

# TOKYU REIT

TOKYU REIT, Inc. Semiannual Report

The Fiscal Period Ended January 2021  
(35th Fiscal Period)

From August 1, 2020 to January 31, 2021



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

## BASIC POLICY

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

- Invest in areas with strong growth potential  
—Investment in properties in central Tokyo and Tokyu Areas
- Committed to continued collaboration with Tokyu Corporation and its subsidiaries<sup>(Note)</sup> (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

## CONTENTS

BASIC POLICY/CONTENTS	2	Portfolio	21
To Our Unitholders	3	Asset Management Report	32
Financial Summary	4	Independent Auditor's Report	68
Performance	5	Balance Sheets	70
Topics	6	Statements of Income	72
Sustainability Measures	8	Statements of Changes in Unitholders' Equity	73
Feature	14	Statements of Cash Flows	74
Investment Management Strategy	16	Notes to Financial Statements	75
Financial Strategies	20	Unitholder Information	96

(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 January 2021.

First, concerning the impact of COVID-19, there has been almost no increase in the number of tenants that have requested rent reductions or exemptions since the declaration of a state of emergency in April and May 2020 was lifted for Tokyo, and the revenue decrease due to rent reduction or exemption, etc. was ¥5 million for the fiscal period ended January 2021, which is ¥109 million less of a decrease than the previous forecast, and revenue decrease is projected to be ¥89 million in the fiscal period ending July 2021 and ¥32 million in the fiscal period ending January 2022.

In the fiscal period ended January 2021, revenue from property leasing increased by ¥346 million from the previous fiscal period and NOI from property leasing increased by ¥218 million from the previous fiscal period due to the property replacement, in which OKI Business Center No. 5 was acquired and 40% of co-ownership interest in OKI System Center (land with leasehold interest) was disposed, and an increase in revenue due to rent revisions at Tokyu Toranomon Building. In addition, gain on sale of real estate of ¥764 million and provision of reserve for reduction entry of ¥407 million were posted from the disposal of OKI System Center (land with leasehold interest). The above resulted in operating income of ¥4,538 million (increase of ¥213 million from the previous fiscal period), net income of ¥4,083 million (increase of ¥227 million from the previous fiscal period) and net income per unit of ¥4,176 (increase of ¥232 from the previous fiscal period). After retaining a portion as provision of reserve for reduction entry,

distribution per unit will be ¥3,760 (increase of ¥209 from the previous fiscal period).

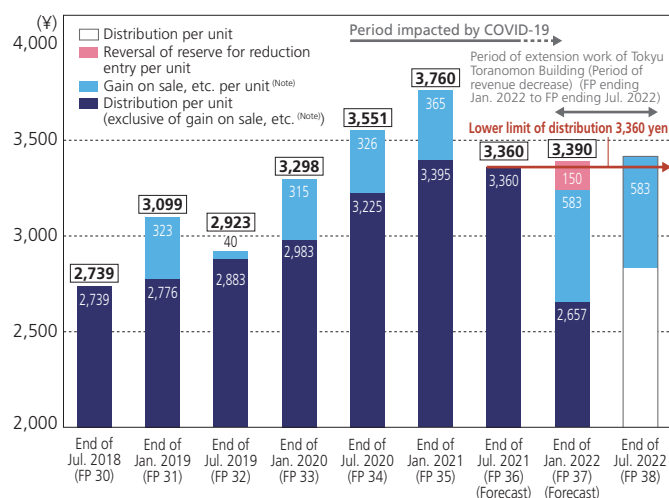
From the next fiscal period ending July 2021 until the fiscal period ending July 2022, the impact of COVID-19 and the extension work at Tokyu Toranomon Building are expected to contribute to decreased revenue, but given the gain on sale of real estate of OKI System Center (land with leasehold interest) and a partial reversal of the reserve for reduction entry, the outlook of distribution remains one that will strive for continued distribution growth, and the minimum distribution per unit is projected to be ¥3,360 for the fiscal period ending July 2021.

Aiming for further distribution growth, TOKYU REIT will continue to expand its asset size through property acquisitions, return gain on sale through property replacements, and promote the reduction of interest expenses through refinancing, and will respond to downward swings in distributions by reversing reserve for reduction entry. (See figure below)

**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.

March 2021



(Note) Gain on sale of properties, etc. per unit - provision of reserve for reduction entry per unit

### 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 January 2021  
(FP 35)  
Cash Distribution per Unit

¥3,760 (Fixed)

(Date of payment: April 15, 2021)

Fiscal Period Ending July 2021  
(FP 36)  
Cash Distribution per Unit

¥3,360 (Forecast)

(Date of payment: Mid October 2021)

Fiscal Period Ending January 2022  
(FP 37)  
Cash Distribution per Unit

¥3,390 (Forecast)

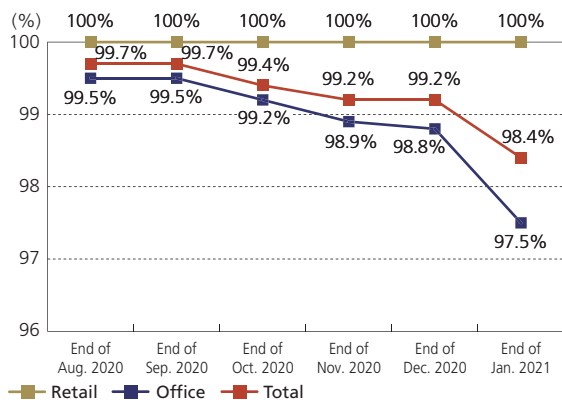
(Date of payment: Mid April 2022)

## Financial Summary

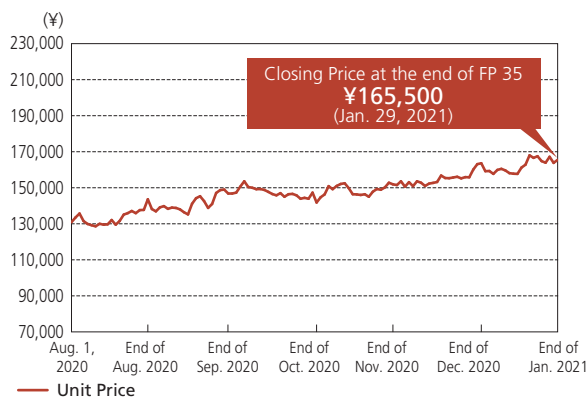
		Ended July 2020 (FP 34) Actual	Ended January 2021 (FP 35) Actual
<b>Balance Sheets</b>	■ Number of Properties	31 properties	33 properties
	■ Total Assets	¥220,068 million	¥231,090 million
	■ Interest-Bearing Debt	¥92,000 million	¥101,600 million
	■ Total Assets Loan-to-Value (LTV) Ratio	41.8%	44.0%
<b>Statements of Income</b>	■ Operating Revenues	¥8,203 million	¥8,611 million
	■ Net Income	¥3,855 million	¥4,083 million
<b>Distributions</b>	■ Distribution per Unit	¥3,551	¥3,760
	■ Average Market Price per Unit	¥153,097	¥147,909

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 January 31, 2021 (FP 35), **TOKYU REIT** held 19 office buildings, 9 retail facilities, 2 residences and 3 land with leasehold interest for a total of 33 properties.

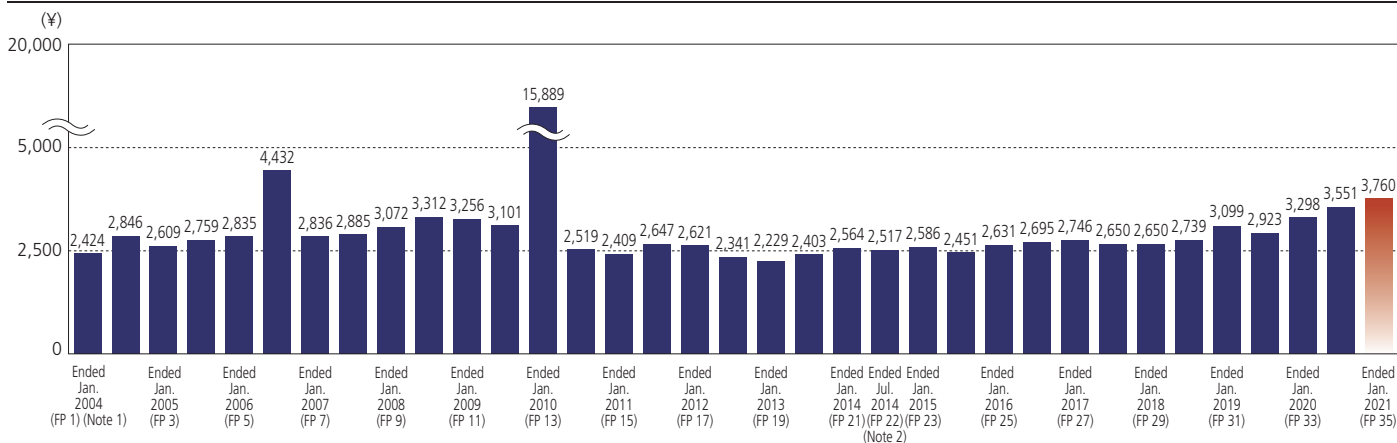
Occupancy Rate



Unit Price



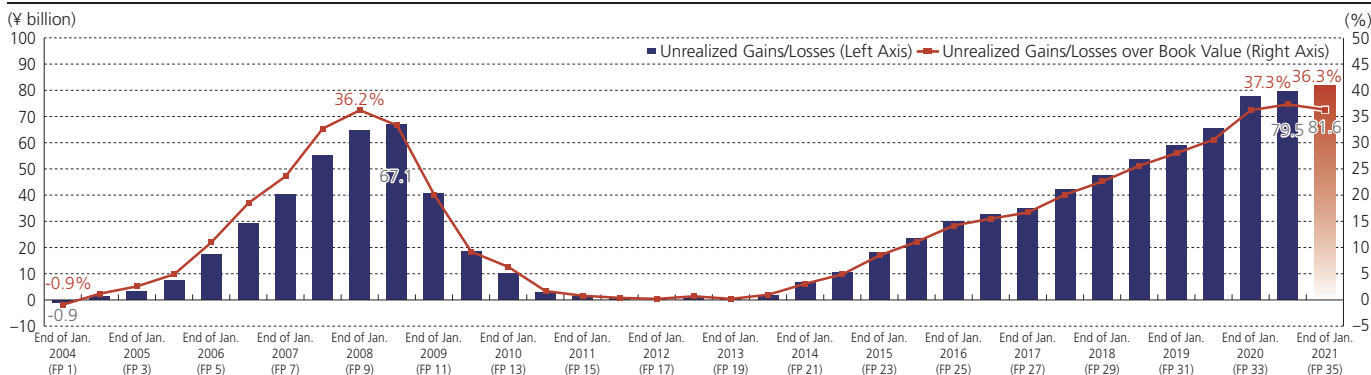
Cash Distribution per Unit



■ 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



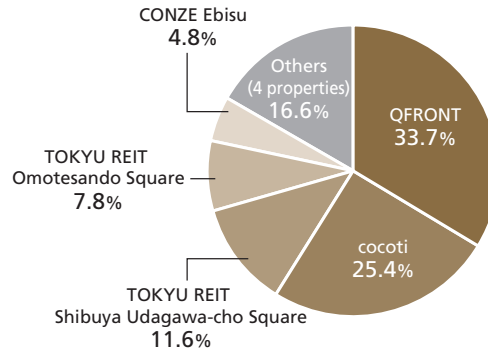
Status of Retail Properties in Shibuya Area

Map of Area Around Shibuya Station



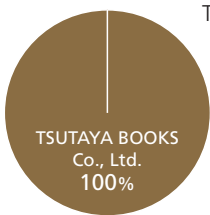
\* Some properties are only partially owned by TOKYU REIT or Tokyu Corporation and its subsidiaries.  
 \* As of the date this semiannual report, TOKYU REIT has no plan to acquire properties owned by Tokyu Corporation and its subsidiaries or properties planned by the Tokyu Group.

Ratio of Income by Property (Retail) (Note 2)

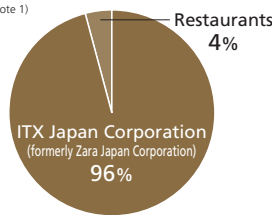


(Notes) 1. Based on total leased area. The tenant composition as of the end of the FP ended Jan. 2021 (end of FP 35) is indicated.  
 2. Based on the FP ended Jan. 2021 (FP 35).

1 QFRONT



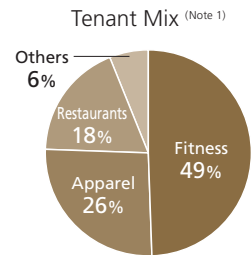
2 TOKYU REIT Shibuya Udagawa-cho Square



Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	—	—	—
Percentage of tenants moving in	—	—	—
Period-end occupancy rate	100.0%	➡ 100.0%	➡ 100.0%

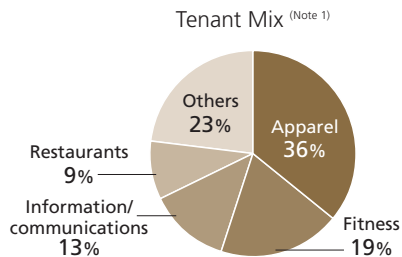
3 TOKYU REIT Omotesando Square



Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	—	—	—
Percentage of tenants moving in	—	—	—
Period-end occupancy rate	100.0%	➡ 100.0%	➡ 100.0%

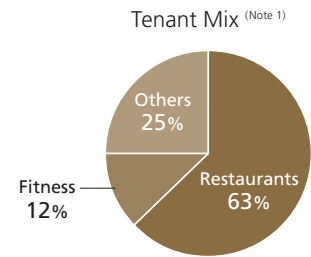
4 cocoti



Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	—	3.9% (1section)	6.9% (1 section)
Percentage of tenants moving in	—	—	3.9% (1 section)
Period-end occupancy rate	100.0%	➡ 96.1%	➡ 93.1%

5 CONZE Ebisu



Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	12.3% (1 section)	14.2% (2 sections)	—
Percentage of tenants moving in	12.3% (1 section)	—	14.2% (2 sections)
Period-end occupancy rate	100.0%	➡ 85.8%	➡ 100.0%

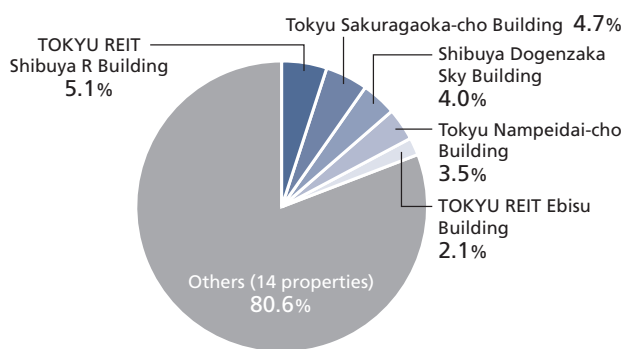
# Status of Office Properties in Shibuya Area

## Map of Area Around Shibuya Station



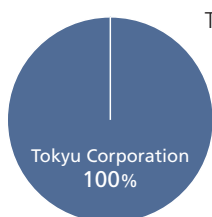
\* Some properties are only partially owned by TOKYU REIT or Tokyu Corporation and its subsidiaries.  
 \* As of the date this semiannual report, TOKYU REIT has no plan to acquire properties owned by Tokyu Corporation and its subsidiaries or properties planned by the Tokyu Group.

Ratio of Income by Property (Office) (Note 2)

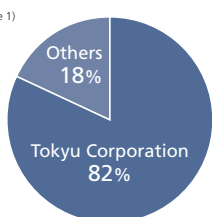


(Notes) 1. Based on total leased area. The tenant composition as of the end of the FP ended Jan. 2021 (end of FP 35) is indicated.  
 2. Based on the FP ended Jan. 2021 (FP 35).

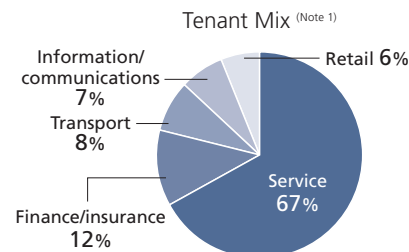
### 1 Tokyu Nampoedai-cho Building



### 2 Tokyu Sakuragaoka-cho Building



### 3 TOKYU REIT Shibuya R Building



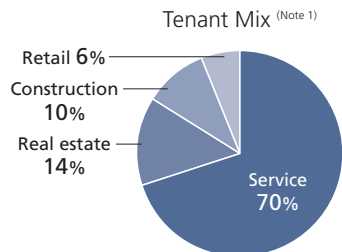
## Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	—	—	—
Percentage of tenants moving in	—	—	—
Period-end occupancy rate	100.0%	➡ 100.0%	➡ 100.0%

## Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	14.3% (2 sections)	—	—
Percentage of tenants moving in	5.4% (1 section)	8.9% (1 section)	—
Period-end occupancy rate	90.7%	➡ 99.6%	➡ 99.6%

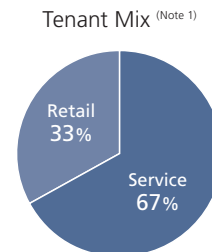
### 4 TOKYU REIT Ebisu Building



## Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	17.4% (1 section)	—	34.8% (2 sections)
Percentage of tenants moving in	17.4% (1 section)	—	34.8% (2 sections)
Period-end occupancy rate	100.0%	➡ 100.0%	➡ 100.0%

### 5 Shibuya Dogenzaka Sky Building



## Actual/expected occupancy rate

	Jan. 2021 (FP 35) Result	Jul. 2021 (FP 36) Forecast	Jan. 2022 (FP 37) Forecast
Percentage of tenants moving out	19.8% (2 sections)	9.9% (1 section)	—
Percentage of tenants moving in	—	19.8% (2 sections)	9.9% (1 section)
Period-end occupancy rate	80.2%	➡ 90.1%	➡ 100.0%

























# Sustainability Measures

## Identification of Materiality/Environmental Measure

### Identification of Materiality

With the basic policy of conducting asset management that seeks growth, stability and transparency, **TOKYU REIT** and Tokyu REIM have extracted social issues that are highly relevant to our business and identified materiality, recognizing “material issues (materiality)” for sustainable growth.

Material issues (materiality)		Relevant SDGs
 <b>E</b> (Environment)	Reduction of energy consumption and greenhouse gas (“GHG”) emissions	   
	Reduction of water consumption and waste	
	Information disclosure to and dialogue with stakeholders	 
 <b>S</b> (Social)	Improvement of safety and comfort of tenants	   
	Contribution to the development of communities	   
	Allocation and development of personnel sufficient in both quality and quantity	  
	Creation of a healthy organizational culture and work environment	
	Development and operation of a process that ensures highly workable governance	 
 <b>G</b> (Governance)	Promotion of compliance and risk management	

### Environmental Measures

#### Major construction work related to reduction of energy consumption (fiscal period ended Jul. 2020 (FP 34) & fiscal period ended Jan. 2021 (FP 35))

- Renewal of air conditioning equipment: 2 properties Reduction of electricity consumption  
(Tokyu Nissan Taito Building, Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building))
- Renewal of elevator: 2 properties Reduction of electricity consumption  
(Setagaya Business Square, Tokyo Nissan Taito Building)
- Renovation of restroom: 2 properties Water-saving  
(Setagaya Business Square, Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building))
- Switching to LED: 14 properties Reduction of electricity consumption

Progress rate of switching to LED at exclusively owned office area <sup>(Note 1)</sup>  
: 53.3%



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

#### Other

- Acquisition of Rank A in energy conservation diagnosis conducted by an external business operator (TOKYU REIT Shinjuku Building, fiscal 2018)
- Promotion of effective use of water resources through the reuse of miscellaneous drainage (Setagaya Business Square)
- Use of CO<sub>2</sub>-free power supply at 2 properties by utilizing non-fossil fuel certificate derived from renewable energy (Tokyu Nampo-dai-cho Building <sup>(Note 2)</sup>, Shibuya Dogenzaka Sky Building (2020))
- Use of J-Credit System <sup>(Note 3)</sup> (Tokyu Sakuragaoka-cho Building <sup>(Note 2)</sup> (2020))

#### Efforts on heat countermeasures utilizing the Tokyo Metropolitan Government’s subsidy business <sup>(Note 4)</sup> (Setagaya Business Square, 2019)

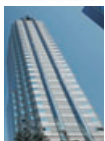
#### Development of facility reducing road surface temperature and rise in temperature

- Laying of heat insulation interlocking block  
Easing the rise in temperature at walking space by changing to paving block suppressing the rise in road surface temperature by a maximum of approximately 15°C
- Installation of bio-shelter  
Creating a new cool spot by installing benches with a mist maker and plants

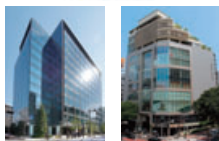
- (Notes)
1. Based on total leasable area
  2. Introduced by Tokyu Corporation, an occupying tenant.
  3. A system in which the government certifies the amount of reduction and absorption of greenhouse gas including CO<sub>2</sub> through initiatives such as the introduction of energy-saving devices and forest management as “credit”.
  4. Business of the Tokyo Metropolitan Government subsidizing expenses for the development of facilities responding to heat and possessing advanced technology, etc.

### Obtain Certifications from External Assessment Institutions

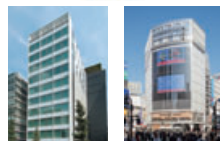
#### DBJ Green Building Certification



Setagaya Business Square



Tokyu Bancho Building  
cocoti



Tokyu Toranomon Building  
QFRONT

#### BELS



Tokyu Ikejiri-ohashi Building

#### GRESB

Since 2015, **TOKYU REIT** has continuously acquired “Green Star”, which is given to participants that are rated highly in terms of both system and actual results regarding environmental consideration and initiatives on sustainability.



Acquisition ratio of environmental certification: 26.5%  
(based on total leasable area)

DBJ Green Building Certification: 5 properties



BELS for 1 property



## Social Contribution

### Improvement of Safety and Comfort of Tenants

#### Conducted a disaster drill



Setagaya Business Square (2019)

#### Promoted disaster prevention and BCP measures (each property)



- Installing display board for emergency contact
- Keeping the booklet of “Tokyo Bousai”
- Installing wireless device
- Installing portable emergency power generator
- Installing bar and hydraulic jack
- Installing emergency disaster prevention box (inside elevator)
- Installing rescue pack toilet
- Installing AED

### Contribution to the Development of Communities

#### Provided part of the property for a local event



“SBS Christmas Concert”(Setagaya Business Square (2019))

#### Installed disaster-relief vending machines (each property)



Installed 17 vending machines that can provide goods free of charge at the time of emergency including disasters in 7 properties (as of January 2021)

### Allocation and Development of Personnel Sufficient in Both Quality and Quantity

#### <Training program>

Implemented various trainings targeting all officers and employees

- Compliance training (about once a month)
- Training by job class
- Training for personnel evaluator, etc.

