya Miyamasuzaka	—	—	58	0.8	8	100.0	187	2.6	
		Sub total	37	100.0	1,962	26.8	45	100.0	2,101	29.2	
	Central Tokyo (excl. Shibuya Ward)	Lexington Aoyama	8	100.0	127	1.7	8	100.0	134	1.9	
	Sub total	8	100.0	127	1.7	8	100.0	134	1.9		
	Tokyu Areas (excl. Shibuya Ward)	UNIZO Shimokitazawa Building	9	100.0	26	0.4	—	—	—	—	
	Sub total	9	100.0	26	0.4	—	—	—	—		
	Total	54	100.0	2,116	28.9	53	100.0	2,235	31.0		
	Office	Shibuya Ward	Tokyu Nampo-dai-cho Building	1	100.0	171	2.3	1	100.0	161	2.2
			Tokyu Sakuragaoka-cho Building	2	100.0	241	3.3	2	100.0	232	3.2
TOKYU REIT Shibuya R Building			11	100.0	262	3.6	11	100.0	253	3.5	
TOKYU REIT Ebisu Building			8	100.0	100	1.4	8	100.0	106	1.5	
Shibuya Dogenzaka Sky Building			9	100.0	145	2.0	—	—	—	—	
Sub total		31	100.0	921	12.6	22	100.0	753	10.5		
Central Tokyo (excl. Shibuya Ward)		Tokyo Nissan Taito Building	9	88.3	188	2.6	11	93.8	185	2.6	
		TOKYU REIT Akasaka Hinokicho Building	3	100.0	136	1.9	3	100.0	137	1.9	
		TOKYU REIT Toranomon Building	11	100.0	369	5.0	11	100.0	368	5.1	
		Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	176	2.4	1	100.0	176	2.5	
		Kojimachi Square	7	100.0	224	3.1	7	100.0	223	3.1	
		TOKYU REIT Shinjuku Building	9	100.0	288	3.9	9	100.0	282	3.9	
		Akihabara Sanwa Toyoko Building	6	100.0	166	2.3	6	100.0	171	2.4	
		Tokyu Ginza 2-chome Building	2	100.0	146	2.0	2	100.0	130	1.8	
		Tokyu Toranomon Building	3	100.0	450	6.1	3	100.0	451	6.3	
		TOKYU REIT Shinjuku 2 Building	2	100.0	66	0.9	2	100.0	60	0.8	
		Tokyu Bancho Building	7	100.0	308	4.2	6	90.1	276	3.8	
		Sub total	60	98.5	2,522	34.4	61	98.3	2,465	34.2	

Use	Area	Name of property	32nd fiscal period From February 1, 2019 to July 31, 2019				31st fiscal period From August 1, 2018 to January 31, 2019			
			Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing	Number of tenants	Occupancy rate	Revenue from property leasing	As a percentage of revenue from property leasing
				%	Millions of yen	%		%	Millions of yen	%
Office	Tokyu Areas (excl. Shibuya Ward)	Setagaya Business Square	64	99.3	974	13.3	64	96.0	968	13.4
		TOKYU REIT Kamata Building	5	100.0	219	3.0	5	100.0	220	3.1
		Tokyu Ikejiri-ohashi Building	5	100.0	192	2.6	5	100.0	193	2.7
		Sub total	74	99.6	1,387	18.9	74	97.4	1,382	19.2
	Total	165	99.1	4,831	65.9	157	98.3	4,600	63.8	
Residence	Tokyu Areas (excl. Shibuya Ward)	Maison Peony Toritsudaigaku	26	100.0	24	0.3	23	90.6	23	0.3
		Sub total	26	100.0	24	0.3	23	90.6	23	0.3
	Total	26	100.0	24	0.3	23	90.6	23	0.3	
Land with leasehold interest	Tokyu Areas (excl. Shibuya Ward)	REVE Nakameguro (land with leasehold interest)	1	100.0	21	0.3	1	100.0	14	0.2
		Sub total	1	100.0	21	0.3	1	100.0	14	0.2
	Other	Shonan Mall Fill (land with leasehold interest)	1	100.0	188	2.6	1	100.0	188	2.6
		OKI System Center (land with leasehold interest)	1	100.0	145	2.0	1	100.0	145	2.0
		Sub total	2	100.0	333	4.5	2	100.0	333	4.6
Total	3	100.0	354	4.8	3	100.0	347	4.8		
Grand total		248	99.5	¥ 7,327	100.0	236	99.0	¥ 7,207	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, 2019, 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, 2019. The estimated construction costs shown below include those recorded in expenses for accounting purposes.

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

Name of property	Location	Objective	Estimated period	Estimated construction cost		
				Millions of yen		
				Total	Amount paid during period	Amount paid by end of period
Setagaya Business Square	Setagaya-ku, Tokyo	Renovation of elevators	From August 2019 to January 2020	¥ 261	—	—
Setagaya Business Square	Setagaya-ku, Tokyo	Renewal of restrooms	From August 2019 to January 2020	¥ 48	—	—
Setagaya Business Square	Setagaya-ku, Tokyo	Renovation of rooftop for waterproofing	From August 2019 to January 2020	¥ 40	—	—
Setagaya Business Square	Setagaya-ku, Tokyo	Renovation of security equipment	From August 2019 to January 2020	¥ 35	—	—
TOKYU REIT Shinjuku 2 Building	Shinjuku-ku, Tokyo	Renovation of external walls	From June 2019 to December 2019	¥ 58	—	—

(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 32nd fiscal period amounted to ¥583 million and ¥186 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥770 million spent for such work.

Name of property	Location	Objective	Period	Construction cost
				Millions of yen
Setagaya Business Square	Setagaya-ku, Tokyo	Renovation of elevators	From January 2019 to July 2019	¥ 212
Setagaya Business Square	Setagaya-ku, Tokyo	Renewal of restrooms	From April 2019 to June 2019	27
Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renovation of residential sections	From February 2019 to July 2019	60
TOKYU REIT Toranomon Building	Minato-ku, Tokyo	Renovation of elevators	From October 2018 to March 2019	35
Tokyu Ikejiri-ohashi Building	Meguro-ku, Tokyo	Renovation of elevators	From April 2019 to May 2019	34
Other				213
Total				¥ 583

(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:

	32nd fiscal period From February 1, 2019 to July 31, 2019	31st fiscal period From August 1, 2018 to January 31, 2019	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
	Millions of yen				
Reserve at beginning of period	¥ 198	¥ 235	¥ 109	¥ 129	¥ 104
Amount transferred to reserve during period	656	305	517	698	1,023
Reversal from reserve during period	767	342	392	718	998
Reserve at end of period	¥ 87	¥ 198	¥ 235	¥ 109	¥ 129