#### <Support for the acquisition of qualifications>

Supported self-development of officers and employees through improved system to subsidize expenses for acquiring and maintaining qualifications

- Major qualifications
  - 5 Real Estate Appraisers
  - 24 Real Estate Notaries
  - 9 ARES Certified Masters
  - 4 Certified Building Administrators, etc.
- No. of people who utilized subsidy system of expenses for acquiring and maintaining qualifications: 27 (actual results for fiscal 2020 (as of the end of January 2021))

\*The investment management company's initiatives are shown.

### Creation of a Healthy Organizational Culture and Work Environment

- Ratio of female officers and employees, and ratio of female managers: 56% (25 people) and 23% (5 people)
- Percentage of employees taking annual paid holiday: 55% (actual results for fiscal 2020 (as of the end of January 2021))
- 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 checks for officers and employee: 95% (actual results for fiscal 2020)
- In-house recreation (several times a year)
- Training for fostering work motivation, etc.

\*The investment management company's initiatives are shown.

# Sustainability Measures

## Governance

### 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 January 2021 (FP 35), there were one Executive Director and two Supervisory Directors<sup>(Note)</sup> 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

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

#### Maruhito Kondo Supervisory Director

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

\*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

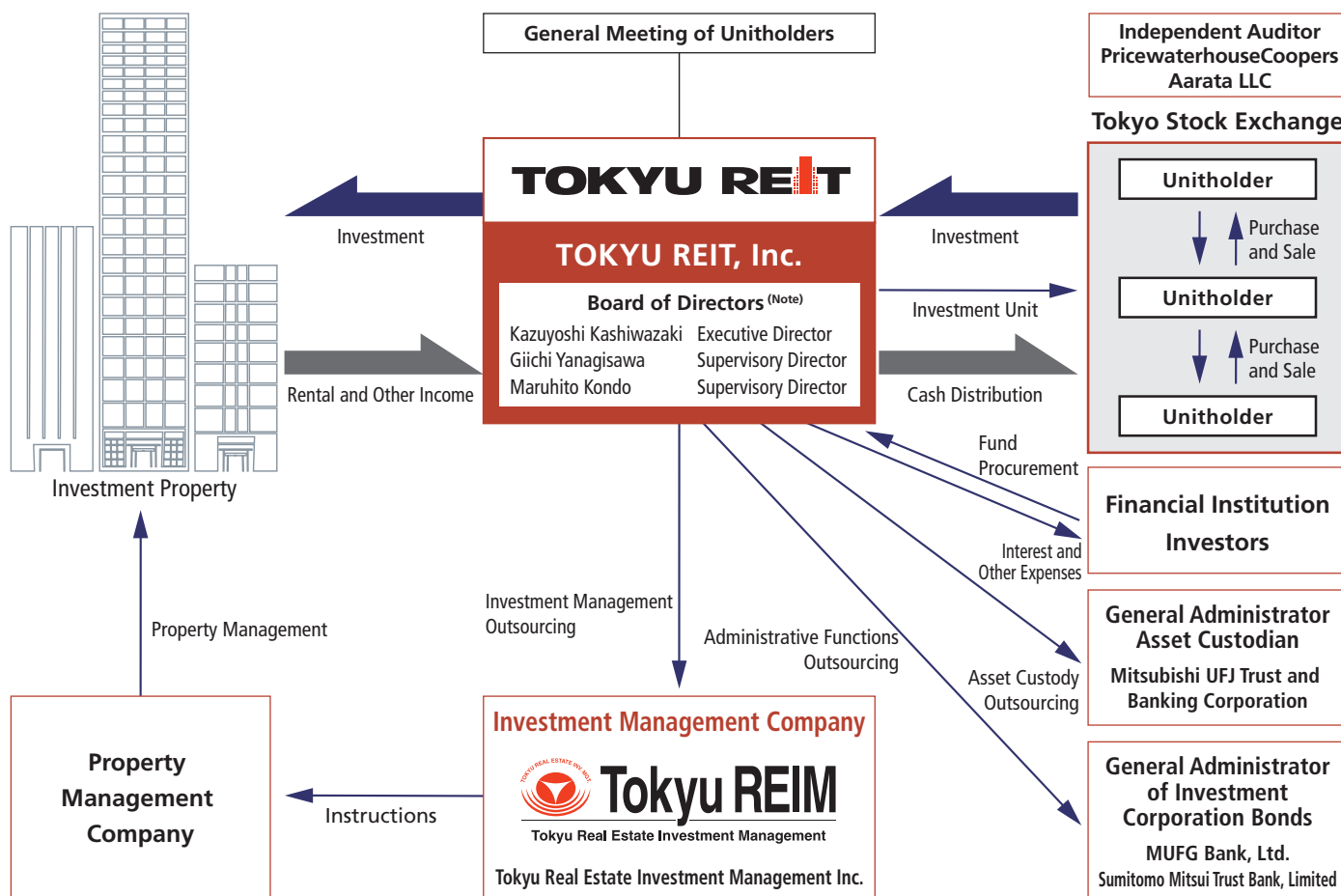
- 1** | **Involvement of independent outside board members**
- 2** | **Optimal balance between sponsor collaboration and independence**
- 3** | **Strict focus on fiduciary duty for investment management company and the others**
- 4** | **Management fee set to "being in the same boat as unitholders"**

### TOKYU REIT's Management Characteristics

<b>Excellent Governance as a Source of Competitiveness</b>	<b>Structural</b>	<ul style="list-style-type: none"> <li>■ Multiple layers of monitoring and proactive involvement of outside board members</li> <li>■ Management fee set to "being in the same boat as unitholders"</li> </ul>	<ul style="list-style-type: none"> <li>■ Stringent measures against conflicts of interest</li> <li>■ Board meetings held twice or more a month on a regular basis and enhanced resolution and reporting system</li> </ul>
	<b>Human Resources</b>	<ul style="list-style-type: none"> <li>■ Carefully select board members to enhance debate*</li> <li>■ Provide appropriate compensation to board members for the responsibility and the workload</li> </ul>	<ul style="list-style-type: none"> <li>■ Legal advisor to be present at board meetings</li> </ul>
	<b>Culture</b>	<ul style="list-style-type: none"> <li>■ Board members not hesitant to reject, waive resolution or agree with conditions</li> <li>■ Willing to debate among independent outside board members</li> </ul>	<ul style="list-style-type: none"> <li>■ Tokyu REIM's efforts                             <ul style="list-style-type: none"> <li>• Strict focus on fiduciary duty</li> <li>• Management fee programmed to enhance involvement of all business segments</li> <li>• Intend to let all Tokyu REIM staff communicate directly with investors</li> </ul> </li> </ul>
	<b>Track Record</b>	<ul style="list-style-type: none"> <li>■ Status of the Board of Directors' meetings held (ended Jan. 2021 (FP 35)): 1.5 meetings per month on average</li> </ul>	<ul style="list-style-type: none"> <li>■ Attendance at Board of Directors' meeting (ended Jan. 2021 (FP 35))                             <ul style="list-style-type: none"> <li>Kazuyoshi Kashiwazaki (Executive Director) 100%</li> <li>Giichi Yanagisawa (Supervisory Director) 100%</li> <li>Maruhito Kondo (Supervisory Director) 100%</li> <li>General Administrator 100%</li> </ul> </li> </ul>

\* 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 Jan. 2021 (FP 35)
	Reason for adoption	
Base 1 (Linked to asset valuation)	Asset value at the 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)	¥361 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 <sup>(Note)</sup> × 6.0% (5.7% for the portion exceeding 5.0 billion yen and 7.5 billion yen or less) (5.4% for the portion exceeding 7.5 billion yen)	¥321 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.



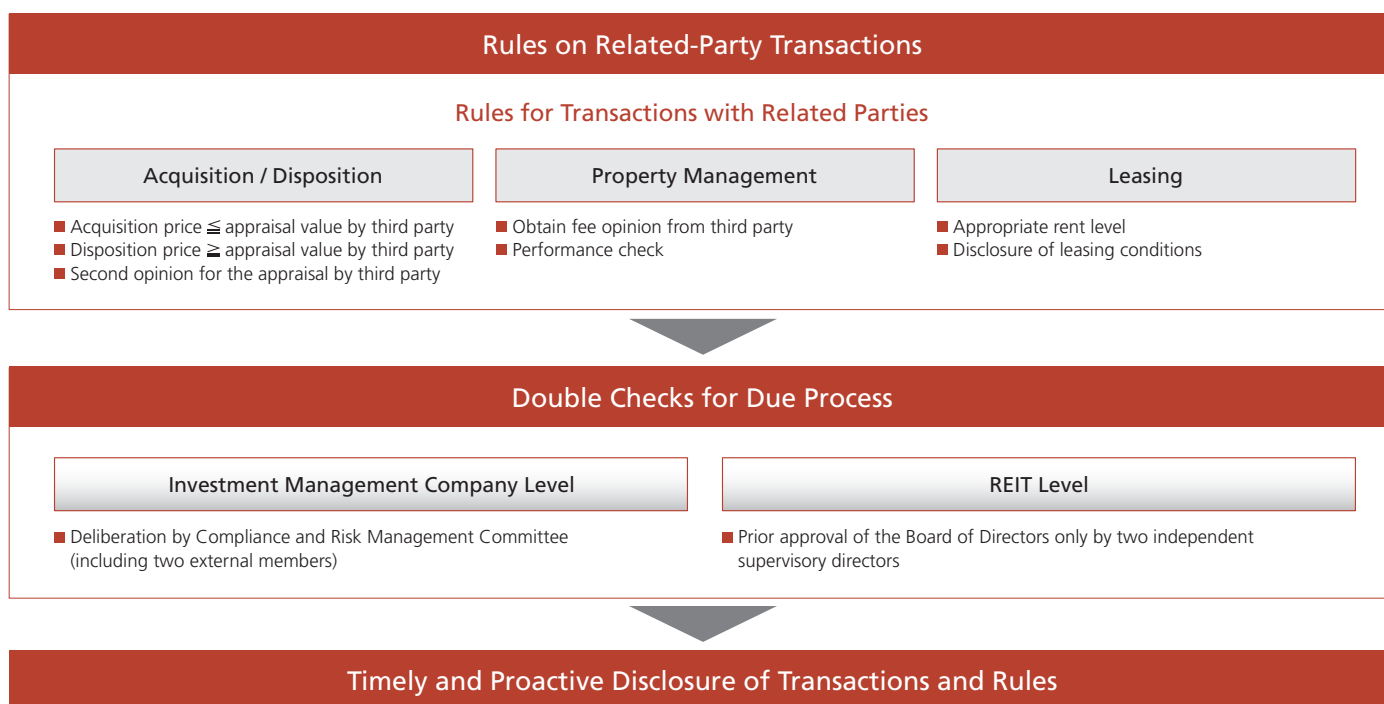
## Collaboration with Tokyu Corporation and Its Subsidiaries

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

## Related Party Transactions

■ Development of self-imposed rules on transactions with Related Parties<sup>(Note)</sup> 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/en/](http://www.tokyu-reim.co.jp/en/)

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.

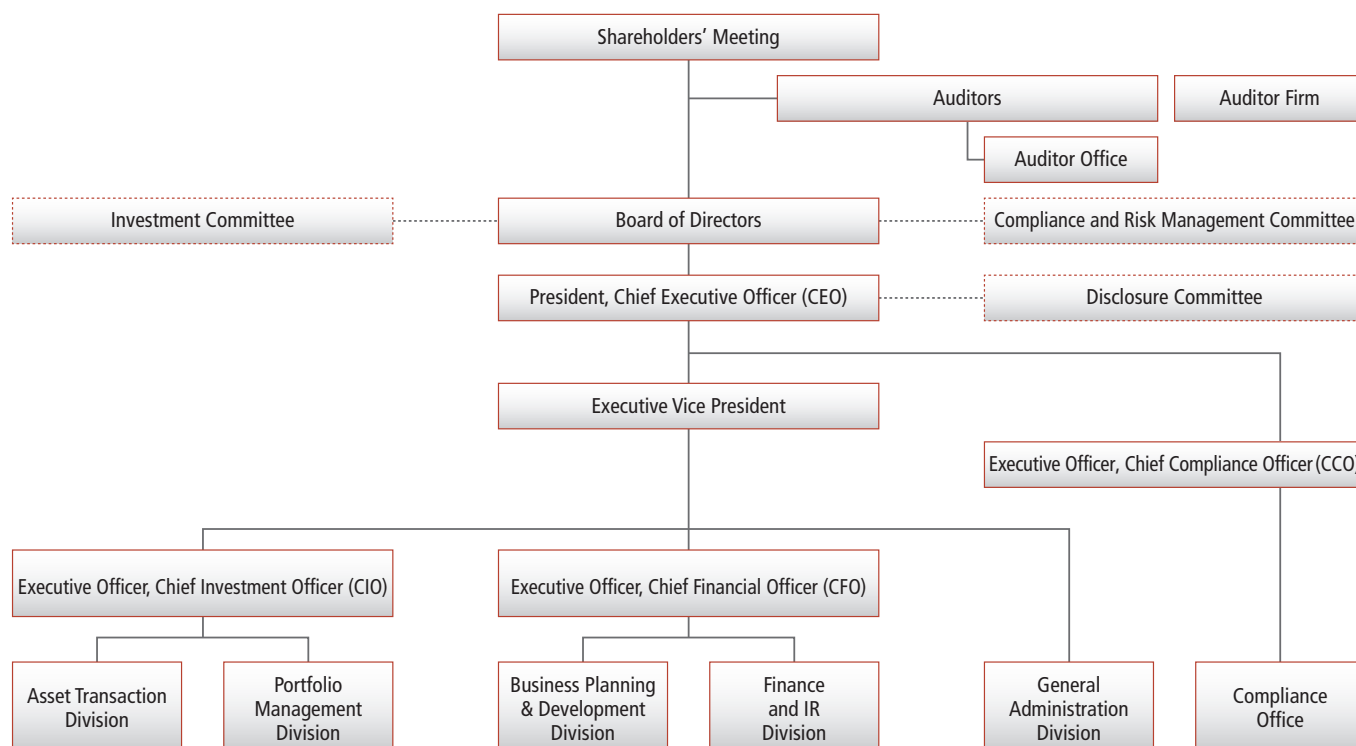
Tokyu REIM is a financial instruments dealer under the Financial Instruments and Exchange Law (Kanto Financial Bureau (*Kin-sho*) No. 360).

<b>Board of Directors</b>	<p>Function : Decision-making on management strategy</p> <p>Members : Representative director &amp; president, representative director &amp; executive vice president, two directors, four directors (part-time) and two auditors (part-time) from sponsors</p>
<b>Compliance and Risk Management Committee</b>	<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>
<b>Investment Committee</b>	<p>Function : Advisory on investment decisions</p> <p>Members : Representative director &amp; president (committee chairman), representative director &amp; 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**



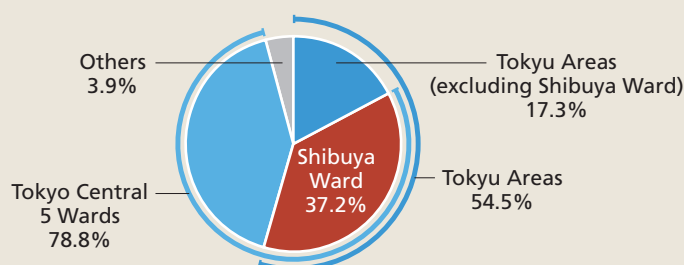
## Investment in Highly Competitive Properties in Areas with Strong Growth Potential

### 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
- ✓ 96.1% of investment in Tokyo Central 5 Wards and areas along Tokyu rail lines as of the end of January 2021 (FP 35)
- \*Based on acquisition price
- Control earthquake risk through PML (Set portfolio PML <sup>(Note)</sup> at 10% or lower)
- ✓ Set portfolio PML as of the end of January 2021 (FP 35): 4.1%
- 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: Kohoku, 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)	

(Note) 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.

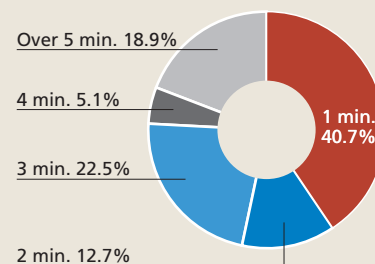


## Highly Competitive Properties

### ■ 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
- ✓ 76.0%\* of properties lie within a three-minute range (as of the end of January 2021 (FP 35))
  - \* Based on acquisition price

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



### ■ Minimum Investment Amount per Property

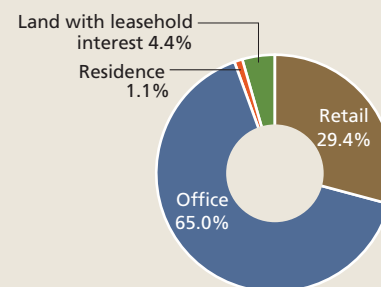
- 4.0 billion yen, in principle <sup>(Note 1)</sup>
- However,
  - (1) Properties located in Tokyu Areas (including Shibuya Ward): 1.0 billion yen
  - (2) Properties located in Central Tokyo (excluding Shibuya Ward) <sup>(Note 2)</sup>: 2.0 billion yen
  - (3) Land with leasehold interest: 1.0 billion yen
- ✓ Average amount invested per property is ¥7.3 billion\* (end of January 2021 (FP 35))
  - \* 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 <sup>(Note 3)</sup>

(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

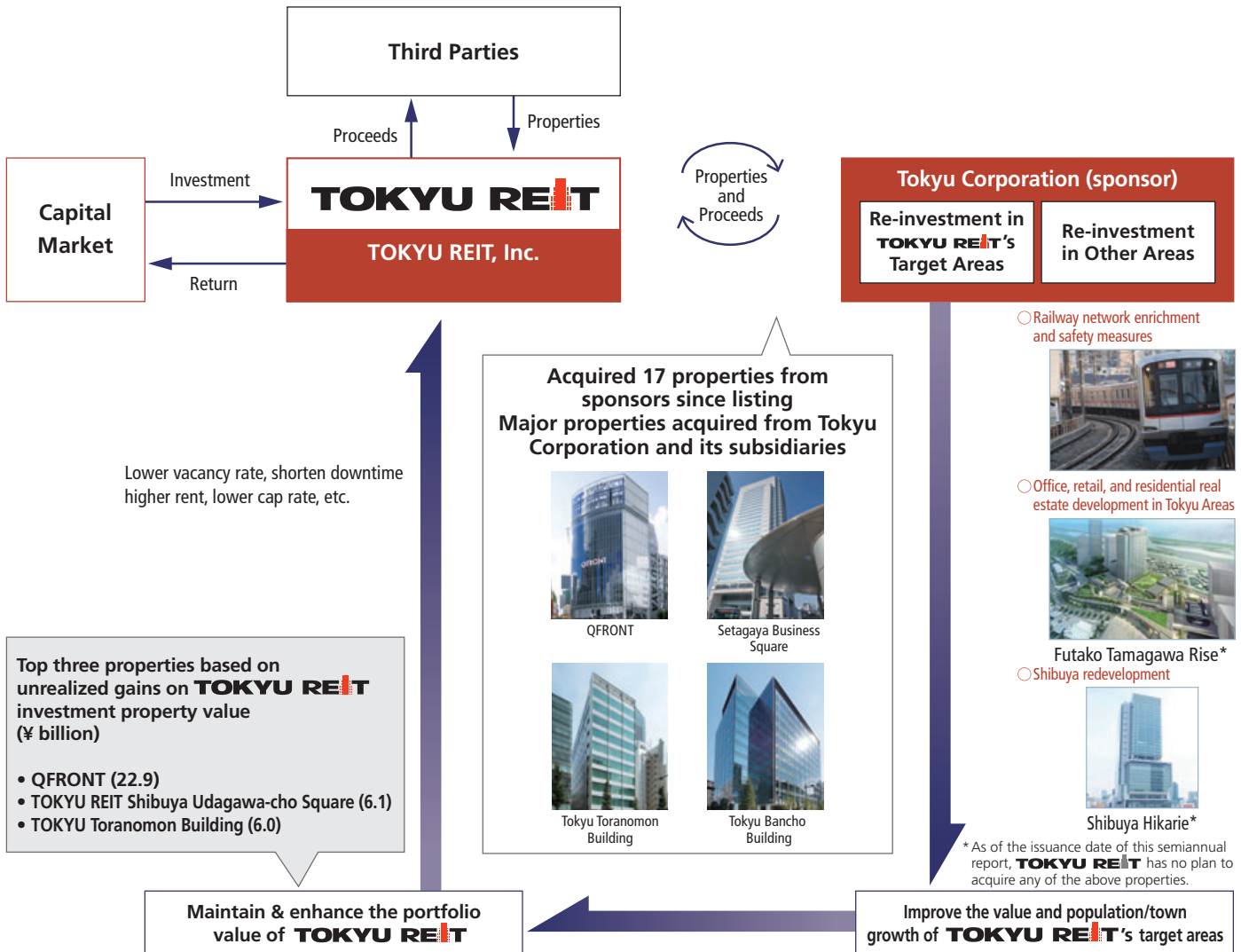
- Investment management fee structure “being in the same boat as unitholders” → Refer to Page 11
- “Capital Re-investment Model” through collaboration with sponsors → Refer to Page 16
- “Value and contrarian investment strategy” focusing on cyclicity of real estate prices → Refer to Page 17
- Debt management strong against credit crises → Refer to Page 20

# Investment Management Strategy

## Capital Re-investment Model

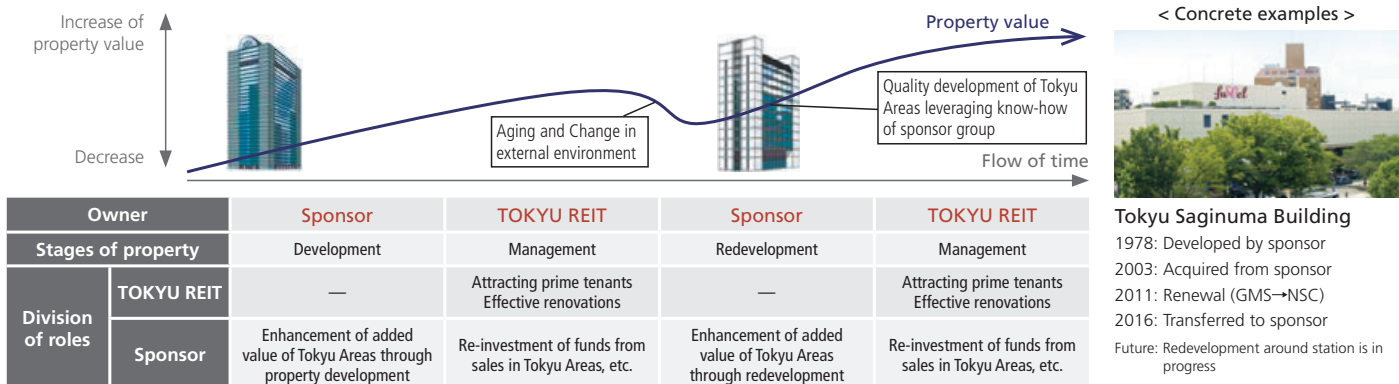
### “Capital Re-investment Model” through collaboration with sponsors

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)

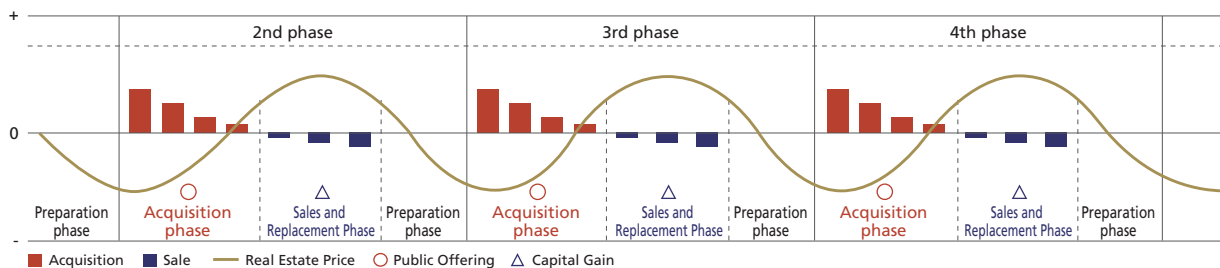
Aim for ceaseless value enhancement in investment targeted areas through division of roles with sponsor



## 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 been implementing the “Long-Term Investment Management Strategy (Surf Plan).” Under this strategy, through value investment and contrarian investment<sup>(Note)</sup> by focusing on the cyclicity of real estate prices, TOKYU REIT secures capital gains while replacing properties, aiming to build a portfolio that boasts lasting competitiveness and balance sheets that are strong against even difficult economic times. The objective of this approach is to accurately discern the ‘waves’ of prosperity and depression in real estate market conditions.



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

## Investment Style

# Value & Contrary

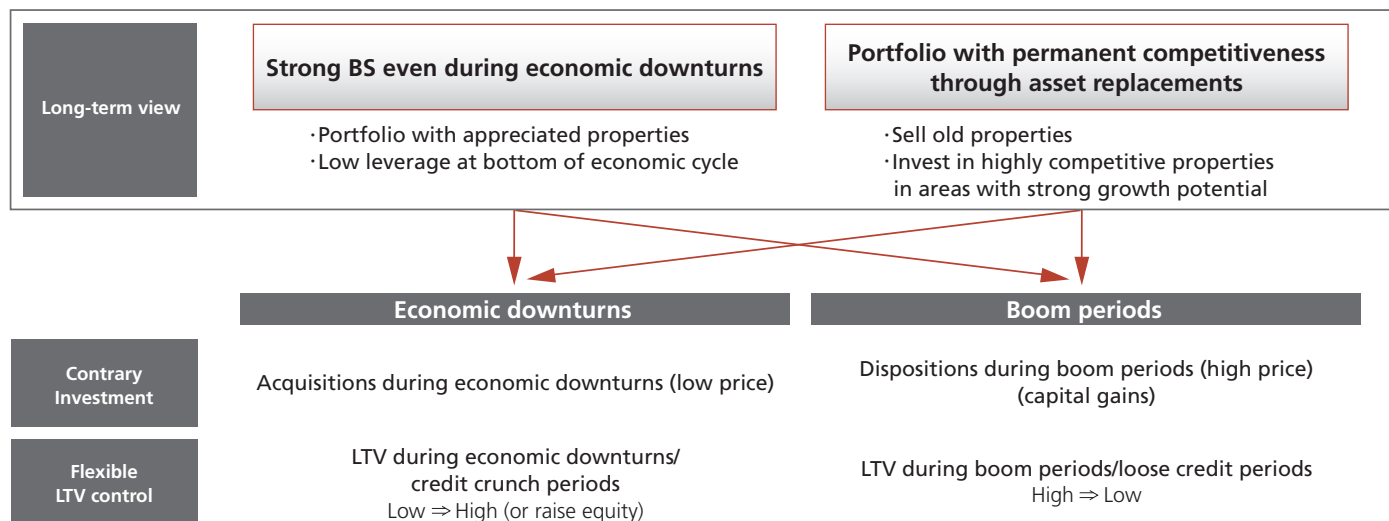
### Value Investment

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) <sup>(Note)</sup> is in progress mainly by Tokyu Group



\*As of the issuance date of this semiannual report.

**TOKYU REIT owns 14 properties in Greater SHIBUYA (extensive Shibuya area) <sup>(Note)</sup> where redevelopment is in progress**

Acquisition Price: 101.8 billion yen Appraisal Value: 146.4 billion yen



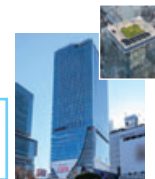
(Note) Area within radius of 2.5 km from Shibuya Station.

\*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, and properties planned by the Tokyu Group.

\*Pictures are provided by SHIBUYA SCRAMBLE SQUARE (1), SHIBUYA STREAM (2), Shibuya 2-Chome 17 District Urban Redevelopment Association (3) and Tokyu Land Corporation (4-6).

### 1 SHIBUYA SCRAMBLE SQUARE



Phase I (East building)  
Opened on November 1, 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 September. 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 2-Chome 17 District



Scheduled for completion in fiscal 2024

Implementing body	Shibuya 2-chome 17 District Urban Redevelopment Association (Members: Tokyu Corporation, etc.)
Usage	Office, store, parking lot, etc.
Floors	B2/23F

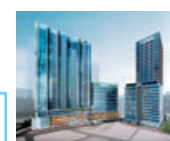
### 4 SHIBUYA FUKURAS



Completed in October 2019

Implementing body	Dogenzaka 1-chome Ekimae Area Urban Redevelopment Association (Member: Tokyu Land Corporation)
Usage	Office, store, bus terminal, etc.
Major tenants	<Office> GMO Internet Group <Retail> Tokyu Plaza Shibuya
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 March 2019

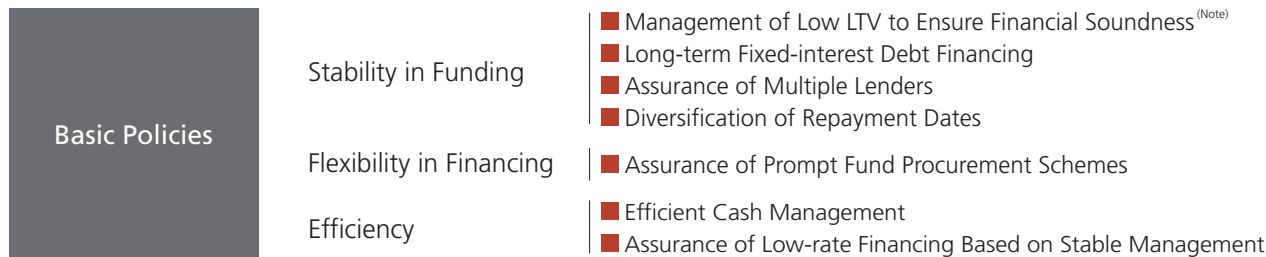
Implementing body	General Incorporated Association Dogenzaka 121 (business company formed by Tokyu Land Corporation and land owners)
Usage	Office, assembly hall (incubation office, etc.), store, parking lot, etc.
Major tenants	<Office> Tokyu Land Corporation, Business-Airport
Floors	B1/21F

# 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	¥101.6 billion
Long-Term Fixed-Rate Ratio	93.5%
Avg. Duration	4.31 years
Commitment Line	¥18.0 billion <sup>(Note)</sup>

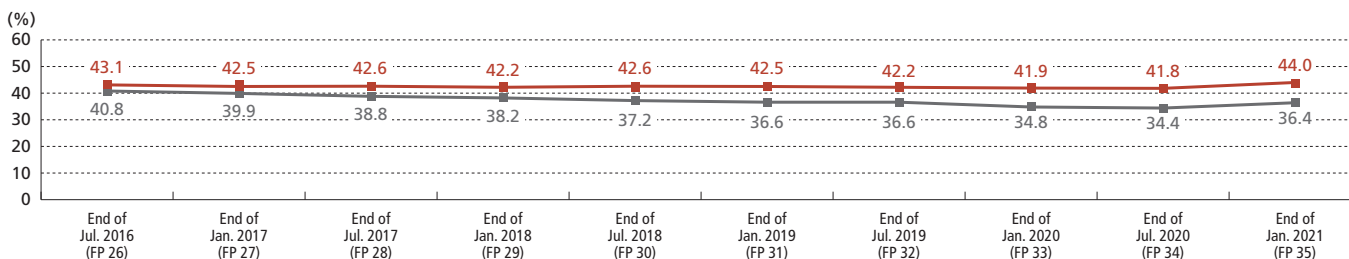
(Note) The execution of the commitment line agreement allows us to undergo debt financing at any given time up to the designated amount. To this end, a flexible and efficient fund procurement system has been assured. Moreover, the balance of debt under the commitment line agreement as of January 31, 2021 is ¥4.2 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.



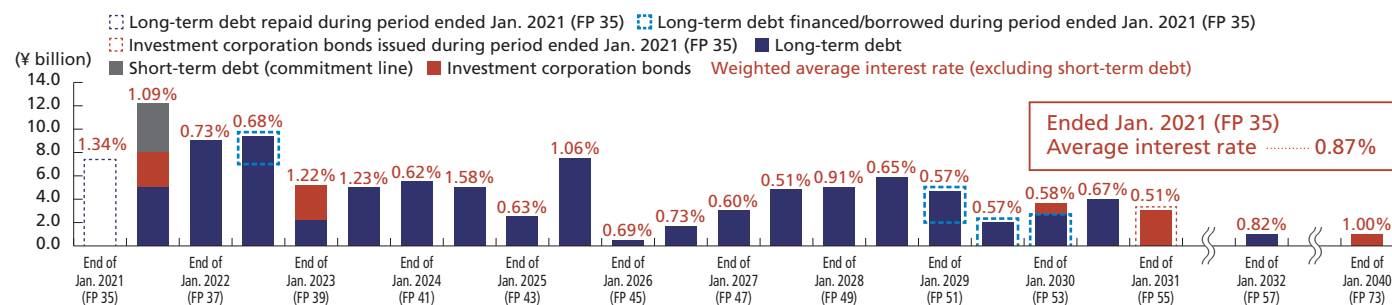
■ LTV based on total assets at the end of period = Balance of period-end interest-bearing debt / Period end total assets

■ LTV based on appraisal value = (Balance of interest-bearing debt at the end of period + Balance of securities deposit without reserved cash at the end of period) / (Appraisal value at the end of period)

LTV based on appraisal value is calculated by using appraisal value, and thus increases or decreases if appraisal value at the 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 January 2021 (FP 35)

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 <sup>2</sup> )	Ratio (Note 1)
1	DAIWA INFORMATION SERVICE Co., Ltd.	Real estate	Shonan Mall Fill (land with leasehold interest)	Mar. 31, 2033	44,078.12	20.2%
2	OKI Electric Industry Co., Ltd.	Electric equipment	OKI Business Center No. 5	Mar. 31, 2030	18,102.32	8.3%
			OKI System Center (land with leasehold interest) (Note 2)	Mar. 26, 2033	10,211.51	4.7%
3	Tokyu Corporation	Real estate	Tokyu Nampaidai-cho Building	Dec. 31, 2021	7,148.18	3.3%
			Tokyu Sakuragaoka-cho Building	Dec. 31, 2021	3,878.36	1.8%
			REVE Nakameguro (land with leasehold interest)	Sep. 26, 2068	497.02	0.2%
			Setagaya Business Square (Note 3)	Jan. 31, 2022	315.62	0.1%
4	VENDOR SERVICE CO., LTD.	Wholesale	Tokyu Toranomom Building	Jul. 31, 2021	5,907.30	2.7%
5	FUJITSU LIMITED	Electric equipment	TOKYU REIT Kamata Building	Sep. 30, 2022 (Note 4)	4,593.33	2.1%
6	TSUTAYA BOOKS Co., Ltd.	Wholesale	QFRONT	Dec. 14, 2039	4,502.93	2.1%
7	Tokyu Community Corporation	Service	Setagaya Business Square (Note 3)	Jul. 31, 2021 (Note 4)	3,857.61	1.8%
8	Japan Post Insurance Co., Ltd.	Insurance	TOKYU REIT Toranomom Building	Apr. 30, 2022 (Note 4)	3,553.89	1.6%
9	Tokyu Agency Inc.	Service	Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Jan. 31, 2023	3,533.03	1.6%
10	Netyear Group Corporation	Service	Tokyu Ginza 2-chome Building	Sep. 30, 2022	3,282.06	1.5%
Total of top 10 tenants in leased area					113,461.28	52.1%
Total leased area as of end of Jan. 2021 (FP 35 (33 properties))					217,854.03	100.0%

(Notes) 1. "Ratio" indicates ratio of tenant's leased areas to total leased area of 33 properties held as of the end of the fiscal period ended Jan. 2021 (FP 35).

2. Leased area for the 60% co-ownership interest is indicated for the tenant of OKI System Center (land with leasehold interest). Disposed 40% co-ownership interest on September 28, 2020, and scheduled to dispose 30% co-ownership interest on December 24, 2021, and 30% co-ownership interest on February 25, 2022.

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

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

## Creation of Portfolio Resilient to Earthquakes

## Structural status (earthquake resistance)

Investment Criteria	Properties that are compliant with the new earthquake resistance standards (Note), 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"> <li>29 out of 33 properties comply with the new earthquake resistance standards (Three remaining properties are land with leasehold interest only)</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio PML: 4.1%</li> <li>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.</li> </ul>

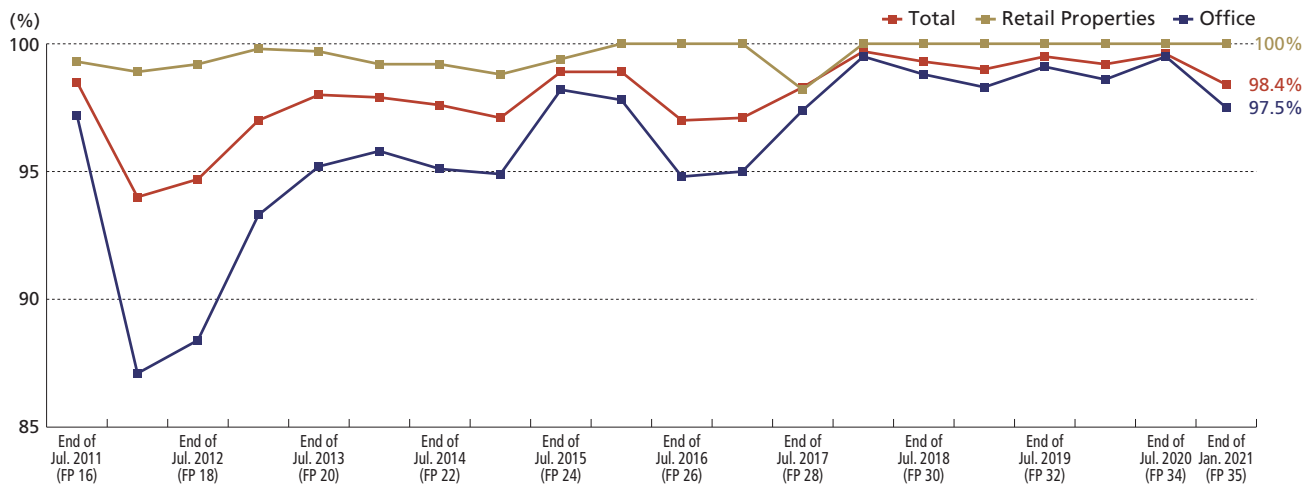
(Note) The new earthquake resistance standards are the earthquake resistant design standards based on the Building Standards Act, which was revised in 1981 with the aim to prevent buildings from collapsing even from earthquakes with seismic intensity of six and secure safety for human lives. Buildings 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.



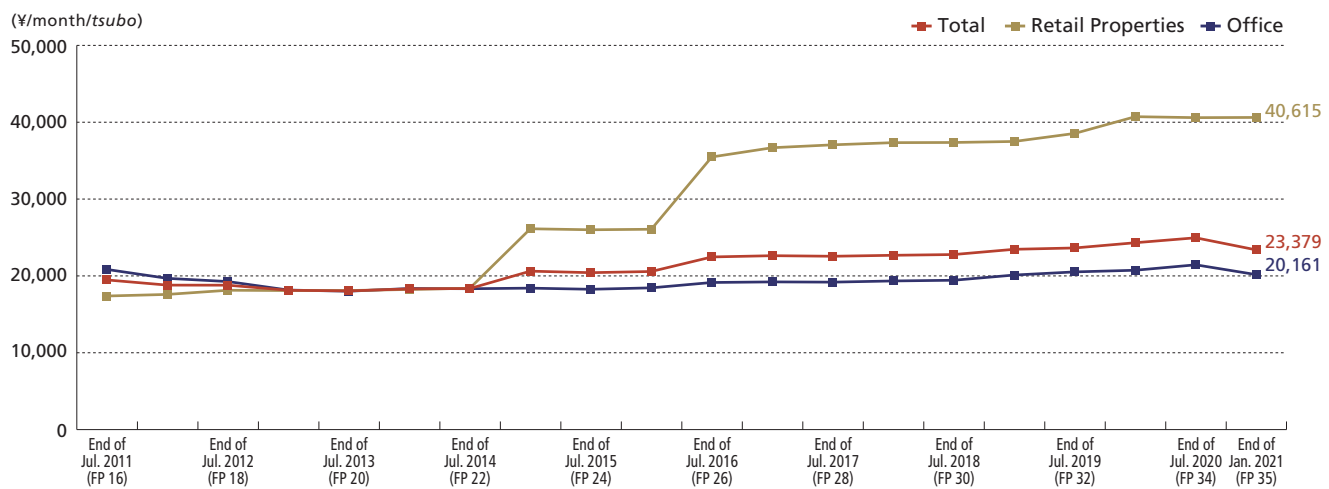
# Portfolio (properties owned at the end of January 2021 (FP 35))

## Track Record (Results of Management)

### Changes in Occupancy Rate

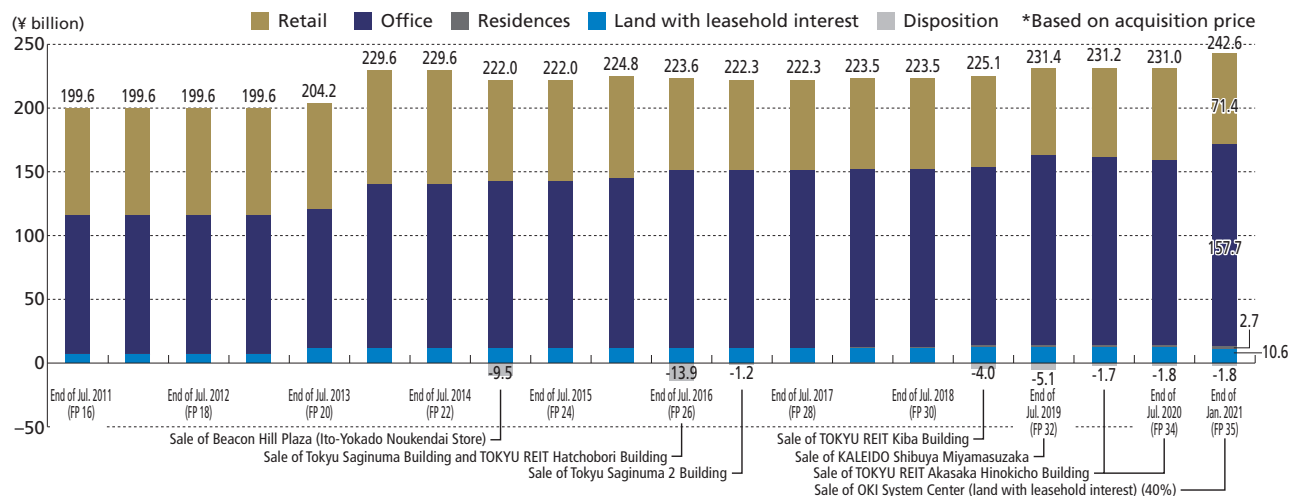


### Changes in Average Rent



\* In calculating the above unit price, we haven't factored in vacant spaces.  
 \* Includes common area charges and excludes income from parking, warehouses, etc.  
 \* 1 tsubo ≈ 3.30578m<sup>2</sup>