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

	32nd fiscal period From February 1, 2019 to July 31, 2019		31st fiscal period From August 1, 2018 to January 31, 2019	
	Millions of yen			
Asset management fees				
Asset-based fees	¥ 334		¥ 326	
Cash-based fees	265		269	
Unit price-based fees	—	¥ 600	—	¥ 595
Asset custodian fees		17		17
General administration fees		43		43
Directors' fees		6		6
Other operating expenses		98		75
Total		¥ 765		¥ 737

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

Short-term debt and long-term debt from each financial institution as of July 31, 2019 are as follows:

	Category	Draw-down date	Balance as of July 31, 2019	Balance as of January 31, 2019	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
			Millions of yen	Millions of yen	%				
Short-term debt	Sumitomo Mitsui Trust Bank, Limited	April 11, 2019	¥ —	¥ —	0.38818	April 18, 2019	Bullet payment	(Note 2)	Unsecured and Unguaranteed (Note 4)
	Sumitomo Mitsui Trust Bank, Limited	April 18, 2019	—	—	0.46091	May 18, 2019		Refinance fund	
	Mizuho Bank, Ltd.	April 26, 2019	460	—	0.55136	October 26, 2019		(Note 3)	
	MUFG Bank, Ltd.		920	—					
	Sumitomo Mitsui Trust Bank, Limited		920	—					
	Sumitomo Mitsui Trust Bank, Limited	May 20, 2019	—	—	0.45909	June 17, 2019		Refinance fund	
Sub total		2,300	—						
Long-term debt	MUFG Bank, Ltd.	May 25, 2012	—	2,000	1.37250	May 25, 2019	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 4)
	Development Bank of Japan Inc.	June 25, 2012	4,000	4,000	1.48000	June 25, 2020			Unsecured and Unguaranteed (Notes 4 and 5)
	Sumitomo Mitsui Trust Bank, Limited	June 29, 2012	—	400	1.32375	June 29, 2019			Unsecured and Unguaranteed (Note 4)
	MUFG Bank, Ltd.		—	400					

Category	Draw-down date	Balance as of July 31, 2019	Balance as of January 31, 2019	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
		Millions of yen	Millions of yen	%				
Lender								
MUFG Bank, Ltd.	August 29, 2012	1,400	1,400	1.32250	August 29, 2019	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Notes 4 and 5)
MUFG Bank, Ltd.	November 19, 2012	2,000	2,000	1.24625	November 19, 2019			Unsecured and Unguaranteed (Notes 4 and 5)
Mizuho Bank, Ltd.	December 25, 2012	500	500	1.23375	December 25, 2019			Unsecured and Unguaranteed (Note 4)
Sumitomo Mitsui Trust Bank, Limited	June 25, 2013	2,900	2,900	1.53375	December 25, 2020			Unsecured and Unguaranteed (Notes 4 and 5)
MUFG Bank, Ltd.		1,500	1,500	1.45125	June 25, 2020			Unsecured and Unguaranteed (Note 4)
Mizuho Trust & Banking Co., Ltd.	June 27, 2013	1,500	1,500	1.91375	June 27, 2023			Unsecured and Unguaranteed (Notes 4 and 5)
Development Bank of Japan Inc.		1,000	1,000					Unsecured and Unguaranteed (Note 4)
Mitsui Sumitomo Insurance Co., Ltd.	June 27, 2013	500	500	1.47250	June 27, 2020			Unsecured and Unguaranteed (Notes 4 and 5)
The Norinchukin Bank		500	500					Unsecured and Unguaranteed (Notes 4 and 5)
The Dai-ichi Life Insurance Company, Limited	July 31, 2013	2,500	2,500	1.51375	July 31, 2021			Unsecured and Unguaranteed (Note 4)
Nippon Life Insurance Company		500	500					
Sumitomo Mitsui Trust Bank, Limited	December 25, 2013	2,500	2,500	1.21000	December 25, 2020			Unsecured and Unguaranteed (Notes 4 and 5)
MUFG Bank, Ltd.		2,000	2,000		June 25, 2019			
MUFG Bank, Ltd.		—	1,500		0.95625			
The Dai-ichi Life Insurance Company, Limited	January 27, 2014	1,000	1,000	1.04625	January 27, 2020			Unsecured and Unguaranteed (Notes 4 and 5)
Development Bank of Japan Inc.	February 25, 2014	5,000	5,000	1.57750	February 25, 2024			Unsecured and Unguaranteed (Note 4)
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.		800	800					
Sumitomo Mitsui Trust Bank, Limited		1,600	1,600					
Development Bank of Japan Inc.	June 25, 2015	5,000	5,000	1.26125	June 25, 2025			
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			

Category	Draw-down date	Balance as of July 31, 2019	Balance as of January 31, 2019	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
		Millions of yen	Millions of yen	%				
Daido Life Insurance Company	March 10, 2016	1,500	1,500	0.57130	March 10, 2023	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 4)
MUFG Bank, Ltd.	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	2,500	0.62827	September 26, 2024			
MUFG Bank, Ltd.		2,500	2,500	0.65250	March 26, 2025			
Nippon Life Insurance Company	April 10, 2018	1,500	1,500	0.60000	October 10, 2023			
MUFG Bank, Ltd.	June 25, 2018	500	500	0.68569	December 25, 2025			
The Dai-ichi Life Insurance Company, Limited	July 31, 2018	2,000	2,000	0.90260	July 31, 2028			
Mizuho Bank, Ltd.	November 12, 2018	1,700	1,700	0.72652	May 12, 2026			
The Norinchukin Bank	January 28, 2019	3,000	3,000	0.60380	January 28, 2027			
MUFG Bank, Ltd.	May 27, 2019	2,000	—	0.56166	May 27, 2027			
MUFG Bank, Ltd.	June 25, 2019	1,500	—	0.46789	June 28, 2027			
MUFG Bank, Ltd.	June 28, 2019	400	—	0.48124				
Sumitomo Mitsui Trust Bank, Limited		400	—	0.50641				
Sub total		84,000	84,000					
Total		¥ 86,300	¥ 84,000					

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

Note 2. The funds are for part of the payment of cash distributions.

Note 3. The funds are for acquisition of property and for expenditures pertaining to the acquisition.

Note 4. 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 5. As of the end of the fiscal period, the amounts are recorded in the balance sheets as 'Long-term debt due within one year' under 'Current liabilities.'

(3) Investment Corporation Bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2019 is as follows:

Name	Issue date	Balance as of July 31, 2019	Balance as of January 31, 2019	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)
4th Series Unsecured Investment Corporation Bond	February 14, 2014	—	3,500	0.39900	February 14, 2019			
5th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	3,000	0.68200	March 11, 2021			
Total		¥ 6,000	¥ 9,500					

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

(4) Short-term Investment Corporation Bonds

There is no item that falls under this category.