### Change in Asset Size



## Portfolio Overview (at the end of January 2021 (FP 35))

Use	Name of Property	Acquisition Date	Acquisition Price (¥ million)	Location	Total Leasable Area (m <sup>2</sup> )	Occupancy Rate	Ratio (Based on Acquisition Price) <sup>(Note1)</sup>	Probable Maximum Loss (PML) in Earthquake Risk Analysis	
Retail	QFRONT	Sep. 10, 2003	15,100	Shibuya Ward, Tokyo	4,502.93	100%	6.2%	4.2%	
	Lexington Aoyama	Sep. 11, 2003	4,800	Minato Ward, Tokyo	2,094.96	100%	2.0%	2.3%	
	TOKYU REIT Omotesando Square	Sep. 10, 2003	5,770	Shibuya Ward, Tokyo	2,669.10	100%	2.4%	9.5%	
	TOKYU REIT Shibuya Udagawa-cho Square	Mar. 1, 2004	6,600	Shibuya Ward, Tokyo	1,543.05	100%	2.7%	7.3%	
	cocoti		Apr. 6, 2005	14,700	Shibuya Ward, Tokyo	8,295.62	100%	10.1%	6.2%
			Aug. 2, 2005	9,800					
	CONZE Ebisu	Oct. 31, 2006	5,116	Shibuya Ward, Tokyo	2,327.00	100%	2.1%	4.1%	
	Daikanyama Forum	Apr. 22, 2008	4,136	Shibuya Ward, Tokyo	2,477.37	100%	1.7%	8.0%	
	TOKYU REIT Shimokitazawa Square	Apr. 26, 2019	2,257	Setagaya Ward, Tokyo	1,246.98	100%	0.9%	10.9%	
	TOKYU REIT Jiyugaoka Square <sup>(Note 2)</sup>		Oct. 1, 2019	1,548	Meguro Ward, Tokyo	1,231.80	100%	1.3%	8.8%
Mar. 4, 2020			1,611						
Office	Setagaya Business Square	Sep. 11, 2003	22,400	Setagaya Ward, Tokyo	24,920.26	99.1%	9.2%	2.9%	
	Tokyu Nampeidai-cho Building	Sep. 11, 2003	4,660	Shibuya Ward, Tokyo	7,148.18	100%	1.9%	7.9%	
	Tokyu Sakuragaoka-cho Building	Sep. 11, 2003	6,620	Shibuya Ward, Tokyo	4,737.19	100%	2.7%	11.1%	
	Tokyo Nissan Taito Building	Sep. 11, 2003	4,450	Taito Ward, Tokyo	7,877.43	100%	1.8%	7.4%	
	TOKYU REIT Kamata Building	Sep. 10, 2003	4,720	Ota Ward, Tokyo	7,337.82	100%	1.9%	7.7%	
	TOKYU REIT Toranomom Building		Dec. 15, 2004	8,630	Minato Ward, Tokyo	10,247.06	100%	4.2%	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%	3.5%	3.9%	
	Tokyu Ikejiri-ohashi Building	Mar. 28, 2008	5,480	Meguro Ward, Tokyo	5,733.23	100%	2.3%	5.8%	
	Kojimachi Square	Mar. 19, 2010	9,030	Chiyoda Ward, Tokyo	5,409.11	100%	3.7%	4.8%	
	TOKYU REIT Shinjuku Building	Mar. 26, 2010	9,000	Shinjuku Ward, Tokyo	6,270.68	100%	3.7%	4.2%	
	Akihabara Sanwa Toyo Building	Oct. 29, 2010	4,600	Chiyoda Ward, Tokyo	4,538.02	100%	1.9%	11.8%	
	Tokyu Ginza 2-chome Building	Feb. 15, 2011	5,010	Chuo Ward, Tokyo	3,473.16	100%	2.1%	4.4%	
	TOKYU REIT Shibuya R Building	Aug. 16, 2013	5,270	Shibuya Ward, Tokyo	5,266.15	90.7%	2.2%	5.9%	
	Tokyu Toranomom Building		Aug. 16, 2013	15,000	Minato Ward, Tokyo	9,016.59	92.8%	6.9%	5.4%
			Jan. 9, 2015	1,850					
	TOKYU REIT Shinjuku 2 Building	Oct. 30, 2015	2,750	Shinjuku Ward, Tokyo	1,790.46	100%	1.1%	4.2%	
	Tokyu Bancho Building		Mar. 24, 2016	12,740	Chiyoda Ward, Tokyo	6,137.50	80.2%	5.7%	3.3%
			Mar. 28, 2019	1,040					
	TOKYU REIT Ebisu Building	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	4,136.05	80.2%	3.3%	6.4%		
OKI Business Center No.5	Sep. 28, 2020	11,900	Minato Ward, Tokyo	18,102.32	100%	4.9%	8.1%		
Residence	Maison Peony Toritsudaigaku	Nov. 15, 2017	1,200	Meguro Ward, Tokyo	852.16	80.3%	0.5%	6.2%	
	STYLIO FIT Musashi Kosugi	Jan. 20, 2021	1,500	Kawasaki City, Kanagawa Prefecture	1,830.00	100%	0.6%	7.1%	
Land with leasehold interest	Shonan Mall Fill (Land with leasehold interest)	Apr. 28, 2006	6,810	Fujisawa City, Kanagawa Prefecture	44,078.12	100%	2.8%	—	
	OKI System Center <sup>(Note 3)</sup> (Land with leasehold interest)	Mar. 27, 2013	2,718	Warabi City, Saitama Prefecture	10,211.51	100%	1.1%	—	
	REVE Nakameguro (Land with leasehold interest)	Sep. 27, 2018	1,150	Meguro Ward, Tokyo	497.02	100%	0.5%	—	
Total			242,614		221,411.04	98.4%	100.0%	4.1%	

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

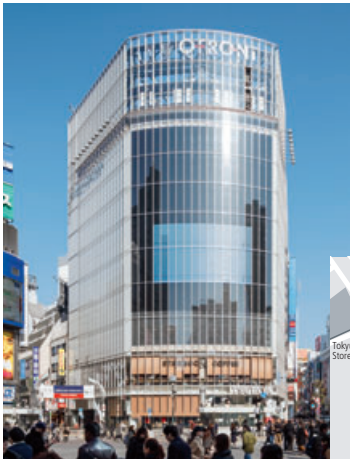
2. The name was changed from the KN Jiyugaoka Plaza on November 1, 2020.

3. OKI System Center (Land with leasehold interest) was disposed in the form of 40% co-ownership interest on September 28, 2020, and is scheduled to be disposed in the form of 30% co-ownership interest on December 24, 2021 and February 25, 2022, respectively.

# PORTFOLIO (properties owned at the end of January 2021 (FP 35))

## 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: 784.26m<sup>2</sup> (Land included in the property trust totals 728.30m<sup>2</sup>)  
 Total Floor Space: 6,675.52m<sup>2</sup> (Exclusive area 4,804.46m<sup>2</sup>)  
 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 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: 776.59m<sup>2</sup>  
 Total Floor Space: 2,342.21m<sup>2</sup>  
 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.



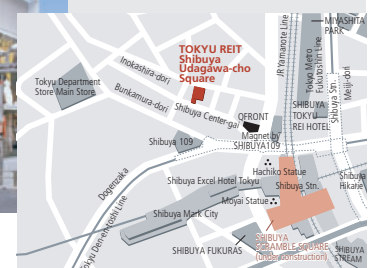
Address: 4-3-2, Jingumae, Shibuya-ku, Tokyo  
 Nearest Station: Approximately a two-minute walk from Omotesando Station—Tokyo Metro Ginza Line, etc.  
 Total Land Space: 1,259.21m<sup>2</sup>  
 Total Floor Space: 3,321.20m<sup>2</sup>  
 Structure/Floors: S/SRC, B1/4F  
 Completed: October 1985  
 Type 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: 679.27m<sup>2</sup>  
 Total Floor Space: [Bldg. 1] 1,473.10m<sup>2</sup>  
 [Bldg. 2] 56.39m<sup>2</sup>  
 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.

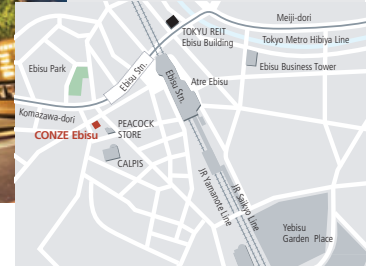


Address: 1-23-16, Shibuya, Shibuya-ku, Tokyo  
 Nearest Station: Approximately a one-minute walk from Shibuya Station—Tokyo Metro Ginza Line, etc.  
 Total Land Space: 1,705.35m<sup>2</sup>  
 Total Floor Space: 11,847.87m<sup>2</sup>  
 Structure/Floors: S/SRC, B2/12F  
 Completed: September 2004  
 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: 562.07m<sup>2</sup>  
 Total Floor Space: 2,789.35m<sup>2</sup>  
 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—Tokyo Toyoko Line  
 Total Land Space: Building 1 (East): Site rights area 942.30m<sup>2</sup>  
 Building 2 (West): Site rights area 1,108.01m<sup>2</sup>  
 Total Floor Space: Building 1 (East): 1,441.57m<sup>2</sup>  
 Building 2 (West): 2,388.70m<sup>2</sup>  
 (Exclusive area 1,182.62m<sup>2</sup>)  
 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

## TOKYU REIT Shimokitazawa Square



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: 489.27m<sup>2</sup>  
 Total Floor Space: 1,306.55m<sup>2</sup>  
 Structure/Floors: RC, B1/4F  
 Completed: June 2008  
 Type of Ownership: Land—Proprietary ownership  
 Building—Proprietary ownership



## TOKYU REIT Jiyugaoka Square



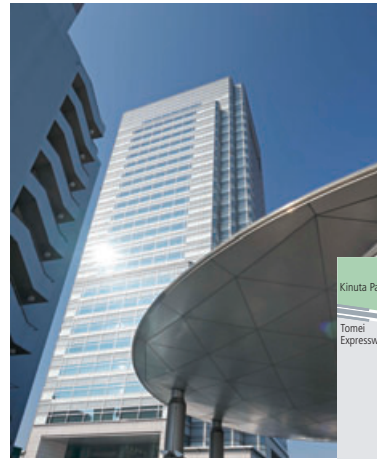
A retail property located approximately a two-minute walk from Jiyugaoka Station on the Tokyu Toyoko and Oimachi lines. Facing Kuhombutsugawa Ryokudo (Green Street), where there is a concentration of many sophisticated stores and customer-visiting-type offices.



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: 575.54m<sup>2</sup>  
 Total Floor Space: 1,272.60m<sup>2</sup>  
 Structure/ Floors: SRC, 5F  
 Completed: December, 2001  
 Type of Ownership: Land—Proprietary ownership  
 Building—Proprietary ownership

## 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 Metropolitan Expressway.



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: 21,315.68m<sup>2</sup>  
 Total Floor Space: 94,373.72m<sup>2</sup>  
 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: 2,013.28m<sup>2</sup>  
 Total Floor Space: 7,003.88m<sup>2</sup>  
 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: 1,013.03m<sup>2</sup>  
 Total Floor Space: 6,505.39m<sup>2</sup>  
 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

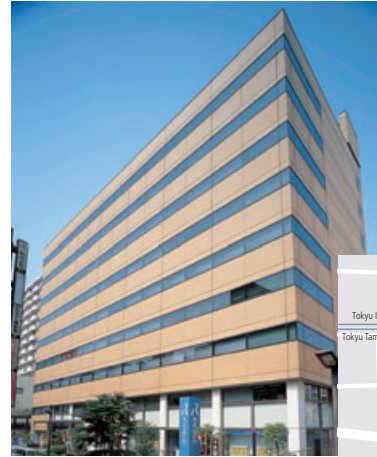


A highly convenient office several stations including Ueno Station, Inaricho Station and Shin-Okachimachi Station available for use.



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: 1,718.45m<sup>2</sup>  
 Total Floor Space: 11,373.20m<sup>2</sup>  
 Structure/Floors: SRC, B2/10F  
 Completed: September 1992  
 Type of Ownership: Land—Proprietary ownership  
 Building—Proprietary ownership

## 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 City Office.

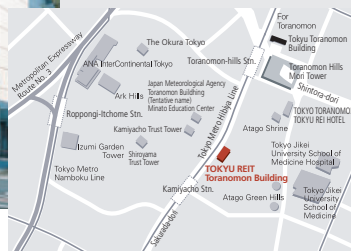


Address: 5-13-23, Kamata, Ota-ku, Tokyo  
 Nearest Station: Approximately a three-minute walk from Kamata Station—JR Keihin Tohoku Line, etc.  
 Total Land Space: 1,642.86m<sup>2</sup>  
 Total Floor Space: 10,244.51m<sup>2</sup>  
 Structure/Floors: S/SRC, B1/9F  
 Completed: February 1992  
 Type of 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  
 Total Land Space: 1,728.38m<sup>2</sup> (Co-ownership ratio: 86.116%)  
 Total Floor Space: 15,343.73m<sup>2</sup> (Area owned by TOKYU REIT: 10,882.65m<sup>2</sup>)  
 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: 712.49m<sup>2</sup>  
 Total Floor Space: 5,002.36m<sup>2</sup>  
 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 January 2021 (FP 35))

## 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: 2,382.67m<sup>2</sup>  
 Total Floor Space: 7,619.56m<sup>2</sup>  
 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.

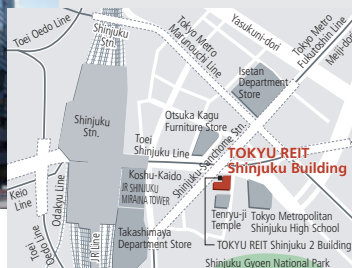


Address: 3, Nibancho, Chiyoda-ku, Tokyo  
 Nearest Station: Approximately a one-minute walk from Kojimachi Station—Tokyo Metro Yurakucho Line, etc.  
 Total Land Space: 1,269.24m<sup>2</sup>  
 Total Floor Space: 6,803.47m<sup>2</sup>  
 Structure/Floors: S/RC, B1/7F  
 Completed: January 2003  
 Type 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.

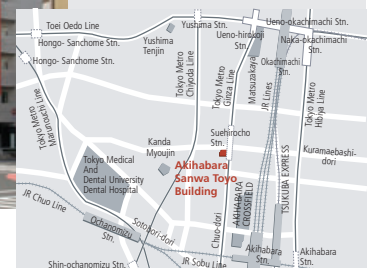


Address: 4-3-25, Shinjuku, Shinjuku-ku, Tokyo  
 Nearest Station: Approximately a one-minute walk from Shinjuku-Sanchome Station—Tokyo Metro Marunouchi Line, etc.  
 Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.  
 Total Land Space: 1,113.87m<sup>2</sup>  
 Total Floor Space: 8,720.09m<sup>2</sup>  
 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.

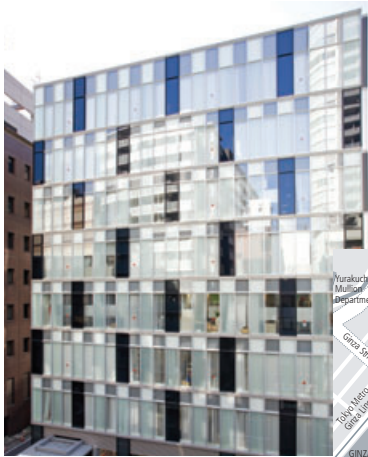


Address: 3-16-8, Sotokanda, Chiyoda-ku, Tokyo  
 Nearest Station: Approximately a one-minute walk from Suehirocho Station—Tokyo Metro Ginza Line  
 Total Land Space: 795.33m<sup>2</sup>  
 Total Floor Space: 5,704.69m<sup>2</sup>  
 Structure/Floors: SRC, B1/8F  
 Completed: September 1985  
 Type of 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: 805.42m<sup>2</sup>  
 Total Floor Space: 5,098.61m<sup>2</sup>  
 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

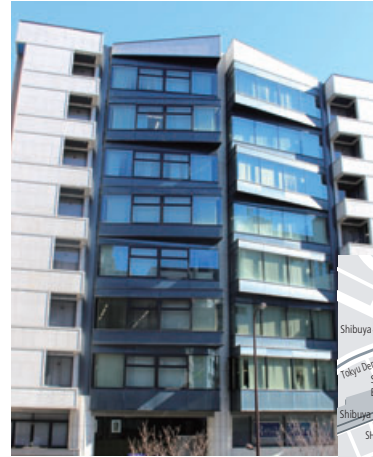


An office building located in an area expected to be further developed and the establishment of Toranomon-hills Station and large-scale developments in the surrounding areas are scheduled. Extension work is scheduled for completion in summer 2022.

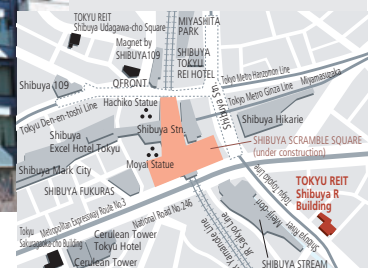


Address: 1-21-19, Toranomon, Minato-ku, Tokyo  
 Nearest Station: Approximately a one-minute walk from Toranomon-hills Station—Tokyo Metro Hibiya Line  
 Approximately a three-minute walk from Toranomon Station—Tokyo Metro Ginza Line, etc.  
 Total Land Space: 2,016.83m<sup>2</sup>  
 Total Floor Space: 11,983.09m<sup>2</sup>  
 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 along Meiji-dori. Access from Shibuya Station is expected to further improve with the development around the station.

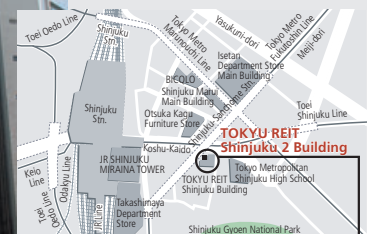


Address: 3-10-13, Shibuya, Shibuya-ku, Tokyo  
 Nearest Station: Approximately a two-minute walk from Shibuya Station—JR Lines, etc.  
 Total Land Space: 1,077.45m<sup>2</sup> (Area owned by TOKYU REIT: 819.41m<sup>2</sup>)  
 Total Floor Space: 7,289.38m<sup>2</sup> (Including parking space 41.18m<sup>2</sup>)  
 (Area owned by TOKYU REIT: 4,403.69m<sup>2</sup>)  
 Structure/Floors: SRC (Parking: S), 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.



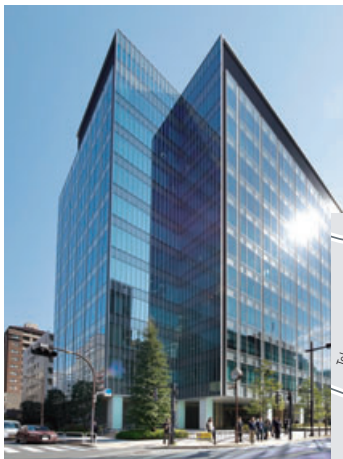
Address: 4-3-23, Shinjuku, Shinjuku-ku, Tokyo  
 Nearest Station: Approximately a one-minute walk from Shinjuku-Sanchome Station—Tokyo Metro Marunouchi Line, etc.  
 Approximately a four-minute walk from Shinjuku Station—JR Yamanote Line, etc.  
 Total Land Space: 270.05m<sup>2</sup>  
 Total Floor Space: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



# PORTFOLIO (properties owned at the end of January 2021 (FP 35))

## 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: 2,754.18m<sup>2</sup> (Land included in the property trust totals: 2,573.80m<sup>2</sup>)  
 Total Floor Space: 15,834.55m<sup>2</sup>  
 (Exclusive ownership area of compartments under compartmentalized ownership pertaining to property trust: 11,431.09m<sup>2</sup>)  
 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



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: 478.40m<sup>2</sup>  
 Total Floor Space: 2,603.30m<sup>2</sup>  
 Structure/Floors: S/SRC, B1F/7F  
 Completion: April 1992  
 Type of Ownership: Land—Proprietary ownership  
 Building—Proprietary ownership

## 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: 721.34m<sup>2</sup>  
 Total Floor Space: 5,644.91m<sup>2</sup>  
 Structure/Floors: SRC, B1/11F  
 Completed: March 1988  
 Type of ownership: Land—Proprietary ownership  
 Building—Proprietary ownership

## OKI Business Center No.5



An office building located in the Shibaura area, an area expected to develop further with a large-scale mixed-use development in front of Tamachi Station and the opening of a new station. Occupied by Oki Electric Industry Co., Ltd.



Address: 4-10-16, Shibaura, Minato-ku, Tokyo  
 Nearest Station: Approximately an eight-minute walk from Tamachi Station—JR Yamanote Line  
 Total Land Space: 4,646.65m<sup>2</sup>  
 Total Floor Space: 18,102.32m<sup>2</sup>  
 Structure/Floors: SRC, B2/12F  
 Completed: June 1982  
 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: 245.61m<sup>2</sup>  
 Total Floor Space: 950.36m<sup>2</sup>  
 Structure/Floors: RC, 10F  
 Completed: August 2014  
 Type of ownership: Land—Proprietary ownership  
 Building—Proprietary ownership

## STYLIO FIT Musashi Kosugi



The property is a residence building located in the Musashikosugi area where development is rapidly progressing in recent years as result of redevelopment.



Address: 2-chome, Kamimaruko-sannocho, Nakahara-ku, Kawasaki-shi, Kanagawa  
 Nearest Station: Approximately a five-minute walk from Mukaigawara Station—JR Nambu Line  
 Approximately a nine-minute walk from Musashi-kosugi Station—JR Yokosuka Line, Shonan-Shinjuku Line and Sotetsu Line through service  
 Approximately a twelve-minute walk from Musashi-kosugi Station—Tokyu Toyoko Line and Meguro Line  
 Total Land Space: 676.26m<sup>2</sup>  
 Total Floor Space: 2,320.12m<sup>2</sup>  
 Structure/Floors: RC, 7F  
 Completed: April 2020  
 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.



Address: 4-1-1, Tsujido Shinmachi, Fujisawa-shi, Kanagawa  
 Nearest Station: Approximately a three-minute by bus or a twenty-minute walk from Tsujido Station—JR Tokaido Line  
 Total Land Space: 44,078.12m<sup>2</sup>  
 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.



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: 17,019.18m<sup>2</sup>  
 Type of Ownership: Land—Proprietary ownership  
 \*40% of co-ownership interest was disposed on September 28, 2020, 30% co-ownership interest is scheduled to be disposed on December 24, 2021, and 30% of co-ownership interest is scheduled to be disposed on February 25, 2022.

## 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: 497.02m<sup>2</sup>  
 Type of Ownership: Land—Proprietary ownership

I. Asset Management Report  
1. Financial Highlights  
(1) Result of Operation and Financial Position

		35th fiscal period From August 1, 2020 to January 31, 2021 (184 days)	34th fiscal period From February 1, 2020 to July 31, 2020 (182 days)	33rd fiscal period From August 1, 2019 to January 31, 2020 (184 days)	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)		
		Millions of yen, except per unit data or where otherwise indicated						
Result of operation	Statement of income	Operating revenues	¥ 8,611	¥ 8,203	¥ 8,123	¥ 7,366	¥ 7,523	
		Operating income	¥ 4,538	¥ 4,325	¥ 4,049	¥ 3,349	¥ 3,547	
		Net income	¥ 4,083	¥ 3,855	¥ 3,580	¥ 2,857	¥ 3,029	
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 7,845	¥ 7,499	¥ 7,459	¥ 7,327	¥ 7,207	
		Rental service expenses (b)	¥ 3,221	¥ 3,067	¥ 3,284	¥ 3,251	¥ 3,238	
		[Depreciation and amortization] (included in (b)) (c) (Note 3)	[¥ 1,001]	[¥ 975]	[¥ 991]	[¥ 994]	[¥ 1,028]	
		NOI (Net Operating Income) (a) - (b) + (c)	¥ 5,626	¥ 5,407	¥ 5,165	¥ 5,070	¥ 4,996	
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 4,319	¥ 4,127	¥ 3,906	¥ 3,812	¥ 3,740	
		Capital expenditures (e)	¥ 607	¥ 469	¥ 635	¥ 583	¥ 506	
		AFFO (Adjusted Funds from Operation) (d) - (e)	¥ 3,712	¥ 3,658	¥ 3,271	¥ 3,229	¥ 3,233	
Financial position	Balance sheet	Total assets (f)	¥ 231,090	¥ 220,068	¥ 219,504	¥ 218,587	¥ 219,958	
		[Change from the preceding period]	[5.0%]	[0.3%]	[0.4%]	[-0.6%]	[0.3%]	
		Interest-bearing liabilities (g) (Note 5)	¥ 101,600	¥ 92,000	¥ 92,000	¥ 92,300	¥ 93,500	
		Total unitholders' equity (Net assets) (h)	¥ 115,663	¥ 115,051	¥ 114,420	¥ 113,697	¥ 113,869	
		[Change from the preceding period]	[0.5%]	[0.6%]	[0.6%]	[-0.2%]	[0.3%]	
		Unitholders' capital	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479	¥ 110,479	
	Portfolio	Acquisition costs of properties (Note 6)	¥ 242,614	¥ 231,026	¥ 231,235	¥ 231,436	¥ 225,189	
		Book value of properties (Note 6)	¥ 225,085	¥ 213,613	¥ 214,240	¥ 214,720	¥ 211,404	
		Appraisal value of properties at end of period (i) (Note 6)	¥ 306,780	¥ 293,200	¥ 291,721	¥ 280,340	¥ 270,500	
		Number of properties at end of period	33 properties	31 properties	32 properties	31 properties	30 properties	
		Total leasable area (Note 7)	221,411.04 m <sup>2</sup>	208,279.76 m <sup>2</sup>	209,337.25 m <sup>2</sup>	210,274.91 m <sup>2</sup>	207,848.65 m <sup>2</sup>	
		Occupancy rate at end of period (Note 7)	98.4%	99.6%	99.2%	99.5%	99.0%	
	Other	Distri- bution	Cash distribution	¥ 3,675	¥ 3,471	¥ 3,224	¥ 2,857	¥ 3,029
			Dividend payout ratio	90.0%	90.0%	90.0%	100.0%	100.0%
		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)			¥ 118,313	¥ 117,688	¥ 117,041	¥ 116,302	¥ 116,478	
Cash distribution per unit			¥ 3,760	¥ 3,551	¥ 3,298	¥ 2,923	¥ 3,099	
Management index		Return on total unitholders' equity (annualized) (Note 8)	7.0%	6.7%	6.2%	5.1%	5.3%	
		Equity ratio (h)÷(f)	50.1%	52.3%	52.1%	52.0%	51.8%	
		[Change from the preceding period]	[-2.2%]	[0.2%]	[0.1%]	[0.2%]	[0.0%]	
		Proportion of interest-bearing liabilities to total assets at end of period (g)÷(f)	44.0%	41.8%	41.9%	42.2%	42.5%	
		Proportion of interest-bearing liabilities to appraisal value at end of period (g)÷(i)	33.1%	31.4%	31.5%	32.9%	34.6%	
	Average market price per unit during period (Note 9)	¥ 147,909	¥ 153,097	¥ 204,476	¥ 179,134	¥ 159,494		



- Note 1. Consumption tax is not included in result of operation.
- Note 2. 'Revenue from property leasing' does not include revenues from facility acceptance (35th fiscal period: ¥1 million).
- Note 3. 'Depreciation and amortization' includes loss on disposal of property and equipment (31st fiscal period: ¥13 million; 32nd fiscal period: ¥7 million; 33rd fiscal period: ¥3 million; 34th fiscal period: ¥0 million; 35th fiscal period: ¥5 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, 4 and 5 of '3. Portfolio Profile (2) Major Portfolio.'
- Note 8.  $\text{Net income} \div \{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\} \times 365 \div \text{Number of days of investment management}$ .
- Note 9. Average price during period (closing price) on the Real Estate Investment Trust Section of the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") on which the investment certificates of TOKYU REIT, Inc. ("TOKYU REIT") are listed.

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

### ① Investment Environment

During the fiscal period under review (35th fiscal period: six-month period ended January 31, 2021), the Japanese economy was still in a severe situation due to the impact of COVID-19, but continued to show signs of picking up, although remaining weak in some components. Specifically, in the Tokyo metropolitan area's economy, consumer spending increased moderately due to the impact of COVID-19, with supermarket sales turnover and drugstore sales turnover exceeding that of the previous year, partially offset due to a decline in accommodation and restaurant services. The employment situation shows steady movements in some components such as the number of employees, while weakness remains, due to the influence of the infectious disease.

Population movements saw a net emigration out of Tokyo since July 2020, yet there was still a net immigration of over 90,000 people into the Tokyo metropolitan area from other regions of the country during the period from January 2020 to December 2020

(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 Tokyo's office market, the vacancy rate trended upward due to the impact of corporate measures to adapt to work-style changes and reduce costs. In the five central Tokyo wards' office leasing market, the average vacancy rate increased and the average rent decreased in 2020 due to the impact of vacancy arising from relocations to newly-built buildings completed in 2020 in addition to fewer people commuting to offices, which led to downsizing and contract cancellations of offices, among other factors. Meanwhile, in the retail property leasing market, the severe situation continued due to the impact of the decrease in the flow of people with the temporary suspension of the "Go To



Travel” campaign and the Japanese government issuing a declaration of a state of emergency again. The stronger trend of self-restraint from going out to certain types of retail properties, such as regional shopping centers and central urban properties that have mainly fashion-related stores, and the somewhat weakening consumer sentiment led to a slightly downward trend in retail sales overall.

In the real estate trading market, while the monetary easing measures continued, popularity grew for logistics facilities and residential properties with the spread of COVID-19 having a comparatively small impact on the total investment amount and earnings remaining relatively stable.

The expected cap rate was flat for offices, which had been on an ongoing downward trend, as well as for central urban retail properties and residential properties, increased for hotels, and decreased for logistics facilities.

## 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 35th fiscal period, TOKYU REIT acquired OKI Business Center No.5 and sold 40% co-ownership interest in OKI System Center (land with leasehold interest) on September 28, 2020, and acquired STYLIO FIT Musashikosugi on January 20, 2021.

As of January 31, 2021, TOKYU REIT held an investment portfolio totaling 33 properties with a total acquisition price of ¥242,614 million and total leasable area of 221,411.04 m<sup>2</sup>. The period-end appraisal value for TOKYU REIT’s entire portfolio amounted to ¥306,780 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 ¥81,694 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 35th fiscal period increased by 0.3% compared with the end of the 34th fiscal period. In addition, the vacancy rate at the end of the 35th fiscal period increased from the 0.4% at the end of the 34th fiscal period by 1.2 percentage points to 1.6%.

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 cyclical nature of real estate prices, TOKYU REIT aims to build a portfolio that boasts lasting competitiveness and balance sheets that are strong against even difficult economic times.

### 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 35th fiscal period, to secure interest-bearing liabilities with fixed long-term interest rates and diversified repayment dates, long-term debt of ¥7,400 million due for repayment in the 35th fiscal period was refinanced, and ¥2,400 million was procured in the form of long-term debt as part of the acquisition expenses for OKI Business Center No.5. 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 in the form of short-term debt of a total of ¥8,200 million to fund part of the acquisitions of OKI Business Center No.5 and STYLIO FIT Musashikosugi as well as the expenditures pertaining to the acquisitions. To fund part of the repayment of the short-term debt that was due for repayment in the 35th fiscal period, investment corporation bonds were issued in the amount of ¥3,000 million. This was combined with cash on hand of ¥1,000 million to repay ¥4,000 million of the short-term debt during the 35th fiscal period. The balance of interest-bearing liabilities as of the end of the 35th fiscal period was ¥101,600 million, consisting of ¥11,000 million in investment corporation bonds (of which, ¥3,000 million is the current portion of investment corporation bonds), ¥86,400 million in long-term debt (of which, ¥14,000 million is the current portion of long-term debt) and ¥4,200 million in short-term debt. The weighted-average interest rate for the 35th fiscal period was 0.87% (calculated based on the annualized amount of interest payable for the 35th fiscal period divided by the total average balance of each interest-bearing liability).

TOKYU REIT's credit ratings as of the end of the 35th 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

### (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:

	35th fiscal period From August 1, 2020 to January 31, 2021	34th fiscal period From February 1, 2020 to July 31, 2020	33rd fiscal period From August 1, 2019 to January 31, 2020	32nd fiscal period From February 1, 2019 to July 31, 2019	31st fiscal period From August 1, 2018 to January 31, 2019
	Yen				
Highest	¥ 168,000	¥ 211,600	¥ 213,900	¥ 202,000	¥ 168,400
Lowest	¥ 128,600	¥ 91,200	¥ 194,500	¥ 161,500	¥ 151,600

#### (4) Distribution Information

In the 35th fiscal period, ¥407 million of the ¥764 million total capital gains from the disposition of 40% co-ownership interest in OKI System Center (land with leasehold interest) on September 28, 2020 is retained in reserve for reduction entry pursuant to the “Special Provisions for Taxation in the Case of Advance Acquisition of Land, etc. in 2009 and 2010” (Article 66-2 of the Special Taxation Measures Law). Consequently, with respect to the distribution, TOKYU REIT decided to distribute unappropriated retained earnings, less the concerned reserve for reduction entry, in the entire amount (except for the rounding amount, which is the distribution per unit of less than ¥1) for application of Article 67-15 of the Special Taxation Measures Law that allows TOKYU REIT to deduct the maximum amount of profit distribution from its taxable income. Accordingly, distribution per unit for the 35th fiscal period was ¥3,760.

	35th fiscal period From August 1, 2020 to January 31, 2021	34th fiscal period From February 1, 2020 to July 31, 2020	33rd fiscal period From August 1, 2019 to January 31, 2020	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, except per unit data				
Unappropriated retained earnings	¥ 4,083	¥ 3,855	¥ 3,580	¥ 2,857	¥ 3,029
Undistributed earnings	¥ 407	¥ 384	¥ 356	¥ 0	¥ 0
Cash distribution	¥ 3,675	¥ 3,471	¥ 3,224	¥ 2,857	¥ 3,029
[Cash distribution per unit]	[¥ 3,760]	[¥ 3,551]	[¥ 3,298]	[¥ 2,923]	[¥ 3,099]
Cash distribution of accumulated earnings	¥ 3,675	¥ 3,471	¥ 3,224	¥ 2,857	¥ 3,029
[Cash distribution of accumulated earnings per unit]	[¥ 3,760]	[¥ 3,551]	[¥ 3,298]	[¥ 2,923]	[¥ 3,099]
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 economic outlook is that the economy is expected to pick up due in part to the effects of various measures and policies and improvement in overseas economies, as social and economic activities are resumed in phases while taking steps to prevent the spread of COVID-19 even after the lifting of the Japanese government's declaration of a state of emergency. However, further downside risks stemming from the spread of COVID-19 in Japan and abroad require due attention. In addition, there is the need to closely monitor financial and capital market volatility and other impacts.

In light of such an outlook, in the real estate leasing market, the deterioration of corporate earnings, rapid increase in teleworking, sharp decrease in inbound tourism demand and other factors stemming from COVID-19 lead to the forecast that the vacancy rate will increase and rent will decrease. In the real estate trading market, although recognizing COVID-19 as a risk factor, investors still have an active investment appetite for Tokyo amid the ongoing globally low interest rate policies. While the preference is for assets with stable earnings potential for the time being, there is also a gradually increasing focus on targeting investments with promising potential over the medium to long term in anticipation of the post-COVID-19 era.

### 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 investment environment assessment at the end of the 35th fiscal period was that the price of real estate in the Tokyo Metropolitan Area continues to hover at a high level despite the uncertain state of the real estate trading market, and thus in the “sales and replacement phase” of the “Long-Term Investment Management Strategy (Surf Plan).” Within the Tokyo Metropolitan Area, expectations are for the price of real estate in Shibuya and Tokyu Areas to rise 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 will 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 accrue 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 35th fiscal period of TOKYU REIT.

### Acquisition and Disposition of Assets

The following acquisition and disposition of assets were decided on March 26, 2021. The acquisition took place on March 29, 2021.

#### a. Acquisition of Asset

- (i) Type of asset: Domestic real estate
- (ii) Property name: Hulic Shibuya Miyashita Koen Building
- (iii) Acquisition price (Note 1): ¥6,000 million
- (iv) Contract date: March 26, 2021
- (v) Acquisition date: March 29, 2021
- (vi) Seller: Hulic Co., Ltd. (Note 2)
- (vii) Financing: Cash on hand and debt financing

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.

#### b. Disposition of Asset

- (i) Type of asset: Trust beneficiary interest in domestic real estate
- (ii) Property name: Shonan Mall Fill (land with leasehold interest)
- (iii) Disposition price (Note 1): ¥7,700 million
- (iv) Contract date: March 26, 2021
- (v) Disposition date: August 2, 2021
- (vi) Purchaser: Domestic company (Note 2)
- (vii) Posting of gain on sale of real estate and reserve for reduction entry:  
Gain on sale of real estate of ¥662 million and provision of reserve for reduction entry of ¥370 million are expected to be posted in the six months ending January 31, 2022 (37th fiscal period).

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

Note 2. The name, etc. have not been disclosed as the purchaser has not provided consent. 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.

(Reference Information)

① Property Details for '1. Financial Highlights (6) Subsequent Events a. Acquisition of Asset' Earlier in This Report

Property name		Hulic Shibuya Miyashita Koen Building
Type of specified asset		Domestic real estate
Location	Registered	Land 1-17-5, 1-17-19, Shibuya, Shibuya-ku, Tokyo
		Building 1-17-19, Shibuya, Shibuya-ku, Tokyo
Travel time from nearest train station (Note 1)		Approximately a one-minute walk from Shibuya Station on the JR Yamanote Line, Tokyu Toyoko Line and Tokyo Metro Fukutoshin Line
Use		Office and retail
Site/Floor area (Registered)	Land	364.74 m <sup>2</sup>
	Building	2,568.30 m <sup>2</sup>
Structure/Floors (Registered)		S, 12F
Completion date (Registered)		April 2008
Seller		Hulic Co., Ltd. (Note 2)
Type of ownership	Land	Proprietary ownership
	Building	Proprietary ownership
Total number of tenants (Note 3)		10
Acquisition price (Note 4)		¥6,000 million
Appraisal value at time of acquisition	¥6,060 million (effective date of value: March 1, 2021)	
	Appraiser: Daiwa Real Estate Appraisal 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. 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.

Note 3. 'Total number of tenants' is the total figure for the entire property as of the acquisition date (March 29, 2021).

Note 4. 'Acquisition price' is the amount exclusive of the expenses required for acquisition of the asset (property-related taxes, etc.).

② Partial Amendments to TOKYU REIT’s Articles of Incorporation

A proposal for the following partial amendments to TOKYU REIT’s Articles of Incorporation was submitted and approved at TOKYU REIT’s General Meeting of Unitholders held on April 16, 2021.

(Underlined portions indicate changes)

Current Articles	Proposed Amendments
<p><b>Article 15. (Deemed Approval)</b></p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>(New addition)</p> <p>(New addition)</p>	<p><b>Article 15. (Deemed Approval)</b></p> <p>1. (No change)</p> <p>2. (No change)</p> <p><u>3. The provisions of the preceding two paragraphs shall not apply to proposals when (1) within two weeks from the date on which TOKYU REIT announces submission of the proposals regarding the following matters to a general meeting of unitholders on its website or the date on which a convenor announces the submission through a method equivalent to such, whichever date is earlier, a unitholder who owns 1% or more of the total investment units issued for a continuous period of six months or longer notifies TOKYU REIT (when the convenor is one other than the executive director or the supervisory director, both TOKYU REIT and the convenor) of his or her disapproval of the said proposals, or (2) concerning the proposals regarding the following matters, TOKYU REIT has stated its disapproval of the said proposals in the convocation notice or announced such on its website.</u></p> <p><u>(1) Appointment or dismissal of executive directors or supervisory directors</u></p> <p><u>(2) Conclusion or cancellation of the asset management agreement with the investment management company</u></p> <p><u>(3) Dissolution</u></p> <p><u>(4) Consolidation of investment units</u></p> <p><u>(5) Exemption of liability of the executive directors, supervisory directors, or independent auditor</u></p> <p><u>(6) Approval of absorption-type merger agreements or consolidation-type merger agreements.</u></p> <p><u>4. The provisions of Paragraphs 1 and 2 shall not apply to proposals to amend the Articles of Incorporation amending this Article.</u></p>
<p><b>Article 38. (Grounds for and End of Use of Representation)</b></p> <p>Use of “TOKYU” and other related registered trademarks, as well as similar representation, including part of TOKYU REIT’s trade name and those that appear in the Japanese language, by TOKYU REIT shall be subject to a license being granted based on an agreement with the holder of the trademark rights <u>Tokyu Corporation</u> and the use shall be suspended when the license is no longer granted.</p>	<p><b>Article 38. (Grounds for and End of Use of Representation)</b></p> <p>Use of “TOKYU” and other related registered trademarks, as well as similar representation, including part of TOKYU REIT’s trade name and those that appear in the Japanese language, by TOKYU REIT shall be subject to a license being granted based on an agreement with the holder of the trademark rights <u>Tokyu Corporation</u> and the use shall be suspended when the license is no longer granted.</p> <p>(* The company name of Tokyu Corporation has been changed in Japanese, but its English name remains unchanged. Thus, the amendment applies only in Japanese. The same applies hereinafter.)</p>
<p style="text-align: right;"><b>Attachment 1</b></p> <p><b>Scope and Policy of Investment Management</b></p> <p>1. Basic Policy of Investment Management</p> <p>(Omitted)</p>	<p style="text-align: right;"><b>Attachment 1</b></p> <p><b>Scope and Policy of Investment Management</b></p> <p>1. Basic Policy of Investment Management</p> <p>(No change)</p>

Current Articles	Proposed Amendments
<p>(1) Growth (Omitted)</p> <p>① Internal growth factors (Omitted)</p> <p>② External growth factors Proactive property acquisition, and maintaining and increasing portfolio quality (Omitted)</p> <p>Property acquisition from <u>Tokyu Corporation</u> and its subsidiaries TOKYU REIT shall secure stable and continuous opportunities for acquisition of property owned by <u>Tokyu Corporation</u> and its subsidiaries. In these Articles of Incorporation, <u>Tokyu Corporation</u> and its subsidiaries refers to any of a. to c. below:</p> <p>a. <u>Tokyu Corporation</u>; b. A consolidated subsidiary of <u>Tokyu Corporation</u>; or c. A party that constitutes either a tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) established under the intention of <u>Tokyu Corporation</u> or a consolidated subsidiary of <u>Tokyu Corporation</u> and whose majority of silent partnership and other capital are invested by such.</p> <p>③ Synergy effect with <u>Tokyu Corporation</u> and its subsidiaries TOKYU REIT shall aim to achieve growth by improving added value of the areas along the Tokyu rail lines through the synergy effect with <u>Tokyu Corporation</u> and its subsidiaries.</p> <p>(2) Stability (Omitted)</p> <p>(3) Transparency In order to secure transparency, TOKYU REIT shall conduct proactive and timely disclosure of material information that is deemed to be useful and appropriate for unitholders in addition to legal disclosures. Furthermore, it shall give due consideration to averting conflicts of interest with <u>Tokyu Corporation</u> and its subsidiaries and other interested persons, etc. of Tokyu REIM for individual business and transactions while keeping in mind that businesses and transaction opportunities may be granted to <u>Tokyu Corporation</u> and its subsidiaries throughout its investment activities.</p> <p>2. Type, Purpose and Scope of Specified Assets for Investments Management (Omitted)</p> <p>3. Investment Posture</p> <p>(1) Investment policy (Omitted)</p> <p>(2) Selling policy (Omitted)</p> <p>(3) Properties handling policy</p> <p>① Properties acquisition operations (Omitted)</p>	<p>(1) Growth (No change)</p> <p>① Internal growth factors (No change)</p> <p>② External growth factors Proactive property acquisition, and maintaining and increasing portfolio quality (No change)</p> <p>Property acquisition from <u>Tokyu Corporation</u> and its subsidiaries TOKYU REIT shall secure stable and continuous opportunities for acquisition of property owned by <u>Tokyu Corporation</u> and its subsidiaries. In these Articles of Incorporation, <u>Tokyu Corporation</u> and its subsidiaries refers to any of a. to c. below:</p> <p>a. <u>Tokyu Corporation</u>; b. A consolidated subsidiary of <u>Tokyu Corporation</u>; or c. A party that constitutes either a tokutei mokuteki kaisha (TMK) or special purpose entity (SPE) established under the intention of <u>Tokyu Corporation</u> or a consolidated subsidiary of <u>Tokyu Corporation</u> and whose majority of silent partnership and other capital are invested by such.</p> <p>③ Synergy effect with <u>Tokyu Corporation</u> and its subsidiaries TOKYU REIT shall aim to achieve growth by improving added value of the areas along the Tokyu rail lines through the synergy effect with <u>Tokyu Corporation</u> and its subsidiaries.</p> <p>(2) Stability (No change)</p> <p>(3) Transparency In order to secure transparency, TOKYU REIT shall conduct proactive and timely disclosure of material information that is deemed to be useful and appropriate for unitholders in addition to legal disclosures. Furthermore, it shall give due consideration to averting conflicts of interest with <u>Tokyu Corporation</u> and its subsidiaries and other interested persons, etc. of Tokyu REIM for individual business and transactions while keeping in mind that businesses and transaction opportunities may be granted to <u>Tokyu Corporation</u> and its subsidiaries throughout its investment activities.</p> <p>2. Type, Purpose and Scope of Specified Assets for Investments Management (No change)</p> <p>3. Investment Posture</p> <p>(1) Investment policy (No change)</p> <p>(2) Selling policy (No change)</p> <p>(3) Properties handling policy</p> <p>① Properties acquisition operations (No change)</p>

Current Articles	Proposed Amendments
<p>② Property management operations (Omitted)</p> <p>a. Leasing operations (Omitted)</p> <p>b. Management operations (Omitted)</p> <p>c. Repairs and maintenance/capital expenditure (Omitted)</p> <p>d. Selection of property management companies In principle, TOKYU REIT shall select property management companies from <u>Tokyu Corporation</u> and its subsidiaries taking into account their strength in tenant marketing, which is based on their familiarity with local areas, and their information network with respect to tenants, as well as cost reductions due to economies of scale. However, TOKYU REIT shall not be hindered from selecting companies other than <u>Tokyu Corporation</u> and its subsidiaries as the property management company, depending on the respective property's characteristics, continuity of management, or other factors. Moreover, the Board of Directors of TOKYU REIT shall separately stipulate items necessary for measures to prevent conflict of interest.</p> <p>e. Renewal of property management contracts (Omitted)</p> <p>f. Placement of insurance such as non-life insurance (Omitted)</p> <p>③ Property sales operations (Omitted)</p> <p>(4) Financing policy</p> <p>a. Equity finance</p> <p>(i) Additional issuance of new investment units</p> <ul style="list-style-type: none"> <li>• TOKYU REIT shall issue additional investment units flexibly with an aim to achieve a long-term stable growth of assets, by accurately understanding the market conditions and considering dilution of investment units (decrease in <u>holding ratio</u> of investment unit due to additional issuance of new investment units).</li> </ul> <p>(ii) Acquisition and retirement of treasury investment units (Omitted)</p> <p>b. Debt finance (financing through loans, issuance of investment corporation bonds, etc.) (Omitted)</p> <p>c. Cash management (cash, deposit, etc.) (Omitted)</p> <p>(5) Other (Omitted)</p> <p>4. Restriction on Assets Subject to Asset Management (Omitted)</p> <p>5. Asset Portfolio Leasing (Omitted)</p>	<p>② Property management operations (No change)</p> <p>a. Leasing operations (No change)</p> <p>b. Management operations (No change)</p> <p>c. Repairs and maintenance/capital expenditure (No change)</p> <p>d. Selection of property management companies In principle, TOKYU REIT shall select property management companies from <u>Tokyu Corporation</u> and its subsidiaries taking into account their strength in tenant marketing, which is based on their familiarity with local areas, and their information network with respect to tenants, as well as cost reductions due to economies of scale. However, TOKYU REIT shall not be hindered from selecting companies other than <u>Tokyu Corporation</u> and its subsidiaries as the property management company, depending on the respective property's characteristics, continuity of management, or other factors. Moreover, the Board of Directors of TOKYU REIT shall separately stipulate items necessary for measures to prevent conflict of interest.</p> <p>e. Renewal of property management contracts (No change)</p> <p>f. Placement of insurance such as non-life insurance (No change)</p> <p>③ Property sales operations (No change)</p> <p>(4) Financing policy</p> <p>a. Equity finance</p> <p>(i) Additional issuance of new investment units</p> <ul style="list-style-type: none"> <li>• TOKYU REIT shall issue additional investment units flexibly with an aim to achieve a long-term stable growth of assets, by accurately understanding the market conditions and considering dilution of investment units (decrease in <u>holding ratio</u> of investment unit due to additional issuance of new investment units).</li> </ul> <p>(ii) Acquisition and retirement of treasury investment units (No change)</p> <p>b. Debt finance (financing through loans, issuance of investment corporation bonds, etc.) (No change)</p> <p>c. Cash management (cash, deposit, etc.) (No change)</p> <p>(5) Other (No change)</p> <p>4. Restriction on Assets Subject to Asset Management (No change)</p> <p>5. Asset Portfolio Leasing (No change)</p>



## 2. Company Profiles

### (1) Summary of Unitholders' Contributions

	35th fiscal period As of January 31, 2021	34th fiscal period As of July 31, 2020	33rd fiscal period As of January 31, 2020	32nd fiscal period As of July 31, 2019	31st fiscal period As of January 31, 2019
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)	10,585	10,789	9,737	10,209	10,983

### (2) Details Regarding TOKYU REIT's Investment Units

The following table sets forth the major unitholders of TOKYU REIT as of January 31, 2021.