(5) Investment Unit Options

There is no item that falls under this category.

6. Acquisitions and Dispositions during the 32nd Fiscal Period

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

Asset type	Name of property	Acquisition		Disposition			
		Acquisition date	Acquisition price (Note 1)	Disposition date	Disposition price (Note 1)	Book value	Gain (Loss) on sale (Note 2)
			Millions of yen				
Trust beneficiary interest in real estate	Shibuya Dogenzaka Sky Building	March 28, 2019	¥ 8,100	—	—	—	—
Trust beneficiary interest in real estate	Tokyu Bancho Building (additional acquisition)	March 28, 2019	¥ 1,040	—	—	—	—
Trust beneficiary interest in real estate	KALEIDO Shibuya Miyamasuzaka	—	—	March 28, 2019	¥ 7,780	¥ 5,069	¥ 39
Real estate	UNIZO Shimokitazawa Building	April 26, 2019	¥ 2,257	—	—	—	—

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

Note 2. 'Gain (Loss) on sale' for KALEIDO Shibuya Miyamasuzaka is the gain on exchange of real estate properties as derived from the disposition price, minus the book value, other sales expenses, and the reduction entry of fixed assets.

(2) Sales and Purchases of Other Assets

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

(3) Research on Prices of Specified Assets

① Property

Acquisition or disposition	Asset type	Name of property	Acquisition or disposition date	Acquisition or disposition price (Note 1)	Appraisal value	Appraiser	Date of value
				Millions of yen			
Acquisition	Trust beneficiary interest in real estate	Shibuya Dogenzaka Sky Building	March 28, 2019	¥ 8,100	¥ 8,290	Japan Valuers Co., Ltd.	February 1, 2019
Acquisition	Trust beneficiary interest in real estate	Tokyu Bancho Building (additional acquisition)	March 28, 2019	¥ 1,040	¥ 1,040	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2019
Disposition	Trust beneficiary interest in real estate	KALEIDO Shibuya Miyamasuzaka	March 28, 2019	¥ 7,780	¥ 7,550	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2019
Acquisition	Real estate	UNIZO Shimokitazawa Building	April 26, 2019	¥ 2,257	¥ 2,290	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019

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

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

② Other

There is no item that falls under this category.

(4) Trading with Interested Persons, Etc.

① Status of Trading

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

Item	Amount of trading	
	Purchase amount	Sale amount
	Millions of yen	
Total trading amount	¥ 11,397	¥ 7,780
Breakdown of the total amount relating to trading with interested persons, etc.		
Tokyu Corporation	¥ 9,140 [80.2%]	¥ 7,780 [100.0%]
Total	¥ 9,140 [80.2%]	¥ 7,780 [100.0%]

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

② Amounts of Commissions Paid

Item	Total amounts of commissions paid (A) Thousands of yen	Paid to interested persons, etc.		B/A (%)
		Payee	Amount of payment (B)	
			Thousands of yen	
Utilities expenses	¥ 543,433	Tokyu Power Supply Co., Ltd.	¥ 202,980	37.4
		Yoga District Heating and Cooling Co., Ltd.	¥ 104,885	19.3
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Subcontract expenses	¥ 451,521	Tokyu Community Corporation	¥ 276,930	61.3
		Tokyu Facility Service Co., Ltd.	¥ 73,838	16.4
Other rental service expenses	¥ 210,818	Tokyu Corporation	¥ 9,618	4.6
		Tokyu Community Corporation	¥ 2,911	1.4
		Tokyu Agency Inc.	¥ 2,706	1.3
		Shibuya Underground Shopping Center, Inc.	¥ 840	0.4
		its communications Inc.	¥ 590	0.3
		Tokyu Lifa Corporation	¥ 4	0.0
Property management fees	¥ 176,997	Tokyu Housing Lease Corporation	¥ 2	0.0
		Tokyu Corporation	¥ 108,441	61.3
		Tokyu Community Corporation	¥ 62,849	35.5
Other operating expenses	¥ 98,543	Tokyu Housing Lease Corporation	¥ 1,179	0.7
		Tokyu Hotels Co., Ltd.	¥ 1,089	1.1
Insurance premium	¥ 12,663	Tokyu Corporation	¥ 739	0.8
		Tokyu Insurance Consulting Co., Ltd.	¥ 12,450	98.3

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 ¥65,608 thousand and ¥4,116 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 32nd fiscal period are as follows:

Tokyu Community Corporation	¥ 26,422 thousand
Tokyu Facility Service Co., Ltd.	¥ 23,228 thousand
Tokyu Re · design Corporation	¥ 12,074 thousand
Tokyu Renewal Co., Ltd.	¥ 6,600 thousand
Tokyu Corporation	¥ 5,190 thousand
Tokyu Green System Co., Ltd.	¥ 1,064 thousand
Tokyu Bldg Maintenance Co., Ltd.	¥ 528 thousand
Seikitokyu Kogyo Co., Ltd.	¥ 320 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

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

Date of meeting	Agenda item	Summary
March 8, 2019	Signing of memorandum on amendment of investment management agreement	The meeting approved the amendment of the investment targets, etc. set forth in the investment management agreement executed with the investment management company Tokyu REIM, with resolution on the amendment of TOKYU REIT's Articles of Incorporation for the abovementioned amendment being passed at a General Meeting of Unitholders as a condition precedent.

(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

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

Date of meeting	Agenda item	Summary
March 29, 2019	Signing of memorandum with Tokyu REIM	The meeting approved the signing of a memorandum with the investment management company Tokyu REIM, confirming Tokyu REIM's intentions to take full responsibility for loss (¥1,036 thousand) resulting from operational delinquency.

② Unless otherwise specifically mentioned, the figures in this report have been rounded down for amounts and rounded for ratios to the nearest specified unit.



Independent Auditor's Report

To the Board of Directors of TOKYU REIT, Inc.;

We have audited the accompanying financial statements of TOKYU REIT, Inc. ("the Company"), which comprise the balance sheets as at July 31, 2019, 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, 2019, 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 24, 2019

PricewaterhouseCoopers Aarata LLC
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TOKYU REIT, Inc.
Balance Sheets
As of July 31, 2019 and January 31, 2019

	July 31, 2019	January 31, 2019
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 761	¥ 4,551
Cash and deposits with banks held in trust	1,828	2,710
Tenant receivables	123	112
Consumption tax refund receivables	20	-
Lease deposits held in trust due within one year	18	18
Other current assets	41	54
Total current assets	2,794	7,447
 Fixed assets:		
Property and equipment		
Buildings and structures	14,119	13,563
Land	62,739	60,963
Other tangible assets	202	195
Construction in progress	89	89
Buildings and structures held in trust	46,059	45,859
Land held in trust	115,259	113,692
Other tangible assets held in trust	1,563	1,576
Construction in progress held in trust	20	13
Less accumulated depreciation	(25,337)	(24,551)
Total property and equipment	214,716	211,401
Intangible assets		
Intangible assets	5	6
Intangible assets held in trust	3	3
Total intangible assets	8	9
Investments and other assets		
Lease deposits	208	208
Lease deposits held in trust	687	687
Deferred tax assets	0	0
Other assets	160	190
Total investments and other assets	1,057	1,086
Total fixed assets	215,782	212,497
 Deferred assets:		
Investment corporation bond issuance expenses	10	12
Total deferred assets	10	12
Total assets	¥ 218,587	¥ 219,958

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of July 31, 2019 and January 31, 2019

	July 31, 2019	January 31, 2019
	(Millions of yen)	
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	¥ 2,300	¥ -
Investment corporation bonds due within one year	-	3,500
Long-term debt due within one year	11,400	9,200
Accounts payable	1,177	1,268
Consumption tax payable	-	292
Rent received in advance	1,183	1,152
Accrued expenses and other current liabilities	134	134
Total current liabilities	16,195	15,547
Long-term liabilities:		
Investment corporation bonds	6,000	6,000
Long-term debt	72,600	74,800
Tenant leasehold and security deposits	3,790	3,651
Tenant leasehold and security deposits held in trust	6,297	6,085
Other long-term liabilities	6	4
Total long-term liabilities	88,694	90,541
Total liabilities	¥ 104,890	¥ 106,089
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 10,000,000 units as of July 31, 2019 and 10,000,000 units as of January 31, 2019		
Units issued and outstanding - 977,600 units as of July 31, 2019 and 977,600 units as of January 31, 2019	¥ 110,479	¥ 110,479
Reserve for reduction entry	360	360
Retained earnings	2,857	3,029
Total net assets	113,697	113,869
Total liabilities and net assets	¥ 218,587	¥ 219,958

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

TOKYU REIT, Inc.
Statements of Income
For the six months ended July 31, 2019 and January 31, 2019

	For the six months ended	
	July 31, 2019	January 31, 2019
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 6,890	¥ 6,728
Other rental revenue	436	478
Gain on sales of real estate properties	-	316
Gain on exchange of real estate properties	39	-
Operating expenses:		
Rental service expenses	(3,251)	(3,238)
Asset management fees	(600)	(595)
Other	(165)	(142)
Operating income	3,349	3,547
Non-operating income:		
Interest income	0	0
Other	1	1
Non-operating expenses:		
Interest expense	(437)	(451)
Interest expense on investment corporation bonds	(32)	(39)
Amortization of investment corporation bond issuance expenses	(2)	(4)
Other	(20)	(22)
Income before income taxes	2,858	3,029
Income taxes:		
Current	(0)	(0)
Deferred	0	(0)
Net income	2,857	3,029
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 2,857	¥ 3,029

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, 2019 and January 31, 2019

For the six months ended July 31, 2019

	Unitholders' capital	Reserve for reduction entry	Retained earnings	Total
	(Millions of yen)			
Balance at beginning of period	¥ 110,479	¥ 360	¥ 3,029	¥ 113,869
Changes during the period				
Cash distributions declared	-	-	(3,029)	(3,029)
Net income	-	-	2,857	2,857
Total changes during the period	-	-	(172)	(172)
Balance at end of period	¥ 110,479	¥ 360	¥ 2,857	¥ 113,697

For the six months ended January 31, 2019

	Unitholders' capital	Reserve for reduction entry	Retained earnings	Total
	(Millions of yen)			
Balance at beginning of period	¥ 110,479	¥ 360	¥ 2,678	¥ 113,517
Changes during the period				
Cash distributions declared	-	-	(2,677)	(2,677)
Net income	-	-	3,029	3,029
Total changes during the period	-	-	351	351
Balance at end of period	¥ 110,479	¥ 360	¥ 3,029	¥ 113,869

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, 2019 and January 31, 2019

	For the six months ended	
	July 31, 2019	January 31, 2019
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 2,858	¥ 3,029
Depreciation and amortization	987	1,015
Difference related to exchange of fixed assets	(44)	-
Amortization of investment corporation bond issuance expenses	2	4
Loss on disposal of property and equipment	7	13
Interest income	(0)	(0)
Interest expense	470	491
(Increase) Decrease in tenant receivables	(11)	34
(Increase) Decrease in consumption tax refund receivables	(20)	-
Increase (Decrease) in consumption tax payable	(292)	168
Increase (Decrease) in accounts payable	37	32
Increase (Decrease) in rent received in advance	31	63
Decrease in property and equipment held in trust due to sale	-	3,861
Other, net	59	(70)
Total	4,084	8,644
Interest received	0	0
Interest paid	(477)	(490)
Income taxes paid	(0)	(1)
Net cash provided by (used in) operating activities	3,606	8,152
Cash flows from investing activities:		
Payments for purchases of property and equipment	(2,366)	(1,243)
Payments for purchases of property and equipment held in trust	(2,034)	(4,793)
Payments for purchases of intangible assets held in trust	-	(0)
Payments for lease deposits	-	(0)
Proceeds from lease deposits held in trust	-	18
Proceeds from tenant leasehold and security deposits	178	70
Payments for tenant leasehold and security deposits	(39)	(22)
Proceeds from tenant leasehold and security deposits held in trust	567	346
Payments for tenant leasehold and security deposits held in trust	(354)	(631)
Net cash provided by (used in) investing activities	(4,049)	(6,256)
Cash flows from financing activities:		
Proceeds from short-term debt	6,500	-
Repayment of short-term debt	(4,200)	-
Proceeds from long-term debt	4,300	4,700
Repayment of long-term debt	(4,300)	(4,700)
Repayment of investment corporation bonds	(3,500)	-
Payment of dividends	(3,029)	(2,677)
Net cash provided by (used in) financing activities	(4,229)	(2,677)
Net change in cash and cash equivalents	(4,671)	(781)
Cash and cash equivalents at beginning of period	7,262	8,044
Cash and cash equivalents at end of period	¥ 2,590	¥ 7,262

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, 2019 and January 31, 2019

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, 2019, TOKYU REIT’s total capital is ¥110,479 million with 977,600 units issued and outstanding. TOKYU REIT has been operating 31 properties at an occupancy rate of approximately 99.5%. Total acquisition cost of the 31 properties is ¥231,436 million and total rentable area is 210,274.91 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, 2019 and January 31, 2019

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, 2019	January 31, 2019
	(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 (ASBJ) 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" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).
- (h) **Revenue recognition** - TOKYU REIT operates rental office properties, rental retail properties, rental residential properties and complexes that include any one of these. 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.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

- (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 ¥28,344 thousand for the six months ended July 31, 2019. Capitalized property-related taxes are ¥5,196 thousand for the six months ended January 31, 2019.
- (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 are ¥14 thousand as of July 31, 2019. Deferred tax assets are ¥1 thousand as of January 31, 2019.
- (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.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

3. Unapplied accounting standard, etc.

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 issued on March 30, 2018)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 issued on March 30, 2018)

(a) Overview

The International Accounting Standards 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 15 issued by IASB and Topic 606 issued by FASB) in May 2014. As IFRS 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 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 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.