Name	Address	Number of units owned	As a percentage of total number of units issued and outstanding
		Units	%
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	260,128	26.61
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	148,391	15.18
Tokyu Corporation	5-6, Nampeidai-cho, Shibuya-ku, Tokyo	49,000	5.01
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	43,158	4.41
Custody Bank of Japan, Ltd. (securities investment trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	29,925	3.06
State Street Bank West Client - Treaty 505234 (Standing Proxy: Mizuho Bank, Ltd.)	Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo	14,012	1.43
Legal + General Assurance Pensions Management Limited (Standing Proxy: Citibank, N.A., Tokyo Branch)	6-27-30, Shinjuku, Shinjuku-ku, Tokyo	13,743	1.41
JPMorgan Chase Bank 385771 (Standing Proxy: Mizuho Bank, Ltd.)	Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo	9,535	0.98
Northern Trust Co. (AVFC) RE HCR00 (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	3-11-1, Nihonbashi, Chuo-ku, Tokyo	9,448	0.97
SSBTC Client Omnibus Account (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	3-11-1, Nihonbashi, Chuo-ku, Tokyo	7,989	0.82
Total		585,329	59.87

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 January 31, 2021)

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		¥ 12,000 (Note 4)

Note 1. The executive director, supervisory directors and independent auditor do not possess investment units of TOKYU REIT under their own name nor under another person's name. Although there are cases 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.

Note 4. The amount inclusive of the fees for comfort letter services pertaining to the issuance of investment corporation bonds is shown.

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 January 31, 2021.

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. Sumitomo Mitsui Trust Bank, Limited

3. Portfolio Profile  
(1) Asset Composition

Asset type	Use	Area	35th fiscal period As of January 31, 2021		34th fiscal period As of July 31, 2020		
			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	¥ 15,348	6.6	¥ 15,375	7.0	
		Tokyu Areas (excluding Shibuya Ward)	2,260	1.0	2,270	1.0	
		Sub total	17,609	7.6	17,645	8.0	
	Office	Shibuya Ward	5,340	2.3	5,350	2.4	
		Central Tokyo (excluding Shibuya Ward)	41,867	18.1	41,983	19.1	
		Sub total	47,207	20.4	47,333	21.5	
	Residence	Tokyu Areas (excluding Shibuya Ward)	2,722	1.2	1,216	0.6	
		Sub total	2,722	1.2	1,216	0.6	
	Land with leasehold interest	Tokyu Areas (excluding Shibuya Ward)	1,162	0.5	1,162	0.5	
		Other	2,864	1.2	4,774	2.2	
		Sub total	4,026	1.7	5,936	2.7	
	Total			71,566	31.0	72,132	32.8
	Trust beneficiary interest in real estate	Retail	Shibuya Ward	40,284	17.4	40,403	18.4
Central Tokyo (excluding Shibuya Ward)			4,690	2.0	4,698	2.1	
Tokyu Areas (excluding Shibuya Ward)			3,174	1.4	3,176	1.4	
Sub total			48,149	20.8	48,278	21.9	
Office		Shibuya Ward	20,829	9.0	20,890	9.5	
		Central Tokyo (excluding Shibuya Ward)	49,449	21.4	37,193	16.9	
		Tokyu Areas (excluding Shibuya Ward)	28,064	12.1	28,092	12.8	
		Sub total	98,343	42.6	86,176	39.2	
Land with leasehold interest		Other	7,026	3.0	7,026	3.2	
		Sub total	7,026	3.0	7,026	3.2	
Total			153,519	66.4	141,480	64.3	
Other assets			6,004	2.6	6,455	2.9	
Total assets			¥ 231,090 [¥ 225,085]	100.0 [97.4]	¥ 220,068 [¥ 213,613]	100.0 [97.1]	

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 Counteracted.'

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 January 31, 2021 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 <sup>2</sup>	m <sup>2</sup>	%	%	
QFRONT	¥ 13,519	4,502.93	4,502.93	100.0	9.8	Retail
Lexington Aoyama	4,690	2,094.96	2,094.96	100.0	1.9	Retail
TOKYU REIT Omotesando Square	5,658	2,669.10	2,669.10	100.0	2.3	Retail
TOKYU REIT Shibuya Udagawa-cho Square	6,557	1,543.05	1,543.05	100.0	3.2	Retail
cocoti	21,107	8,295.62	8,295.62	100.0	7.5	Retail
CONZE Ebisu	4,745	2,327.00	2,327.00	100.0	1.5	Retail
Daikanyama Forum	4,045	2,477.37	2,477.37	100.0	1.4	Retail
TOKYU REIT Shimokitazawa Square	2,260	1,246.98	1,246.98	100.0	0.6	Retail
TOKYU REIT Jiyugaoka Square	3,174	1,231.80	1,231.80	100.0	1.0	Retail
Setagaya Business Square	18,824	24,920.26	24,700.03	99.1	12.6	Office
Tokyu Nampeidai-cho Building	4,089	7,148.18	7,148.18	100.0	2.2	Office
Tokyu Sakuragaoka-cho Building	6,395	4,737.19	4,737.19	100.0	3.1	Office
Tokyo Nissan Taito Building	3,846	7,877.43	7,877.43	100.0	2.5	Office
TOKYU REIT Kamata Building	3,701	7,337.82	7,337.82	100.0	2.8	Office
TOKYU REIT Toranomom Building	9,869	10,247.06	10,247.06	100.0	4.9	Office
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	7,888	3,533.03	3,533.03	100.0	2.3	Office
Tokyu Ikejiri-ohashi Building	5,538	5,733.23	5,733.23	100.0	2.5	Office
Kojimachi Square	8,118	5,409.11	5,409.11	100.0	2.9	Office
TOKYU REIT Shinjuku Building	8,731	6,270.68	6,270.68	100.0	3.8	Office
Akihabara Sanwa Toyo Building	4,480	4,538.02	4,538.02	100.0	2.3	Office
Tokyu Ginza 2-chome Building	4,391	3,473.16	3,473.16	100.0	2.1	Office
TOKYU REIT Shibuya R Building	5,340	5,266.15	4,777.46	90.7	3.4	Office
Tokyu Toranomom Building	16,061	9,016.59	8,368.76	92.8	6.6	Office
TOKYU REIT Shinjuku 2 Building	2,814	1,790.46	1,790.46	100.0	1.0	Office
Tokyu Bancho Building	12,904	6,137.50	4,925.14	80.2	3.6	Office
TOKYU REIT Ebisu Building	4,591	1,879.17	1,879.17	100.0	1.4	Office
Shibuya Dogenzaka Sky Building	5,753	4,136.05	3,316.01	80.2	3.2	Office
OKI Business Center No.5	12,211	18,102.32	18,102.32	100.0	3.4	Office
Maison Peony Toritsudaigaku	1,210	852.16	684.30	80.3	0.3	Residence
STYLIO FIT Musashikosugi	1,511	1,830.00	1,830.00	100.0	0.0	Residence
Shonan Mall Fill (land with leasehold interest)	7,026	44,078.12	44,078.12	100.0	2.4	Land with leasehold interest
OKI System Center (land with leasehold interest)	2,864	10,211.51	10,211.51	100.0	1.3	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	¥ 225,085	221,411.04	217,854.03	98.4	100.0	

- Note 1. The properties listed above except for TOKYU REIT Shibuya Udagawa-cho Square, CONZE Ebisu, Daikanyama Forum, TOKYU REIT Shimokitazawa Square, TOKYU REIT Toranomon Building, TOKYU REIT Shinjuku Building, Tokyu Ginza 2-chome Building, TOKYU REIT Shibuya R Building, Tokyu Toranomon Building, TOKYU REIT Shinjuku 2 Building, Maison Peony Toritsudaigaku, STYLIO FIT Musashikosugi, OKI System Center (land with leasehold interest) and REVE Nakameguro (land with leasehold interest) (total of 19 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 calculated by multiplying the total leasable area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomon Building, the area of the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For TOKYU REIT Shibuya R Building, the area of part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (land with leasehold interest), OKI System Center (land with leasehold interest) and REVE Nakameguro (land with leasehold interest) indicates the leased area of land. For OKI System Center (land with leasehold interest), the stated figure is calculated by multiplying by the ratio of co-ownership (60%). 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 calculated by multiplying the total leased area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomon Building, the area of the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For TOKYU REIT Shibuya R Building, the 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 OKI System Center (land with leasehold interest), the stated figure is calculated by multiplying by the ratio of co-ownership (60%). 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.
- Note 6. The name of KN Jiyugaoka Plaza was changed to TOKYU REIT Jiyugaoka Square on November 1, 2020 (the same hereafter).



## (3) Details of Properties in Portfolio

The properties held by TOKYU REIT as of January 31, 2021 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 <sup>2</sup>	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	¥ 36,500	¥ 13,519	
		TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,669.10	8,410	5,658	
		TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real estate	1,543.05	12,700	6,557	
		cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	8,295.62	24,200	21,107	
		CONZE Ebisu	2-3-5, etc., Ebisu Minami, Shibuya-ku, Tokyo	Real estate	2,327.00	5,320	4,745	
		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	3,520	4,045	
		Sub total			21,815.07	90,650	55,633	
	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	6,280	4,690	
			Sub total		2,094.96	6,280	4,690	
	Tokyu Areas (excluding Shibuya Ward)	TOKYU REIT Shimokitazawa Square	6-1058-114, etc., Daita, Setagaya-ku, Tokyo	Real estate	1,246.98	2,320	2,260	
		TOKYU REIT Jiyugaoka Square	2-20-10 and 2-20-11, Jiyugaoka, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	1,231.80	3,490	3,174	
			Sub total		2,478.78	5,810	5,434	
		Total			26,388.81	102,740	65,758	
	Office	Shibuya Ward	Tokyu Nampeidai-cho Building	12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	7,148.18	7,270	4,089
			Tokyu Sakuragaoka-cho Building	109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,737.19	11,300	6,395
TOKYU REIT Shibuya R Building			3-10-2, etc., Shibuya, Shibuya-ku, Tokyo	Real estate	5,266.15	9,750	5,340	
TOKYU REIT Ebisu Building			3-2-11, Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,879.17	5,060	4,591	
Shibuya Dogenzaka Sky Building			22-1, etc., Maruyamacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,136.05	8,640	5,753	
			Sub total			23,166.74	42,020	26,170

Use	Area	Name of property	Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value
					m <sup>2</sup>	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	7,877.43	6,050	3,846
		TOKYU REIT Toranomon Building	3-45-6, Toranomon, Minato-ku, Tokyo	Real estate	10,247.06	13,600	9,869
		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	7,350	7,888
		Kojimachi Square	3-9 and 3-3, Niban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	5,409.11	10,200	8,118
		TOKYU REIT Shinjuku Building	4-2-3, etc., Shinjuku, Shinjuku-ku, Tokyo	Real estate	6,270.68	13,600	8,731
		Akihabara Sanwa Toyo Building	3-50-5, etc., Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	4,538.02	6,450	4,480
		Tokyu Ginza 2-chome Building	2-215-1, Ginza, Chuo-ku, Tokyo	Real estate	3,473.16	6,020	4,391
		Tokyu Toranomon Building	1-216-2, etc., Toranomon, Minato-ku, Tokyo	Real estate	9,016.59	22,100	16,061
		TOKYU REIT Shinjuku 2 Building	4-3-4, Shinjuku, Shinjuku-ku, Tokyo	Real estate	1,790.46	3,230	2,814
		Tokyu Bancho Building	6-2, etc., Yonban-cho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	6,137.50	15,700	12,904
		OKI Business Center No.5	4-1-6, Shibaura, Minato-ku, Tokyo	Trust beneficiary interest in real estate	18,102.32	12,700	12,211
	Sub total				76,395.36	117,000	91,316
	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	18,600	18,824
		TOKYU REIT Kamata Building	5-13-7, Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	7,337.82	5,500	3,701
Tokyu Ikejiri-ohashi Building		3-1050, etc., Higashiyama, Meguro-ku, Tokyo	Trust beneficiary interest in real estate	5,733.23	6,390	5,538	
Sub total				37,991.31	30,490	28,064	
Total				137,553.41	189,510	145,551	
Residence	Tokyu Areas (excluding Shibuya Ward)	Maison Peony Toritsudaigaku	1-8-1 and 1-8-8, Nakane, Meguro-ku, Tokyo	Real estate	852.16	1,270	1,210
		STYLIO FIT Musashikosugi	2-1324-1, etc., Kamimaru-ku-sannocho, Nakahara-ku, Kawasaki-shi, Kanagawa	Real estate	1,830.00	1,510	1,511
	Sub total				2,682.16	2,780	2,722
Total				2,682.16	2,780	2,722	

Use	Area	Name of property	Location (lot number)	Investment type	Total leasable area	Appraisal value at end of period	Book value
					m <sup>2</sup>	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	6,880	7,026
		OKI System Center (land with leasehold interest)	1-16-20, etc., Chuo, Warabi-shi, Saitama	Real estate	10,211.51	3,720	2,864
	Sub total				54,289.63	10,600	9,890
Total				54,786.65	11,750	11,053	
Grand total				221,411.04	¥ 306,780	¥ 225,085	

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 Nampocho 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 calculated by multiplying the total leasable area of the whole building by the ratio of co-ownership (55%). For TOKYU REIT Toranomon Building, the area of the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. For TOKYU REIT Shibuya R Building, the area of part of the exclusive ownership portions under the proprietary ownership of and the exclusive ownership portions co-owned with other compartmentalized owners is included since TOKYU REIT rents that area and leases it out together with the exclusive ownership portion under TOKYU REIT's proprietary ownership. The figure of Shonan Mall Fill (land with leasehold interest), OKI System Center (land with leasehold interest) and REVE Nakameguro (land with leasehold interest) indicates the leased area of land. For OKI System Center (land with leasehold interest), the stated figure is calculated by multiplying by the ratio of co-ownership (60%). 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	35th fiscal period From August 1, 2020 to January 31, 2021				34th fiscal period From February 1, 2020 to July 31, 2020			
			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	2	100.0	¥ 765	9.8	2	100.0	¥ 739	9.9
		TOKYU REIT Omotesando Square	4	100.0	179	2.3	4	100.0	173	2.3
		TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	251	3.2	2	100.0	251	3.4
		cocoti	15	100.0	585	7.5	15	100.0	560	7.5
		CONZE Ebisu	7	100.0	115	1.5	8	100.0	121	1.6
		Daikanyama Forum	5	100.0	108	1.4	5	100.0	103	1.4
		Sub total	35	100.0	2,006	25.6	36	100.0	1,950	26.0
	Central Tokyo (excl. Shibuya Ward)	Lexington Aoyama	8	100.0	146	1.9	8	100.0	143	1.9
	Sub total	8	100.0	146	1.9	8	100.0	143	1.9	
	Tokyu Areas (excl. Shibuya Ward)	TOKYU REIT Shimokitazawa Square	9	100.0	50	0.6	9	100.0	52	0.7
	TOKYU REIT Jiyugaoka Square	5	100.0	79	1.0	5	100.0	71	1.0	
	Sub total	14	100.0	130	1.7	14	100.0	123	1.7	
	Total	57	100.0	2,283	29.1	58	100.0	2,217	29.6	
	Office	Shibuya Ward	Tokyu Nampeidai-cho Building	1	100.0	173	2.2	1	100.0	171
Tokyu Sakuragaoka-cho Building			2	100.0	241	3.1	2	100.0	239	3.2
TOKYU REIT Shibuya R Building			11	90.7	270	3.4	11	100.0	267	3.6
TOKYU REIT Ebisu Building			7	100.0	108	1.4	7	100.0	103	1.4
Shibuya Dogenzaka Sky Building			6	80.2	247	3.2	8	100.0	227	3.0
Sub total			27	94.4	1,041	13.3	29	100.0	1,009	13.5
Central Tokyo (excl. Shibuya Ward)		Tokyo Nissan Taito Building	16	100.0	199	2.5	12	95.8	196	2.6
		TOKYU REIT Akasaka Hinokicho Building	—	—	—	—	—	—	12	0.2
		TOKYU REIT Toranomon Building	11	100.0	380	4.9	11	100.0	380	5.1
		Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	1	100.0	176	2.3	1	100.0	175	2.3
		Kojimachi Square	6	100.0	226	2.9	6	100.0	225	3.0
		TOKYU REIT Shinjuku Building	9	100.0	297	3.8	9	100.0	291	3.9
		Akihabara Sanwa Toyo Building	6	100.0	179	2.3	6	100.0	174	2.3
		Tokyu Ginza 2-chome Building	2	100.0	161	2.1	2	100.0	161	2.2
		Tokyu Toranomon Building	2	92.8	520	6.6	2	98.3	491	6.6
		TOKYU REIT Shinjuku 2 Building	2	100.0	81	1.0	2	100.0	75	1.0
		Tokyu Bancho Building	7	80.2	284	3.6	7	100.0	299	4.0
		OKI Business Center No.5	1	100.0	265	3.4	—	—	—	—
		Sub total	63	97.6	2,774	35.4	58	99.2	2,484	33.1

Use	Area	Name of property	35th fiscal period From August 1, 2020 to January 31, 2021				34th fiscal period From February 1, 2020 to July 31, 2020			
			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	63	99.1	986	12.6	64	99.4	990	13.2
		TOKYU REIT Kamata Building	5	100.0	217	2.8	5	100.0	217	2.9
		Tokyu Ikejiri-ohashi Building	5	100.0	198	2.5	5	100.0	198	2.6
		Sub total	73	99.4	1,403	17.9	74	99.6	1,406	18.8
	Total	163	97.5	5,219	66.5	161	99.5	4,901	65.4	
Residence	Tokyu Areas (excl. Shibuya Ward)	Maison Peony Toritsudaigaku	23	80.3	26	0.3	22	87.3	25	0.3
		STYLIO FIT Musashikosugi	1	100.0	1	0.0	—	—	—	—
		Sub total	24	93.7	27	0.4	22	87.3	25	0.3
	Total	24	93.7	27	0.4	22	87.3	25	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	21	0.3
		Sub total	1	100.0	21	0.3	1	100.0	21	0.3
	Other	Shonan Mall Fill (land with leasehold interest)	1	100.0	188	2.4	1	100.0	188	2.5
		OKI System Center (land with leasehold interest)	1	100.0	105	1.3	1	100.0	145	1.9
		Sub total	2	100.0	293	3.7	2	100.0	333	4.4
Total	3	100.0	314	4.0	3	100.0	354	4.7		
Grand total			247	98.4	¥ 7,845	100.0	244	99.6	¥ 7,499	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. For QFRONT, the number of tenants includes one tenant (Tokyu Corporation) leasing space on the facade of the building for installing a large LED display screen, etc. and posting signboards, among other purposes. For Tokyo Nissan Taito Building and Maison Peony Toritsudaigaku, the number of tenants includes residential tenants. For STYLIO FIT Musashikosugi, the number of tenants is the number of lessees under the master lease agreement.

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 January 31, 2021, there are no assets targeted for investment other than those described above.

#### (5) Assets Held in Each Country and Region

TOKYU REIT does not invest in overseas properties.