(b) Scheduled date of the application

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

(c) Impact of the application

TOKYU REIT is currently evaluating the impact that the application of the accounting standard, etc. will have on its financial statements.

4. Cash and cash equivalents

Cash and cash equivalents as of July 31, 2019 and January 31, 2019 consisted of the following:

	July 31, 2019	January 31, 2019
	(Millions of yen)	
Cash and deposits with banks	¥ 761	¥ 4,551
Cash and deposits with banks held in trust	1,828	2,710
Cash and cash equivalents	¥ 2,590	¥ 7,262

5. Significant non-cash transactions

TOKYU REIT engaged in transactions for exchanging of fixed assets on March 28, 2019. Non-cash transactions arising from such consisted of the following:

	For the six months ended	
	July 31, 2019	January 31, 2019
	(Millions of yen)	
Total amount of properties acquired through exchange	¥ 9,140	—
Amount of property disposed through exchange	7,780	
Payments for purchases of property and equipment held in trust	¥ 1,360	

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

6. Schedule of property and equipment and intangible assets

Property and equipment and intangible assets as of July 31, 2019 and January 31, 2019 consisted of the following:

	July 31, 2019			January 31, 2019		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 13,932	¥ (4,388)	¥ 9,543	¥ 13,392	¥ (4,148)	¥ 9,244
Structures	187	(71)	115	170	(66)	103
Land	62,739	-	62,739	60,963	-	60,963
Other tangible assets						
Machinery and equipment	108	(94)	14	105	(91)	14
Tools, furniture and fixtures	93	(65)	28	89	(60)	28
Construction in progress	89	-	89	89	-	89
Property and equipment held in trust						
Buildings and structures						
Buildings	45,326	(18,934)	26,391	45,116	(18,424)	26,692
Structures	732	(457)	275	743	(451)	291
Land	115,259	-	115,259	113,692	-	113,692
Other tangible assets						
Machinery and equipment	1,056	(952)	104	1,069	(946)	123
Tools, furniture and fixtures	506	(371)	135	506	(362)	144
Construction in progress	20	-	20	13	-	13
Sub total	240,053	(25,337)	214,716	235,952	(24,551)	211,401
Intangible assets						
Intangible assets	10	(5)	5	10	(4)	6
Intangible assets held in trust	30	(26)	3	30	(26)	3
Sub total	41	(32)	8	41	(31)	9
Total	¥ 240,094	¥ (25,369)	¥ 214,725	¥ 235,993	¥ (24,582)	¥ 211,411

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

7. Short-term debt and long-term debt

Short-term debt and long-term debt as of July 31, 2019 and January 31, 2019 consisted of the following:

	Balance as of July 31, 2019	Balance as of January 31, 2019	Average interest rate (Note 1)
	(Millions of yen)		(%)
Short-term debt			
Unsecured loans due on April 18, 2019 with fixed rate	¥ -	¥ -	0.38818
Unsecured loans due on May 18, 2019 with fixed rate	-	-	0.46091
Unsecured loans due on June 17, 2019 with fixed rate	-	-	0.45909
Unsecured loans due on October 26, 2019 with fixed rate	2,300	-	0.55136
Sub total	<u>¥ 2,300</u>	<u>¥ -</u>	
Long-term debt			
Unsecured loans due on May 25, 2019 with fixed rate	-	2,000	1.37250
Unsecured loans due on June 25, 2019 with fixed rate	-	1,500	0.95625
Unsecured loans due on June 29, 2019 with fixed rate	-	800	1.32375
Unsecured loans due on August 29, 2019 with fixed rate (Note 2)	1,400	1,400	1.32250
Unsecured loans due on November 19, 2019 with fixed rate (Note 2)	2,000	2,000	1.24625
Unsecured loans due on December 25, 2019 with fixed rate (Note 2)	500	500	1.23375
Unsecured loans due on January 27, 2020 with fixed rate (Note 2)	1,000	1,000	1.04625
Unsecured loans due on June 25, 2020 with fixed rate (Note 2)	4,000	4,000	1.48000
Unsecured loans due on June 25, 2020 with fixed rate (Note 2)	1,500	1,500	1.45125
Unsecured loans due on June 27, 2020 with fixed rate (Note 2)	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	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	2,500	0.62827
Unsecured loans due on March 26, 2025 with fixed rate	2,500	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	500	0.68569
Unsecured loans due on May 12, 2026 with fixed rate	1,700	1,700	0.72652
Unsecured loans due on January 28, 2027 with fixed rate	3,000	3,000	0.60380
Unsecured loans due on May 27, 2027 with fixed rate	2,000	-	0.56166
Unsecured loans due on June 28, 2027 with fixed rate	1,500	-	0.46789
Unsecured loans due on June 28, 2027 with fixed rate	400	-	0.48124
Unsecured loans due on June 28, 2027 with fixed rate	400	-	0.50641
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	2,000	0.90260
Sub total	<u>84,000</u>	<u>84,000</u>	
Total	<u>¥ 86,300</u>	<u>¥ 84,000</u>	

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 ¥2,000 million with one financial institution, ¥8,000 million with one financial institution and ¥8,000 million with three financial institutions. Combined, commitment lines total ¥18,000 million with four financial institutions. ¥2,300 million has been drawn down as of July 31, 2019.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

8. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of July 31, 2019 and January 31, 2019 were as follows:

Name	Issue date	Balance as of	Balance as of	Annual	Maturity date
		July 31, 2019	January 31, 2019	interest rate	
		(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	February 14, 2014	-	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		¥ 6,000	¥ 9,500		

9. 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.

10. Rental revenue and expense

Rental revenues and expenses for the six months ended July 31, 2019 and January 31, 2019 were as follows:

	For the six months ended	
	July 31, 2019	January 31, 2019
(Millions of yen)		
Revenue from property leasing:		
Rental revenue:		
Rent income	¥ 5,706	¥ 5,551
Common area charges	705	701
Parking lot revenue under monthly contract	157	155
Other rent income	321	320
Sub total	6,890	6,728
Other rental revenue:		
Incidental income	404	431
Other miscellaneous income	31	46
Sub total	436	478
Total revenue from property leasing	(a) 7,327	7,207
Rental service expenses:		
Utilities expenses	543	566
Subcontract expenses	451	435
Property management fees	176	167
Repairs and maintenance expenses	186	156
Property-related taxes	674	644
Insurance premium	12	12
Depreciation and amortization	987	1,015
Loss on disposal of property and equipment	7	13
Other	210	226
Total rental service expenses	(b) 3,251	3,238
Operating income from property leasing activities	(a)-(b) ¥ 4,075	¥ 3,968

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

11. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended July 31, 2019 and January 31, 2019 were as follows: (Unaudited)

For the six months ended July 31, 2019

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)				
QFRONT	¥ 692	¥ 278	¥ 414	¥ 37	¥ 376
Lexington Aoyama	127	32	95	7	88
TOKYU REIT Omotesando Square	180	38	141	11	130
TOKYU REIT Shibuya Udagawa-cho Square	250	28	222	3	218
cocoti	553	183	369	142	226
CONZE Ebisu	124	32	91	17	73
Daikanyama Forum	102	47	55	12	43
KALEIDO Shibuya Miyamasuzaka	58	18	39	6	33
UNIZO Shimokitazawa Building	26	4	21	6	14
Setagaya Business Square	974	504	470	196	273
Tokyu Nampeidai-cho Building	171	32	138	27	111
Tokyu Sakuragaoka-cho Building	241	44	196	36	160
Tokyo Nissan Taito Building	188	67	121	45	75
TOKYU REIT Akasaka Hinokicho Building	136	41	95	16	78
TOKYU REIT Kamata Building	219	79	140	35	105
TOKYU REIT Toranomom Building	369	132	237	49	188
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	176	41	135	14	120
Tokyu Ikejiri-ohashi Building	192	43	149	35	114
Kojimachi Square	224	54	170	25	144
TOKYU REIT Shinjuku Building	288	107	180	22	158
Akihabara Sanwa Toyo Building	166	44	122	14	108
Tokyu Ginza 2-chome Building	146	37	109	33	76
TOKYU REIT Shibuya R Building	262	82	180	20	160
Tokyu Toranomom Building	450	104	346	70	275
TOKYU REIT Shinjuku 2 Building	66	19	46	13	33
Tokyu Bancho Building	308	71	237	71	165
TOKYU REIT Ebisu Building	100	17	83	5	78
Shibuya Dogenzaka Sky Building	145	21	124	8	115
Maison Peony Toritsudaigaku	24	4	20	5	14
Shonan Mall Fill (land with leasehold interest)	188	25	162	-	162
OKI System Center (land with leasehold interest)	145	15	129	-	129
REVE Nakameguro (land with leasehold interest)	21	1	19	-	19
Total	<u>¥ 7,327</u>	<u>¥ 2,256</u>	<u>¥ 5,070</u>	<u>¥ 993</u>	<u>¥ 4,076</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

For the six months ended January 31, 2019

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)					
QFRONT	¥ 691	¥ 278	¥ 412	¥ 37	¥ 375
Lexington Aoyama	134	34	99	7	91
TOKYU REIT Omotesando Square	181	39	141	11	130
TOKYU REIT Shibuya Udagawa-cho Square	250	26	224	4	220
cocoti	558	180	378	143	235
CONZE Ebisu	125	32	93	21	71
Daikanyama Forum	105	42	63	11	52
KALEIDO Shibuya Miyamasuzaka	187	46	140	18	122
Setagaya Business Square	968	505	463	190	272
Tokyu Nampeidai-cho Building	161	38	122	27	95
Tokyu Sakuragaoka-cho Building	232	45	186	36	150
Tokyo Nissan Taito Building	185	62	123	44	78
TOKYU REIT Akasaka Hinokicho Building	137	39	97	16	81
TOKYU REIT Kamata Building	220	86	134	35	98
TOKYU REIT Toranomom Building	368	139	229	48	181
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	176	45	131	21	109
Tokyu Ikejiri-ohashi Building	193	42	150	34	115
Kojimachi Square	223	48	175	45	129
TOKYU REIT Shinjuku Building	282	68	214	37	177
Akihabara Sanwa Toyo Building	171	47	123	14	109
Tokyu Ginza 2-chome Building	130	37	92	35	56
TOKYU REIT Shibuya R Building	253	84	168	20	148
Tokyu Toranomom Building	451	98	352	70	282
TOKYU REIT Shinjuku 2 Building	60	22	38	13	24
Tokyu Bancho Building	276	59	217	68	148
TOKYU REIT Ebisu Building	106	11	95	4	90
Maison Peony Toritsudaigaku	23	4	18	5	13
Shonan Mall Fill (land with leasehold interest)	188	25	162	-	162
OKI System Center (land with leasehold interest)	145	15	129	-	129
REVE Nakameguro (land with leasehold interest)	14	0	14	-	14
Total	<u>¥ 7,207</u>	<u>¥ 2,210</u>	<u>¥ 4,996</u>	<u>¥ 1,028</u>	<u>¥ 3,968</u>

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, 2019 and January 31, 2019

12. Breakdown of gain on sales of real estate properties

TOKYU REIT Kiba Building was sold on August 1, 2018.

	For the six months ended	
	July 31, 2019	January 31, 2019
	(Millions of yen)	
Revenue from sale of property	—	¥ 4,250
Cost of property		3,861
Other sales expenses		71
Gain on sales of real estate properties		¥ 316

13. Breakdown of gain on exchange of real estate properties

KALEIDO Shibuya Miyamasuzaka was relinquished on March 28, 2019.

	For the six months ended	
	July 31, 2019	January 31, 2019
	(Millions of yen)	
Revenue from relinquishment of property	¥ 7,780	—
Cost of property	5,069	
Other exchange-related expenses	5	
Reduction entry of fixed assets	2,665	
Gain on exchange of real estate properties	¥ 39	

14. Reduction entry of fixed assets acquired through exchange

	July 31, 2019	January 31, 2019
	(Millions of yen)	
Buildings and Structures held in trust	¥ 184	—
Land held in trust	2,481	
Total	¥ 2,665	

15. 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, 2019 and January 31, 2019.

	July 31, 2019	January 31, 2019
Statutory income tax rate	31.51%	31.51%
Deductible cash distributions	(31.50)	(31.50)
Other	0.02	0.02
Effective tax rate	0.03%	0.02%

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, 2019 and January 31, 2019

16. Per unit information

The following table summarizes the net income per unit for the six months ended July 31, 2019 and January 31, 2019 and the unitholders' equity per unit as of July 31, 2019 and January 31, 2019.

	For the six months ended	
	July 31, 2019	January 31, 2019
Net income per unit	¥ 2,923	¥ 3,098
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, 2019 As of January 31, 2019	
Unitholders' equity per unit	¥ 116,302	¥ 116,478

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended July 31, 2019 and January 31, 2019.