#### 4. Capital Expenditures for Properties Held

##### (1) Plan of Capital Expenditures

The following lists the estimated amounts of major capital expenditures for repair and maintenance work of properties held, as scheduled as of January 31, 2021. 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
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Minato-ku, Tokyo	Renewal of restroom and kitchen	From April 2021 to July 2021	¥ 73	—	—
Kojimachi Square	Chiyoda-ku, Tokyo	Replacement of air-conditioning equipment	From February 2021 to June 2021	¥ 69	—	—
TOKYU REIT Toranomom Building	Minato-ku, Tokyo	Renovation of external walls	From November 2020 to March 2021	¥ 60	—	—
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Minato-ku, Tokyo	Replacement of air-conditioning equipment	From February 2021 to June 2021	¥ 60	—	—
cocoti	Shibuya-ku, Tokyo	Replacement of air-conditioning monitoring panel	From January 2021 to February 2021	¥ 21	—	—

##### (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 35th fiscal period amounted to ¥607 million and ¥233 million in repairs and maintenance expenses were charged to expenses for a combined total of ¥840 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 June 2020 to January 2021	¥ 85
Setagaya Business Square	Setagaya-ku, Tokyo	Renovation of rooftop for waterproofing	From February 2020 to January 2021	78
Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renovation of elevators	From June 2020 to September 2020	66
Tokyo Nissan Taito Building	Taito-ku, Tokyo	Renovation of residential sections	From May 2020 to August 2020	55
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	Minato-ku, Tokyo	Replacement of air-conditioning equipment	From October 2020 to December 2020	39
Other				281
Total				¥ 607

(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:

	35th fiscal period From August 1, 2020 to January 31, 2021	34th fiscal period From February 1, 2020 to July 31, 2020	33rd fiscal period From August 1, 2019 to January 31, 2020	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				
Reserve at beginning of period	¥ 99	¥ 63	¥ 87	¥ 198	¥ 235
Amount transferred to reserve during period	608	842	543	656	305
Reversal from reserve during period	618	807	566	767	342
Reserve at end of period	¥ 88	¥ 99	¥ 63	¥ 87	¥ 198

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

	35th fiscal period From August 1, 2020 to January 31, 2021		34th fiscal period From February 1, 2020 to July 31, 2020	
	Millions of yen			
Asset management fees				
Asset-based fees	¥ 361		¥ 360	
Cash-based fees	321		308	
Unit price-based fees	—	¥ 683	—	¥ 668
Asset custodian fees		16		16
General administration fees		39		38
Directors' fees		6		6
Other operating expenses		105		80
Total		¥ 851		¥ 810

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

Short-term debt and long-term debt from each financial institution as of January 31, 2021 are as follows:

	Category	Draw-down date	Balance as of January 31, 2021	Balance as of July 31, 2020	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark
			Millions of yen	Millions of yen	%				
Short-term debt	Mizuho Bank, Ltd.	September 28, 2020	¥ —	¥ —	0.49409	December 28, 2020		(Note 2)	Unsecured and Unguaranteed (Note 3)
	MUFG Bank, Ltd.		—	—					
	Sumitomo Mitsui Trust Bank, Limited		—	—					
	Mizuho Bank, Ltd.	December 28, 2020	640	—	0.67909	March 28, 2021	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	MUFG Bank, Ltd.		1,280	—					
	Sumitomo Mitsui Trust Bank, Limited		1,280	—					
	Mizuho Bank, Ltd.	January 20, 2021	200	—	0.56136	July 20, 2021		(Note 2)	Unsecured and Unguaranteed (Note 3)
	MUFG Bank, Ltd.		400	—					
	Sumitomo Mitsui Trust Bank, Limited		400	—					
	Sub total		4,200	—					
Long-term debt	Sumitomo Mitsui Trust Bank, Limited	June 25, 2013	—	2,900	1.53375	December 25, 2020	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	Mizuho Trust & Banking Co., Ltd.	June 27, 2013	1,500	1,500	1.91375	June 27, 2023			
	Development Bank of Japan Inc.		1,000	1,000					
	The Dai-ichi Life Insurance Company, Limited	July 31, 2013	2,500	2,500	1.51375	July 31, 2021			
	Nippon Life Insurance Company		500	500					

Category	Draw-down date	Balance as of January 31, 2021	Balance as of July 31, 2020	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark	
		Millions of yen	Millions of yen	%					
Long-term debt	Sumitomo Mitsui Trust Bank, Limited	December 25, 2013	—	2,500	1.21000	December 25, 2020	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)
	MUFG Bank, Ltd.		—	2,000					
	Development Bank of Japan Inc.	February 25, 2014	5,000	5,000	1.57750	February 25, 2024			
	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			Unsecured and Unguaranteed (Notes 3 and 4)
	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			Unsecured and Unguaranteed (Note 3)
	Sumitomo Mitsui Trust Bank, Limited		2,000	2,000					
	Mizuho Bank, Ltd.	November 11, 2015	1,700	1,700	0.89250	November 11, 2022			
	Daido Life Insurance Company	December 25, 2015	500	500	0.85875	December 25, 2022			
	Daido Life Insurance Company	March 10, 2016	1,500	1,500	0.57130	March 10, 2023			
	MUFG Bank, Ltd.	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			Unsecured and Unguaranteed (Notes 3 and 4)
	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			Unsecured and Unguaranteed (Note 3)
	Sumitomo Mitsui Trust Bank, Limited	May 25, 2017	1,000	1,000	0.55529				
	Sumitomo Mitsui Trust Bank, Limited			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				

Category	Draw-down date	Balance as of January 31, 2021	Balance as of July 31, 2020	Average interest rate (Note 1)	Maturity date	Re-payment method	Use of funds	Remark	
		Millions of yen	Millions of yen	%					
Lender									
MUFG Bank, Ltd.	June 25, 2018	500	500	0.68569	December 25, 2025	Bullet payment	Refinance fund	Unsecured and Unguaranteed (Note 3)	
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	2,000	0.56166	May 27, 2027				
MUFG Bank, Ltd.	June 25, 2019	1,500	1,500	0.46789	June 28, 2027				
MUFG Bank, Ltd.	June 28, 2019	400	400	0.48124					
Sumitomo Mitsui Trust Bank, Limited	June 28, 2019	400	400	0.50641					
MUFG Bank, Ltd.	August 29, 2019	1,400	1,400	0.46876	February 29, 2028				
MUFG Bank, Ltd.	November 19, 2019	2,000	2,000	0.55395	December 25, 2028				
Mizuho Bank, Ltd.	December 25, 2019	500	500	0.64089	December 25, 2028				
The Dai-ichi Life Insurance Company, Limited	January 27, 2020	1,000	1,000	0.82000	January 27, 2032				
MUFG Bank, Ltd.	June 25, 2020	1,500	1,500	0.60137	December 25, 2028				
Development Bank of Japan Inc.	June 25, 2020	4,000	4,000	0.67380	June 25, 2030				
Mitsui Sumitomo Insurance Co., Ltd.	June 29, 2020	500	500	0.49250	June 29, 2027				
The Norinchukin Bank	June 29, 2020	500	500	0.55000	June 29, 2028				
Mizuho Trust & Banking Co., Ltd.	September 28, 2020	2,400	—	0.30909	February 25, 2022				(Note 2)
Sumitomo Mitsui Trust Bank, Limited	December 25, 2020	2,700	—	0.53896	December 25, 2028				Refinance fund
MUFG Bank, Ltd.	December 25, 2020	2,000	—	0.57127	June 25, 2029				
Sumitomo Mitsui Trust Bank, Limited	December 25, 2020	2,700	—	0.59776	December 25, 2029				
Sub total		86,400	84,000						
Total		¥ 90,600	¥ 84,000						

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

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

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

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

(3) Investment Corporation Bonds

The status of investment corporation bonds issued and outstanding as of January 31, 2021 is as follows:

Name	Issue date	Balance as of January 31, 2021	Balance as of July 31, 2020	Annual interest rate	Maturity date	Redemption method	Use of proceeds	Remark
		Millions of yen		(%)				
3rd Series Unsecured Investment Corporation Bond	October 22, 2012	¥ 3,000	¥ 3,000	1.47000	October 21, 2022	Full amount on maturity	Repayment of debt financing	Unsecured/Unguaranteed (Note 1)
5th Series Unsecured Investment Corporation Bond	March 11, 2014	3,000	3,000	0.68200	March 11, 2021			Unsecured/Unguaranteed (Notes 1 and 2)
6th Series Unsecured Investment Corporation Bond	October 24, 2019	1,000	1,000	0.54000	October 24, 2029			Unsecured/Unguaranteed (Note 1)
7th Series Unsecured Investment Corporation Bond		1,000	1,000	1.00000	October 24, 2039			
8th Series Unsecured Investment Corporation Bond	October 29, 2020	3,000	—	0.51000	October 29, 2030			
Total		¥ 11,000	¥ 8,000					

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

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

(4) Short-term Investment Corporation Bonds

There is no item that falls under this category.

(5) Investment Unit Options

There is no item that falls under this category.



## 6. Acquisitions and Dispositions during the 35th 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) (Note 2)	Book value (Note 2)	Gain (Loss) on sale (Note 3)
			Millions of yen		Millions of yen		
Trust beneficiary interest in real estate	OKI Business Center No.5	September 28, 2020	¥ 11,900	—	—	—	—
Real estate	OKI System Center (land with leasehold interest)	—	—	September 28, 2020	¥ 2,740	¥ 1,909	¥ 764
Real estate	STYLIO FIT Musashikosugi	January 20, 2021	¥ 1,500	—	—	—	—

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. 'Disposition price' and 'Book value' for OKI System Center (land with leasehold interest) are the amounts for the 40% co-ownership interest in the real estate.

Note 3. 'Gain (Loss) on sale' is the disposition price, minus the book value and other sales expenses.

### (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) (Note 3)	Appraisal value (Note 3)	Appraiser	Date of value
				Millions of yen			
Acquisition	Trust beneficiary interest in real estate	OKI Business Center No.5	September 28, 2020	¥ 11,900	¥ 12,700	Daiwa Real Estate Appraisal Co., Ltd.	September 1, 2020
Disposition	Real estate	OKI System Center (land with leasehold interest)	September 28, 2020	¥ 2,740	¥ 2,740	Japan Real Estate Institute	September 1, 2020
Acquisition	Real estate	STYLIO FIT Musashikosugi	January 20, 2021	¥ 1,500	¥ 1,510	Daiwa Real Estate Appraisal Co., Ltd.	December 1, 2020

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."

Note 3. 'Acquisition or disposition price' and 'Appraisal value' for OKI System Center (land with leasehold interest) are the amounts for the 40% co-ownership interest in the real estate.

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	¥ 13,400	¥ 2,740
Breakdown of the total amount relating to trading with interested persons, etc.		
Tokyu Corporation	¥ 1,500 [11.2%]	—
Total	¥ 1,500 [11.2%]	—

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	
Subcontract expenses	¥ 459,202	Tokyu Community Corporation	¥ 270,829	59.0
		Tokyu Facility Service Co., Ltd.	¥ 72,761	15.8
		Community One Co., Ltd.	¥ 177	0.0
		Tokyu Corporation	¥ 15	0.0
		Tokyu Security Co., Ltd.	¥ 5	0.0
Utilities expenses	¥ 403,817	Yoga District Heating and Cooling Co., Ltd.	¥ 108,825	26.9
		Tokyu Power Supply Co., Ltd.	¥ 7,643	1.9
		Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
Other rental service expenses	¥ 229,669	Tokyu Corporation	¥ 4,667	2.0
		Tokyu Agency Inc.	¥ 2,706	1.2
		Shibuya Underground Shopping Center, Inc.	¥ 840	0.4
		its communications Inc.	¥ 496	0.2
		Tokyu Facility Service Co., Ltd.	¥ 100	0.0
Property management fees	¥ 197,684	Tokyu Corporation	¥ 125,222	63.3
		Tokyu Community Corporation	¥ 63,510	32.1
		Tokyu Housing Lease Corporation	¥ 3,725	1.9
Insurance premium	¥ 8,575	Tokyu Insurance Consulting Co., Ltd.	¥ 8,384	97.8

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 ¥70,634 thousand and ¥19,779 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 35th fiscal period are as follows:

Tokyu Renewal Co., Ltd.	¥ 117,451 thousand
Tokyu Community Corporation	¥ 40,306 thousand
Tokyu Facility Service Co., Ltd.	¥ 13,780 thousand
Ishikatsu Exterior Inc.	¥ 10,195 thousand
Tokyu Re · design Corporation	¥ 6,480 thousand
Tokyu Corporation	¥ 6,265 thousand
Tokyu Architects & Engineers Inc.	¥ 2,821 thousand
Seikitokyu Kogyo Co., Ltd.	¥ 1,507 thousand
Tokyu Construction Co., Ltd.	¥ 272 thousand
Tokyu Security Co., Ltd.	¥ 72 thousand
Tokyu Bldg Maintenance Co., Ltd.	¥ 7 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
November 27, 2020	Engagement of underwriters for investment corporation bond offerings, and outsourcing of general administrative operations relating to investment corporation bonds	In connection with a comprehensive resolution passed on the same date regarding the engagement of underwriters for investment corporation bond offerings, the meeting approved that TOKYU REIT's executive director shall have full authority on the selection, etc. of providers of general administrative services relating to investment corporation bond offerings to be issued in the future.

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

There is no item that falls under this category.

### (3) Disclosure Pertaining to Corporation Holding Overseas Properties

There is no item that falls under this category.

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

There is no item that falls under this category.

### (5) Other

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





## Independent Auditor's Report

To the Board of TOKYU REIT, Inc.:

### Opinion

We have audited the financial statements of TOKYU REIT, Inc. (the Company), which comprise the balance sheets as at January 31, 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021, and its financial performance and its cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Supervisory Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

PricewaterhouseCoopers Aarata LLC  
Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan  
T: +81 (3) 6212 6800, F: +81 (3) 6212 6801, [www.pwc.com/jp/assurance](http://www.pwc.com/jp/assurance)





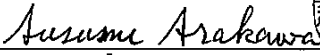
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Executive Director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

  
Susumu Arakawa  
Designated Engagement Partner  
Certified Public Accountant

  
Takashi Sato  
Designated Engagement Partner  
Certified Public Accountant

*PricewaterhouseCoopers Aarata LLC*

April 22, 2021

**TOKYU REIT, Inc.**  
**Balance Sheets**  
As of January 31, 2021 and July 31, 2020

	January 31, 2021	July 31, 2020
	(Millions of yen)	
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and deposits with banks	¥ 2,174	¥ 2,979
Cash and deposits with banks held in trust	2,489	2,084
Tenant receivables	87	234
Lease deposits held in trust due within one year	18	18
Other current assets	74	42
<b>Total current assets</b>	<b>4,844</b>	<b>5,360</b>
<b>Fixed assets:</b>		
<b>Property and equipment</b>		
Buildings and structures	15,062	14,225
Land	61,568	62,741
Other tangible assets	205	206
Construction in progress	114	89
Buildings and structures held in trust	47,564	46,282
Land held in trust	126,809	115,341
Other tangible assets held in trust	1,608	1,589
Construction in progress held in trust	15	9
Less accumulated depreciation	(27,866)	(26,876)
<b>Total property and equipment</b>	<b>225,082</b>	<b>213,610</b>
<b>Intangible assets</b>		
Intangible assets	3	3
Intangible assets held in trust	2	2
<b>Total intangible assets</b>	<b>5</b>	<b>6</b>
<b>Investments and other assets</b>		
Lease deposits	208	208
Lease deposits held in trust	650	669
Deferred tax assets	0	0
Other assets	260	191
<b>Total investments and other assets</b>	<b>1,120</b>	<b>1,069</b>
<b>Total fixed assets</b>	<b>226,209</b>	<b>214,686</b>
<b>Deferred assets:</b>		
Investment corporation bond issuance expenses	36	21
<b>Total deferred assets</b>	<b>36</b>	<b>21</b>
<b>Total assets</b>	<b>¥ 231,090</b>	<b>¥ 220,068</b>

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

**TOKYU REIT, Inc.**  
**Balance Sheets, continued**  
As of January 31, 2021 and July 31, 2020

	January 31, 2021	July 31, 2020
	(Millions of yen)	
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Short-term debt	¥ 4,200	¥ -
Investment corporation bonds due within one year	3,000	3,000
Long-term debt due within one year	14,000	12,400
Accounts payable	1,246	1,067
Consumption tax payable	55	209
Rent received in advance	1,299	1,271
Accrued expenses and other current liabilities	151	113
<b>Total current liabilities</b>	23,953	18,061
<b>Long-term liabilities:</b>		
Investment corporation bonds	8,000	5,000
Long-term debt	72,400	71,600
Tenant leasehold and security deposits	3,749	3,881
Tenant leasehold and security deposits held in trust	7,293	6,465
Other long-term liabilities	30	7
<b>Total long-term liabilities</b>	91,473	86,955
<b>Total liabilities</b>	¥ 115,426	¥ 105,016
 <b><u>NET ASSETS</u></b>		
Unitholders' capital:		
Units authorized - 10,000,000 units as of January 31, 2021 and 10,000,000 units as of July 31, 2020		
Units issued and outstanding - 977,600 units as of January 31, 2021 and 977,600 units as of July 31, 2020	¥ 110,479	¥ 110,479
Reserve for reduction entry	1,101	716
Retained earnings	4,083	3,855
<b>Total net assets</b>	115,663	115,051
<b>Total liabilities and net assets</b>	¥ 231,090	¥ 220,068

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

**TOKYU REIT, Inc.**  
**Statements of Income**  
For the six months ended January 31, 2021 and July 31, 2020

	For the six months ended	
	January 31, 2021	July 31, 2020
	(Millions of yen)	
<b>Operating revenues:</b>		
Rental revenue	¥ 7,454	¥ 7,175
Other rental revenue	391	324
Gain on sales of real estate properties	764	703
Revenues from facility acceptance	1	-
<b>Operating expenses:</b>		
Rental service expenses	(3,221)	(3,067)
Asset management fees	(683)	(668)
Other	(167)	(141)
<b>Operating income</b>	4,538	4,325
<b>Non-operating income:</b>		
Interest income	0	0
Other	5	0
<b>Non-operating expenses:</b>		
Interest expense	(394)	(403)
Interest expense on investment corporation bonds	(44)	(39)
Amortization of investment corporation bond issuance expenses	(3)	(2)
Other	(18)	(22)
<b>Income before income taxes</b>	4,084	3,856
Income taxes:		
Current	(0)	(0)
Deferred	(0)	0
<b>Net income</b>	4,083	3,855
<b>Retained earnings at beginning of period</b>	0	0
<b>Retained earnings at end of period</b>	¥ 4,083	¥ 3,855

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

**TOKYU REIT, Inc.**  
**Statements of Changes in Unitholders' Equity**  
For the six months ended January 31, 2021 and July 31, 2020

**For the six months ended January 31, 2021**

	Unitholders' capital	Reserve for reduction entry	Retained earnings	Total
	(Millions of yen)			
<b>Balance at beginning of period</b>	¥ 110,479	¥ 716	¥ 3,855	¥ 115,051
<b>Changes during the period</b>				
Provision of reserve for reduction entry	-	384	(384)	-
Cash distributions declared	-	-	(3,471)	(3,471)
Net income	-	-	4,083	4,083
<b>Total changes during the period</b>	-	384	227	611
<b>Balance at end of period</b>	¥ 110,479	¥ 1,101	¥ 4,083	¥ 115,663

**For the six months ended July 31, 2020**

	Unitholders' capital	Reserve for reduction entry	Retained earnings	Total
	(Millions of yen)			
<b>Balance at beginning of period</b>	¥ 110,479	¥ 360	¥ 3,580	¥ 114,420
<b>Changes during the period</b>				
Provision of reserve for reduction entry	-	356	(356)	-
Cash distributions declared	-	-	(3,224)	(3,224)
Net income	-	-	3,855	3,855
<b>Total changes during the period</b>	-	356	275	631
<b>Balance at end of period</b>	¥ 110,479	¥ 716	¥ 3,855	¥ 115,051

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

**TOKYU REIT, Inc.**  
**Statements of Cash Flows**  
For the six months ended January 31, 2021 and July 31, 2020

	For the six months ended	
	January 31, 2021	July 31, 2020
	(Millions of yen)	
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥ 4,084	¥ 3,856
Depreciation and amortization	996	974
Amortization of investment corporation bond issuance expenses	3	2
Loss on disposal of property and equipment	5	0
Interest income	(0)	(0)
Interest expense	438	443
(Increase) Decrease in tenant receivables	147	(142)
Increase (Decrease) in consumption tax payable	(153)	41
Increase (Decrease) in accounts payable	96	(66)
Increase (Decrease) in rent received in advance	27	32
Decrease in property and equipment held in trust due to sale	1,909	1,738
Other, net	(53)	(10)
Total	7,501	6,872
Interest received	0	0
Interest paid	(434)	(450)
Income taxes paid	(0)	(0)
Net cash provided by (used in) operating activities	7,065	6,420
<b>Cash flows from investing activities:</b>		
Payments for purchases of property and equipment	(1,578)	(71)
Payments for purchases of property and equipment held in trust	(12,712)	(2,239)
Proceeds from lease deposits held in trust	18	-
Proceeds from tenant leasehold and security deposits	40	120
Payments for tenant leasehold and security deposits	(212)	(48)
Proceeds from tenant leasehold and security deposits held in trust	1,100	266
Payments for tenant leasehold and security deposits held in trust	(232)	(179)
Net cash provided by (used in) investing activities	(13,576)	(2,151)
<b>Cash flows from financing activities:</b>		
Proceeds from short-term debt	11,400	-
Repayment of short-term debt	(7,200)	-
Proceeds from long-term debt	9,800	6,500
Repayment of long-term debt	(7,400)	(6,500)
Proceeds from investment corporation bonds	2,981	-
Payment of dividends	(3,470)	(3,223)
Net cash provided by (used in) financing activities	6,111	(3,223)
<b>Net change in cash and cash equivalents</b>	(400)	1,045
<b>Cash and cash equivalents at beginning of period</b>	5,064	4,018
<b>Cash and cash equivalents at end of period</b>	¥ 4,663	¥ 5,064

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



**TOKYU REIT, Inc.**  
**Notes to Financial Statements**  
For the six months ended January 31, 2021 and July 31, 2020

**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 January 31, 2021, TOKYU REIT's total capital is ¥110,479 million with 977,600 units issued and outstanding. TOKYU REIT has been operating 33 properties at an occupancy rate of approximately 98.4%. Total acquisition cost of the 33 properties is ¥242,614 million and total rentable area is 221,411.04 m<sup>2</sup>.

**(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 ("IFRS 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 January 31, 2021 and July 31, 2020

**2. Significant accounting policies**

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

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

	January 31, 2021	July 31, 2020
	(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 January 31, 2021 and July 31, 2020

- (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 ¥17,817 thousand for the six months ended January 31, 2021. Capitalized property-related taxes are ¥2,911 thousand for the six months ended July 31, 2020.
- (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 ¥13 thousand as of January 31, 2021. Deferred tax assets are ¥13 thousand as of July 31, 2020.
- (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 January 31, 2021 and July 31, 2020

**3. Unapplied accounting standards, etc.**

- **“Accounting Standard for Revenue Recognition”**  
(ASBJ Statement No. 29 issued on March 31, 2020)
- **“Implementation Guidance on Accounting Standard for Revenue Recognition”**  
(ASBJ Guidance No. 30 issued on March 31, 2020)
- **“Implementation Guidance on Disclosures about Fair Value of Financial Instruments”**  
(ASBJ Guidance No. 19 issued on March 31, 2020)

**(a) Overview**

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have jointly developed a comprehensive accounting standard for revenue recognition, issuing “Revenue from Contracts with Customers” (IFRS 15 issued by IASB, and Topic 606 issued by FASB) in May 2014. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, and Topic 606 is effective for annual reporting periods beginning after December 15, 2017. In light of such circumstances, ASBJ has developed a comprehensive accounting standard for revenue recognition, and issued it along with implementation guidance.

The basic policies in developing the accounting standard for revenue recognition of ASBJ were (1) To set an accounting standard by starting off with incorporating the basic principles of IFRS 15 in order to ensure the comparability of financial statements, whether they adopt IFRS Standards, U.S. GAAP or Japanese GAAP, as the comparability of financial statements is one of the benefits of ensuring consistency with IFRS 15, and (2) To add alternative accounting treatments, but to the extent not impairing comparability, in case there is an item where consideration should be given to other factors, such as the practices in Japan to date.

**(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 amount of impact that the application of the accounting standard, etc. will have on its financial statements.

- **“Accounting Standard for Fair Value Measurement”**  
(ASBJ Statement No. 30 issued on July 4, 2019)
- **“Accounting Standard for Financial Instruments”**  
(ASBJ Statement No. 10 issued on July 4, 2019)
- **“Implementation Guidance on Accounting Standard for Fair Value Measurement”**  
(ASBJ Guidance No. 31 issued on July 4, 2019)
- **“Implementation Guidance on Disclosures about Fair Value of Financial Instruments”**  
(ASBJ Guidance No. 19 issued on March 31, 2020)

**(a) Overview**

IASB and FASB have provided detailed guidance on fair value measurement of substantially identical content (IFRS 13 “Fair Value Measurement” in the case of IFRS Standards, and Topic 820 “Fair Value Measurement” of the FASB Accounting Standards Codification in the case of U.S. GAAP). In light of such circumstances, ASBJ has issued the accounting standards, etc. in efforts to ensure the consistency of Japanese GAAP with IFRS Standards and U.S. GAAP for guidance and disclosure concerning the fair value of financial instruments in particular.