17. Distribution information

The Board of Directors of TOKYU REIT resolved on September 12, 2019 and March 14, 2019 to effect payment of cash distributions of ¥2,923 and ¥3,099 per unit to unitholders of record on July 31, 2019 and January 31, 2019, respectively. Retained earnings carried forward after the distributions were as follows:

	July 31, 2019	January 31, 2019
	(Millions of yen)	
Retained earnings at end of period	¥ 2,857	¥ 3,029
Cash distributions declared	2,857	3,029
Retained earnings carried forward	¥ 0	¥ 0

18. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of July 31, 2019 and January 31, 2019, the future lease revenues under the non-cancelable operating leases were as follows:

	July 31, 2019	January 31, 2019
	(Millions of yen)	
Due within one year	¥ 4,176	¥ 4,558
Due after one year	14,622	13,384
Total	¥ 18,798	¥ 17,942

As of July 31, 2019 and January 31, 2019, the future lease payments under the non-cancelable operating leases were as follows:

	July 31, 2019	January 31, 2019
	(Millions of yen)	
Due within one year	¥ 228	¥ 229
Due after one year	1,306	1,419
Total	¥ 1,534	¥ 1,648

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

19. 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 ¥18,000 million with TOKYU REIT's main financial institutions, 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. $[\text{Interest-bearing liabilities} + \text{Security and guarantee deposits without reserved cash}] \div$
 $[\text{Total appraisal value at the end of the fiscal period or at the time of acquisition of specified assets}] \times 100$

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

(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, 2019			January 31, 2019		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 761	¥ 761	¥ -	¥ 4,551	¥ 4,551	¥ -
(2) Cash and deposits with banks held in trust	1,828	1,828	-	2,710	2,710	-
Assets total	2,590	2,590	-	7,262	7,262	-
(1) Short-term debt	2,300	2,300	-	-	-	-
(2) Investment corporation bonds due within one year	-	-	-	3,500	3,501	1
(3) Long-term debt due within one year	11,400	11,493	93	9,200	9,252	52
(4) Investment corporation bonds	6,000	6,145	145	6,000	6,155	155
(5) Long-term debt	72,600	74,257	1,657	74,800	76,331	1,531
Liabilities total	¥ 92,300	¥ 94,196	¥ 1,896	¥ 93,500	¥ 95,241	¥ 1,741

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

Assets

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

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

Liabilities

(1) Short-term debt

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

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

(3) 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.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

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

	July 31, 2019	January 31, 2019
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 3,790	¥ 3,651
(ii) Tenant leasehold and security deposits held in trust	6,297	6,085

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, 2019			January 31, 2019		
	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	¥ 761	¥ 1,828	¥ 2,590	¥ 4,551	¥ 2,710	¥ 7,262
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, 2019				January 31, 2019			
	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	¥ 2,300	¥ -	¥ 11,400	¥ 13,700	¥ -	¥ 3,500	¥ 9,200	¥ 12,700
Within two years, but over one year	-	3,000	12,400	15,400	-	-	13,900	13,900
Within three years, but over two years	-	-	16,000	16,000	-	3,000	14,000	17,000
Within four years, but over three years	-	3,000	7,200	10,200	-	3,000	9,200	12,200
Within five years, but over four years	-	-	10,500	10,500	-	-	10,500	10,500
Over five years	-	-	26,500	26,500	-	-	27,200	27,200

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

20. 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, 2019 and January 31, 2019 and payable due to asset manager as of then were as follows:

	<u>July 31, 2019</u>	<u>January 31, 2019</u>
	(Millions of yen)	
Asset management fees for the period	¥ 600	¥ 595
Management fees payable due to asset manager	286	290

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

21. Fair value of investment and rental properties

TOKYU REIT owns rental office properties, rental retail properties, rental residential properties and complexes that include any one of these (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, 2019	January 31, 2019
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 211,404	¥ 210,047
Change during the period (Note 3)	3,315	1,357
Balance at end of period	¥ 214,720	¥ 211,404
	As of July 31, 2019	As of January 31, 2019
	(Millions of yen)	
Fair value at end of period (Note 4)	¥ 280,340	¥ 270,500

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, 2019, the amount of increase is mainly attributable to acquisition of Shibuya Dogenzaka Sky Building (¥5,760 million), Tokyu Bancho Building (additional acquisition) (¥752 million) and UNIZO Shimokitazawa Building (¥2,272 million) and renovation of elevators of Setagaya Business Square and other capital expenditures (¥583 million), and the amount of decrease is mainly attributable to disposition of KALEIDO Shibuya Miyamasuzaka (¥5,069 million) and depreciation and amortization (¥986 million).

Of the change during the six months ended January 31, 2019, the amount of increase is mainly attributable to acquisition of TOKYU REIT Ebisu Building (¥4,582 million) and REVE Nakameguro (land with leasehold interest) (¥1,162 million) and renovation of elevators of Setagaya Business Square and other capital expenditures (¥506 million), and the amount of decrease is mainly attributable to disposition of TOKYU REIT Kiba Building (¥3,861 million) and depreciation and amortization (¥1,014 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, 2019 and January 31, 2019 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, 2019 and January 31, 2019

22. 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, 2019

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,199	Property Leasing Business

For the six months ended January 31, 2019

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,134	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, 2019 and January 31, 2019

23. Subsequent events

The following events occurred after the end of the 32nd fiscal period of TOKYU REIT.

(1) Disposition and Acquisition of Assets

The following disposition and acquisition of assets took place on September 12, 2019. And the "1st" phase of this disposition and acquisition of assets was executed on October 1, 2019.

(a) Disposition of Asset

- | | |
|--|--|
| (i) Type of asset: | Trust beneficiary interest in domestic real estate |
| (ii) Property name: | TOKYU REIT Akasaka Hinokicho Building |
| (iii) Disposition price (Note 1): | Total: ¥4,800 million
(The disposition of trust beneficiary interest is scheduled to take place in the form of disposition of quasi-co-ownership interest in two phases (49% quasi-co-ownership interest, "1st", and 51% quasi-co-ownership interest, "2nd"), and the planned disposition prices are as follows.)
1st: ¥2,352 million (49% quasi-co-ownership interest)
2nd: ¥2,448 million (51% quasi-co-ownership interest) |
| (iv) Contract date: | September 12, 2019 |
| (v) Disposition date: | 1st: October 1, 2019 (49% quasi-co-ownership interest)
2nd: March 4, 2020 (51% quasi-co-ownership interest) |
| (vi) Purchaser: | ORIX JREIT Inc. (Note 2) |
| (vii) Record gain on sale of real estate and reserve for reduction | Gain on sale of real estate of 668 million yen and accumulation of reserve for reduction entry of 353 million yen from the disposition are expected to be posted during the fiscal period ending January 2020 (33rd Fiscal Period), while during the fiscal period ending July 2020 (34th Fiscal Period), the same is expected to be posted in the amounts of 687 million yen and 358 million, respectively. |

Note 1. 'Disposition price' is the amount exclusive of the expenses required for disposition of the asset (property-related taxes, etc.).

Note 2. 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 a 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: | KN Jiyugaoka Plaza |
| (iii) Acquisition price (Note1): | Total: ¥3,160 million
(The acquisition of trust beneficiary interest is scheduled to take place in the form of acquisition of quasi-co-ownership interest in two phases (49% quasi-co-ownership interest and 51% quasi-co-ownership interest) and the planned acquisition prices are as follows.)
1st: ¥1,548 million (49% quasi-co-ownership interest)
2nd: ¥1,611 million (51% quasi-co-ownership interest) |

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

- (iv) Contract date: September 12, 2019
- (v) Acquisition date: 1st: October 1, 2019 (49% quasi-co-ownership interest)
2nd: March 4, 2020 (51% quasi-co-ownership interest)
- (vi) Seller: ORIX JREIT Inc. (Note 2)
- (vii) Financing: Funds from disposition of the TOKYU REIT Akasaka Hinokicho Building.

Note 1. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the asset (property-related taxes, etc.).

Note 2. 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 a related party of TOKYU REIT or Tokyu REIM.

(2) Issuance of Investment corporation bonds

Based on the "information on the engagement of underwriters for investment corporation bond offerings" at the meeting of the Board of Directors of TOKYU REIT held on November 26, 2018, investment corporation bonds were issued on October 24, 2019, and payments for such have been completed.

(a) 6th Series Unsecured Investment Corporation Bond

- Name: TOKYU REIT, Inc. 6th Series Unsecured Investment Corporation Bond
(Ranks *pari passu* in the right of payment with certain investment corporation bonds)
- Total issue amount: 1,000 million yen
- Issue price: Nominal par value of each bond: ¥100 per ¥100
- Redemption value: Nominal par value of each bond: ¥100 per ¥100
- Annual interest rate: 0.540% (Fixed interest rate)
- Security / Guarantee: Unsecured and unguaranteed
- Maturity date: The entire amount will be redeemed on October 24, 2029
The investment corporation bonds may be redeemed at any time beginning on the day following the payment date, unless determined otherwise by the book-entry transfer agent.
- Interest payment dates: April 24 and October 24 annually
- Underwriters: SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and Mizuho Securities Co., Ltd.
- Use of funds: The funds will be allocated for the repayment of short-term debt due for repayment on October 28, 2019

(b) 7th Series Unsecured Investment Corporation Bond

- Name: TOKYU REIT, Inc. 7th Series Unsecured Investment Corporation Bond
(Ranks *pari passu* in the right of payment with certain investment corporation bonds)
- Total issue amount: 1,000 million yen
- Issue price: Nominal par value of each bond: ¥100 per ¥100
- Redemption value: Nominal par value of each bond: ¥100 per ¥100
- Annual interest rate: 1.000% (Fixed interest rate)
- Security / Guarantee: Unsecured and unguaranteed

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31, 2019 and January 31, 2019

Maturity date:	The entire amount will be redeemed on October 24, 2039 The investment corporation bonds may be redeemed at any time beginning on the day following the payment date, unless determined otherwise by the book-entry transfer agent.
Interest payment dates:	April 24 and October 24 annually
Underwriters:	SMBC Nikko Securities Inc.
Use of funds:	The funds will be allocated for the repayment of short-term debt due for repayment on October 28, 2019

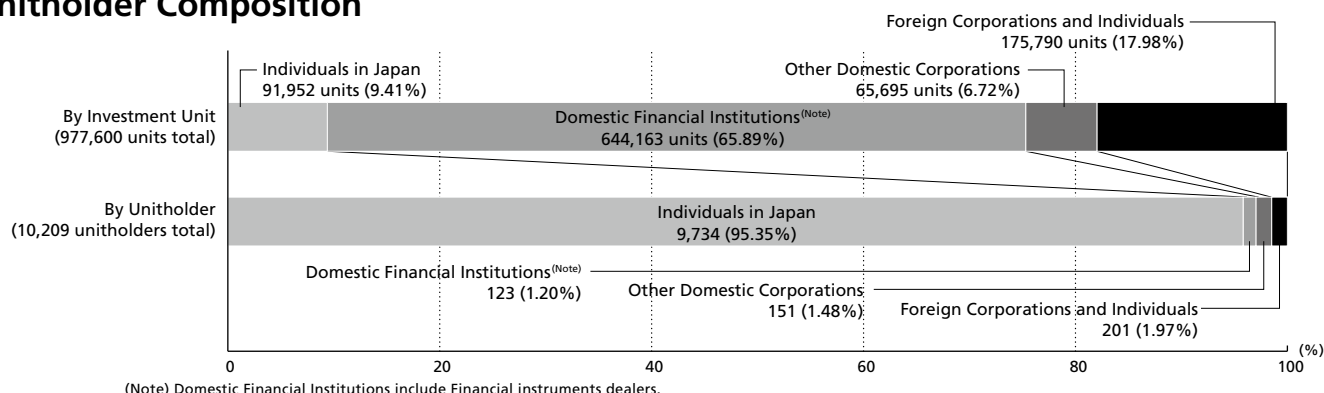
Unitholder Information

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) Domestic Financial Institutions include Financial instruments dealers.

Results Reporting Schedule

	Ended Jul. 2019 (FP 32)	Ending Jan. 2020 (FP 33)		Ended Jul. 2019 (FP 32)	Ending Jan. 2020 (FP 33)
Date of settlement	Jul. 31, 2019	Jan. 31, 2020	Delivery of investment management report (Japanese only)	Oct. 15, 2019	Mid. Apr. 2020
Announcement of financial results	Sep. 12, 2019	Mid. Mar. 2020	Payment of cash distributions	Oct. 16, 2019	Mid. Apr. 2020

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

Date for Finalizing General Meeting Voting Rights

As designated under Article 12 of the by-laws

Newspaper for Posting Public Announcements

The Nikkei (Nihon Keizai Shimbun)

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

The Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division

1-1 Nikko-cho, Fuchu-shi

Tokyo 183-0044, Japan

Address

The Mitsubishi UFJ Trust and Banking Corporation

Shin-Tokyo Post Office, PO box No.29,

Tokyo 137-8081, Japan

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 2017 (FP 27) is on April 14, 2017 and for fiscal period ended July 2017 (FP 28) is on October 13, 2017.

■ 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, 2019.

TOKYU REIT

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