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

The basic policies in developing the accounting standard for fair value measurement of ASBJ were (1) To incorporate basically all of the provisions of IFRS 13 in order to enhance the comparability of financial statements across entities, whether they adopt IFRS Standards, U.S. GAAP or Japanese GAAP, by taking a uniform approach to measurement, and (2) To provide other accounting treatments for specific items in consideration of other factors, such as the practices in Japan to date, but to the extent not significantly impairing comparability of financial statements.

**(b) Scheduled date of the application**

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

**(c) Impact of the application**

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

- **“Accounting Standard for Disclosure of Accounting Estimates”  
(ASBJ Statement No. 31 issued on March 31, 2020)**

**(a) Overview**

In the International Accounting Standards (IAS), Paragraph 125 of IAS 1 “Presentation of Financial Statements” issued in 2003 by IASB requires disclosure of the “sources of estimation uncertainty.” Having received requests to also consider requiring the disclosure in Japanese GAAP, as the information would be highly useful to users of financial statements, ASBJ has developed and issued an accounting standard for disclosure of accounting estimates.

The basic policies in developing the accounting standard for disclosure of accounting estimates of ASBJ were (1) To not expand on the individual notes, but rather provide the principles (disclosure objectives) and then have the specific content of disclosure determined by entities in light of the disclosure objectives, and (2) To refer to the provisions of Paragraph 125 of IAS 1 in the development.

**(b) Scheduled date of the application**

TOKYU REIT will adopt the accounting standard from the end of the six months ending July 31, 2021.

- **“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections”  
(ASBJ Statement No. 24 issued on March 31, 2020)**

**(a) Overview**

Having received recommendations to consider enriching the notes for “accounting principles and procedures adopted when there are no clearly relevant accounting standards or other provisions,” ASBJ made the required revisions and issued such as an accounting standard for accounting policy disclosures, accounting changes and error corrections.

In enriching the notes for “accounting principles and procedures adopted when there are no clearly relevant accounting standards or other provisions,” the policy is for the provisions of one of the annotations to Japanese corporate accounting principles (*Kigyō Kaikēi Gensoku Chūkai (Chu 1-2)*) to be followed so as not to affect the practices to date for when there are clearly relevant accounting standards or other provisions.

**(b) Scheduled date of the application**

TOKYU REIT will adopt the accounting standard from the end of the six months ending July 31, 2021.

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**4. Cash and cash equivalents**

Cash and cash equivalents as of January 31, 2021 and July 31, 2020 consisted of the following:

	January 31, 2021	July 31, 2020
	(Millions of yen)	
Cash and deposits with banks	¥ 2,174	¥ 2,979
Cash and deposits with banks held in trust	2,489	2,084
Cash and cash equivalents	¥ 4,663	¥ 5,064

**5. Schedule of property and equipment and intangible assets**

Property and equipment and intangible assets as of January 31, 2021 and July 31, 2020 consisted of the following:

	January 31, 2021			July 31, 2020		
	Balance	Accumulated depreciation	Net balance	Balance	Accumulated depreciation	Net balance
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 14,851	¥ (5,122)	¥ 9,729	¥ 14,037	¥ (4,874)	¥ 9,162
Structures	211	(85)	125	188	(81)	107
Land	61,568	-	61,568	62,741	-	62,741
Other tangible assets						
Machinery and equipment	108	(101)	6	108	(101)	7
Tools, furniture and fixtures	97	(75)	21	97	(73)	23
Construction in progress	114	-	114	89	-	89
Property and equipment held in trust						
Buildings and structures						
Buildings	46,764	(20,599)	26,165	45,532	(19,906)	25,625
Structures	799	(490)	309	750	(478)	271
Land	126,809	-	126,809	115,341	-	115,341
Other tangible assets						
Machinery and equipment	1,064	(977)	87	1,050	(965)	85
Tools, furniture and fixtures	543	(414)	129	539	(395)	143
Construction in progress	15	-	15	9	-	9
Sub total	252,949	(27,866)	225,082	240,487	(26,876)	213,610
Intangible assets						
Intangible assets	10	(7)	3	10	(6)	3
Intangible assets held in trust	30	(27)	2	30	(27)	2
Sub total	41	(35)	5	41	(34)	6
Total	¥ 252,990	¥ (27,902)	¥ 225,088	¥ 240,528	¥ (26,911)	¥ 213,616



**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**6. Short-term debt and long-term debt**

Short-term debt and long-term debt as of January 31, 2021 and July 31, 2020 consisted of the following:

	Balance as of January 31, 2021	Balance as of July 31, 2020	Average interest rate (Note 1)
	(Millions of yen)		(%)
<b>Short-term debt</b>			
Unsecured loans due on December 28, 2020 with fixed rate	¥ -	¥ -	0.49409
Unsecured loans due on March 28, 2021 with fixed rate	3,200	-	0.67909
Unsecured loans due on July 20, 2021 with fixed rate	1,000	-	0.56136
Sub total	4,200	-	
<b>Long-term debt</b>			
Unsecured loans due on December 25, 2020 with fixed rate	-	2,900	1.53375
Unsecured loans due on December 25, 2020 with fixed rate	-	4,500	1.21000
Unsecured loans due on June 25, 2021 with fixed rate (Note 2)	2,000	2,000	1.05250
Unsecured loans due on July 31, 2021 with fixed rate (Note 2)	3,000	3,000	1.51375
Unsecured loans due on October 22, 2021 with fixed rate (Note 2)	4,000	4,000	0.96875
Unsecured loans due on December 27, 2021 with fixed rate (Note 2)	3,500	3,500	0.56000
Unsecured loans due on January 31, 2022 with fixed rate (Note 2)	1,500	1,500	0.50000
Unsecured loans due on February 25, 2022 with floating rate	2,400	-	0.30909
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	2,000	0.56166
Unsecured loans due on June 28, 2027 with fixed rate	1,500	1,500	0.46789
Unsecured loans due on June 28, 2027 with fixed rate	400	400	0.48124
Unsecured loans due on June 28, 2027 with fixed rate	400	400	0.50641
Unsecured loans due on June 29, 2027 with fixed rate	500	500	0.49250
Unsecured loans due on January 25, 2028 with fixed rate	5,000	5,000	0.90880
Unsecured loans due on February 29, 2028 with fixed rate	1,400	1,400	0.46876
Unsecured loans due on February 29, 2028 with fixed rate	2,000	2,000	0.55395
Unsecured loans due on June 29, 2028 with fixed rate	500	500	0.55000
Unsecured loans due on July 31, 2028 with fixed rate	2,000	2,000	0.90260
Unsecured loans due on December 25, 2028 with fixed rate	500	500	0.64089
Unsecured loans due on December 25, 2028 with fixed rate	1,500	1,500	0.60137
Unsecured loans due on December 25, 2028 with fixed rate	2,700	-	0.53896
Unsecured loans due on June 25, 2029 with fixed rate	2,000	-	0.57127
Unsecured loans due on December 25, 2029 with fixed rate	2,700	-	0.59776
Unsecured loans due on June 25, 2030 with fixed rate	4,000	4,000	0.67380
Unsecured loans due on January 27, 2032 with fixed rate	1,000	1,000	0.82000
Sub total	86,400	84,000	
Total	¥ 90,600	¥ 84,000	

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

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

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

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. ¥4,200 has been drawn down as of January 31, 2021.

## 7. Investment corporation bonds

The status of investment corporation bonds issued and outstanding as of January 31, 2021 and July 31, 2020 were as follows:

Name	Issue date	Balance as of	Balance as of	Annual interest rate	Maturity date
		January 31, 2021	July 31, 2020		
		(Millions of yen)		(%)	
3 <sup>rd</sup> Series Unsecured Investment Corporation Bond	October 22, 2012	¥ 3,000	¥ 3,000	1.47000	October 21, 2022
5 <sup>th</sup> Series Unsecured Investment Corporation Bond (Note)	March 11, 2014	3,000	3,000	0.68200	March 11, 2021
6 <sup>th</sup> Series Unsecured Investment Corporation Bond	October 24, 2019	1,000	1,000	0.54000	October 24, 2029
7 <sup>th</sup> Series Unsecured Investment Corporation Bond	October 24, 2019	1,000	1,000	1.00000	October 24, 2039
8 <sup>th</sup> Series Unsecured Investment Corporation Bond	October 29, 2020	3,000	-	0.51000	October 29, 2030
Total		¥ 11,000	¥ 8,000		

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

## 8. Unitholders' equity

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

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**9. Rental revenue and expense**

Rental revenues and expenses for the six months ended January 31, 2021 and July 31, 2020 were as follows:

		For the six months ended	
		January 31, 2021	July 31, 2020
		(Millions of yen)	
Revenue from property leasing:			
Rental revenue:			
Rent income		¥ 6,252	¥ 6,013
Common area charges		687	685
Parking lot revenue under monthly contract		162	148
Other rent income		351	327
Sub total		<u>7,454</u>	<u>7,175</u>
Other rental revenue:			
Incidental income		331	307
Other miscellaneous income		59	17
Sub total		<u>391</u>	<u>324</u>
Total revenue from property leasing	(a)	<u>7,845</u>	<u>7,499</u>
Rental service expenses:			
Utilities expenses		403	395
Subcontract expenses		459	434
Property management fees		197	178
Repairs and maintenance expenses		233	170
Property-related taxes		687	696
Insurance premium		8	7
Depreciation and amortization		996	974
Loss on disposal of property and equipment		5	0
Other		229	209
Total rental service expenses	(b)	<u>3,221</u>	<u>3,067</u>
Operating income from property leasing activities	(a)-(b)	<u>¥ 4,624</u>	<u>¥ 4,432</u>

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**10. The financial results of each property (Unaudited)**

Details on the financial results of each property for the six months ended January 31, 2021 and July 31, 2020 were as follows: (Unaudited)

**For the six months ended January 31, 2021**

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	¥ 765	¥ 269	¥ 495	¥ 38	¥ 457
Lexington Aoyama	146	34	111	7	104
TOKYU REIT Omotesando Square	179	47	131	10	121
TOKYU REIT Shibuya Udagawa-cho Square	251	29	221	3	217
cocoti	585	172	413	112	301
CONZE Ebisu	115	26	89	16	72
Daikanyama Forum	108	40	68	11	57
TOKYU REIT Shimokitazawa Square	50	13	37	10	26
TOKYU REIT Jiyugaoka Square (Note 4)	79	10	69	2	66
Setagaya Business Square	986	505	481	221	260
Tokyu Nampeidai-cho Building	173	31	141	27	113
Tokyu Sakuragaoka-cho Building	241	44	197	35	161
Tokyo Nissan Taito Building	199	60	139	55	84
TOKYU REIT Kamata Building	217	72	144	35	109
TOKYU REIT Toranomom Building	380	128	252	49	203
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	176	41	135	14	121
Tokyu Ikejiri-ohashi Building	198	42	156	36	119
Kojimachi Square	226	46	180	24	156
TOKYU REIT Shinjuku Building	297	78	218	23	195
Akihabara Sanwa Toyo Building	179	38	141	14	126
Tokyu Ginza 2-chome Building	161	38	123	33	90
TOKYU REIT Shibuya R Building	270	102	167	20	147
Tokyu Toranomom Building	520	104	416	66	349
TOKYU REIT Shinjuku 2 Building	81	21	60	13	46
Tokyu Bancho Building	284	61	222	69	153
TOKYU REIT Ebisu Building	108	21	87	6	81
Shibuya Dogenzaka Sky Building	247	64	183	11	171
OKI Business Center No.5	265	20	244	20	224
Maison Peony Toritsudaigaku	26	5	20	5	14
STYLIO FIT Musashikosugi	1	2	(0)	2	(3)
Shonan Mall Fill (land with leasehold interest)	188	25	162	-	162
OKI System Center (land with leasehold interest)	105	15	89	-	89
REVE Nakameguro (land with leasehold interest)	21	1	19	-	19
Total	¥ 7,845	¥ 2,219	¥ 5,626	¥ 1,001	¥ 4,625

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**For the six months ended July 31, 2020**

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	¥ 739	¥ 262	¥ 476	¥ 37	¥ 438
Lexington Aoyama	143	33	110	7	102
TOKYU REIT Omotesando Square	173	34	139	12	127
TOKYU REIT Shibuya Udagawa-cho Square	251	33	217	3	213
cocoti	560	142	417	114	303
CONZE Ebisu	121	23	97	16	81
Daikanyama Forum	103	38	65	11	53
TOKYU REIT Shimokitazawa Square	52	28	23	10	12
TOKYU REIT Jiyugaoka Square (Note 4)	71	9	61	2	59
Setagaya Business Square	990	464	526	216	309
Tokyu Nampeidai-cho Building	171	31	140	27	112
Tokyu Sakuragaoka-cho Building	239	43	195	35	159
Tokyo Nissan Taito Building	196	52	143	47	96
TOKYU REIT Akasaka Hinokicho Building	12	4	8	2	5
TOKYU REIT Kamata Building	217	70	147	35	112
TOKYU REIT Toranomom Building	380	123	257	49	208
Akasaka 4-chome Building (Tokyu Agency Inc. Head Office Building)	175	35	139	14	124
Tokyu Ikejiri-ohashi Building	198	39	158	36	122
Kojimachi Square	225	93	131	25	106
TOKYU REIT Shinjuku Building	291	56	235	22	212
Akihabara Sanwa Toyo Building	174	49	124	14	110
Tokyu Ginza 2-chome Building	161	31	130	33	97
TOKYU REIT Shibuya R Building	267	78	188	20	168
Tokyu Toranomom Building	491	111	380	69	310
TOKYU REIT Shinjuku 2 Building	75	25	49	13	35
Tokyu Bancho Building	299	61	238	69	169
TOKYU REIT Ebisu Building	103	19	84	5	78
Shibuya Dogenzaka Sky Building	227	44	182	11	171
Maison Peony Toritsudaigaku	25	4	21	5	15
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	¥ 7,499	¥ 2,092	¥ 5,407	¥ 974	¥ 4,432

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.

Note 4. The name of KN Jiyugaoka Plaza was changed to TOKYU REIT Jiyugaoka Square on November 1, 2020 (the same hereafter).

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**11. Breakdown of gain on sales of real estate properties**

OKI System Center (land with leasehold interest) (40% co-ownership interest) was sold on September 28, 2020, and TOKYU REIT Akasaka Hinokicho Building (51% quasi-co-ownership interest) was sold on March 4, 2020.

	For the six months ended	
	January 31, 2021	July 31, 2020
	(Millions of yen)	
Revenue from sale of property	¥ 2,740	¥ 2,448
Cost of property	1,909	1,738
Other sales expenses	66	5
Gain on sales of real estate properties	¥ 764	¥ 703

**12. Reduction entries of fixed assets**

TOKYU REIT posted reduction entries of fixed assets acquired through national subsidies, etc. as of January 31, 2021 and July 31, 2020.

	January 31, 2021	July 31, 2020
		(Millions of yen)
Buildings and structures held in trust	¥ 16	¥ 16
Total	¥ 16	¥ 16

**13. Income taxes**

Income taxes in Japan applicable to TOKYU REIT consist of corporate income tax, enterprise tax and inhabitant tax. The following is a reconciliation between the statutory income tax rate in Japan and the effective tax rate reflected in the accompanying financial statements for the six months ended January 31, 2021 and July 31, 2020.

	January 31, 2021	July 31, 2020
Statutory income tax rate	31.46%	31.46%
Deductible cash distributions	(28.32)	(28.32)
Other	(3.12)	(3.12)
Effective tax rate	0.02%	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 January 31, 2021 and July 31, 2020

**14. Per unit information**

The following table summarizes the net income per unit for the six months ended January 31, 2021 and July 31, 2020 and the unitholders' equity per unit as of January 31, 2021 and July 31, 2020.

	For the six months ended	
	January 31, 2021	July 31, 2020
Net income per unit	¥ 4,176	¥ 3,944
Weighted-average number of units *1	977,600 units	977,600 units
*1 Average number of units weighed by days in each fiscal period.		
	As of January 31, 2021	As of July 31, 2020
Unitholders' equity per unit	¥ 118,313	¥ 117,688

Diluted net income per unit is not presented since neither warrants nor convertible bonds were issued during the six months ended January 31, 2021 and July 31, 2020.

**15. Distribution information**

The Board of Directors of TOKYU REIT resolved on March 16, 2021 and September 14, 2020 to effect payment of cash distributions of ¥3,760 and ¥3,551 per unit to unitholders of record on January 31, 2021 and July 31, 2020, respectively. Retained earnings carried forward after the distributions were as follows:

	January 31, 2021	July 31, 2020
	(Millions of yen)	
Retained earnings at end of period	¥ 4,083	¥ 3,855
Cash distributions declared	3,675	3,471
Provision of reserve for reduction entry	407	384
Retained earnings carried forward	¥ 0	¥ 0

**16. Leases**

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of January 31, 2021 and July 31, 2020, the future lease revenues under the non-cancelable operating leases were as follows:

	January 31, 2021	July 31, 2020
	(Millions of yen)	
Due within one year	¥ 6,474	¥ 6,224
Due after one year	45,456	43,491
Total	¥ 51,931	¥ 49,716

As of January 31, 2021 and July 31, 2020, the future lease payments under the non-cancelable operating leases were as follows:

	January 31, 2021	July 31, 2020
	(Millions of yen)	
Due within one year	¥ 236	¥ 233
Due after one year	967	1,086
Total	¥ 1,204	¥ 1,319



**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

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

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

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**(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).

	January 31, 2021			July 31, 2020		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
	(Millions of yen)					
(1) Cash and deposits with banks	¥ 2,174	¥ 2,174	¥ -	¥ 2,979	¥ 2,979	¥ -
(2) Cash and deposits with banks held in trust	2,489	2,489	-	2,084	2,084	-
Assets total	4,663	4,663	-	5,064	5,064	-
(1) Short-term debt	4,200	4,200	-	-	-	-
(2) Investment corporation bonds due within one year	3,000	3,006	6	3,000	3,012	12
(3) Long-term debt due within one year	14,000	14,065	65	12,400	12,493	93
(4) Investment corporation bonds	8,000	8,033	33	5,000	5,054	54
(5) Long-term debt	72,400	73,307	907	71,600	72,752	1,152
Liabilities total	¥ 101,600	¥ 102,612	¥ 1,012	¥ 92,000	¥ 93,312	¥ 1,312

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 January 31, 2021 and July 31, 2020

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

	January 31, 2021	July 31, 2020
	(Millions of yen)	
Carrying amount		
(i) Tenant leasehold and security deposits	¥ 3,749	¥ 3,881
(ii) Tenant leasehold and security deposits held in trust	7,293	6,465

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

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

	January 31, 2021			July 31, 2020		
	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	¥ 2,174	¥ 2,489	¥ 4,663	¥ 2,979	¥ 2,084	¥ 5,064
Within two years, but over one year	-	-	-	-	-	-
Within three years, but over two years	-	-	-	-	-	-
Within four years, but over three years	-	-	-	-	-	-
Within five years, but over four years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-

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

	January 31, 2021				July 31, 2020			
	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	¥ 4,200	¥ 3,000	¥ 14,000	¥ 21,200	¥ -	¥ 3,000	¥ 12,400	¥ 15,400
Within two years, but over one year	-	3,000	11,600	14,600	-	-	16,000	16,000
Within three years, but over two years	-	-	10,500	10,500	-	3,000	7,200	10,200
Within four years, but over three years	-	-	7,500	7,500	-	-	10,500	10,500
Within five years, but over four years	-	-	8,000	8,000	-	-	10,000	10,000
Over five years	-	5,000	34,800	39,800	-	2,000	27,900	29,900

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**18. 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 January 31, 2021 and July 31, 2020 and payable due to asset manager as of then were as follows:

	<u>January 31, 2021</u>	<u>July 31, 2020</u>
	(Millions of yen)	
Asset management fees for the period	¥ 683	¥ 668
Management fees payable due to asset manager	354	339

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**19. 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	
	January 31, 2021	July 31, 2020
	(Millions of yen)	
Carrying amount (Note 2)		
Balance at beginning of period	¥ 213,613	¥ 214,240
Change during the period (Note 3)	11,472	(627)
Balance at end of period	¥ 225,085	¥ 213,613
	(Millions of yen)	
	As of January 31, 2021	As of July 31, 2020
Fair value at end of period (Note 4)	¥ 306,780	¥ 293,200

Note 1. Area classification:

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

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

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

Note 3. Of the change during the six months ended January 31, 2021, the amount of increase is mainly attributable to the acquisition of trust beneficiary interest in OKI Business Center No.5 (¥12,231 million), acquisition of STYLIO FIT Musashikosugi (¥1,514 million) and renovation of elevators of Setagaya Business Square and other capital expenditures (¥607 million), and the amount of decrease is mainly attributable to the disposition of 40% co-ownership interest in OKI System Center (land with leasehold interest) (¥1,909 million) and depreciation and amortization (¥995 million).

Of the change during the six months ended July 31, 2020, the amount of increase is mainly attributable to acquisition of 51% quasi-co-ownership interest of the trust beneficiary interest in TOKYU REIT Jiyugaoka Square (¥1,617 million) and renovation of elevators of Setagaya Business Square and other capital expenditures (¥469 million), and the amount of decrease is mainly attributable to disposition of 51% quasi-co-ownership interest of the trust beneficiary interest in TOKYU REIT Akasaka Hinokicho Building (¥1,738 million) and depreciation and amortization (¥973 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 January 31, 2021 and July 31, 2020 for investment and rental properties are as presented in “Rental revenue and expense” of the “Notes to Financial Statements.”

**TOKYU REIT, Inc.**  
**Notes to Financial Statements, continued**  
For the six months ended January 31, 2021 and July 31, 2020

**20. 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 January 31, 2021**

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,230	Property Leasing Business

**For the six months ended July 31, 2020**

Party	Operating revenues (Millions of yen)	Name of related segment
Related parties (Note)	¥ 1,198	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 January 31, 2021 and July 31, 2020

**21. Subsequent events**

The following events occurred after the end of the 35th fiscal period of TOKYU REIT.

**Acquisition and disposition of assets**

The following acquisition and disposition of assets were decided on March 26, 2021. The acquisition took place on March 29, 2021.

**(a) Acquisition of asset**

- |                                   |                                       |
|-----------------------------------|---------------------------------------|
| (i) Type of asset:                | Domestic real estate                  |
| (ii) Property name:               | Hulic Shibuya Miyashita Koen Building |
| (iii) Acquisition price (Note 1): | ¥6,000 million                        |
| (iv) Contract date:               | March 26, 2021                        |
| (v) Acquisition date:             | March 29, 2021                        |
| (vi) Seller:                      | Hulic Co., Ltd. (Note 2)              |
| (vii) Financing:                  | Cash on hand and debt financing       |

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.

**(b) Disposition of asset**

- |   |  |
|---|--|
| (i) Type of asset:  | Trust beneficiary interest in domestic real estate |
| (ii) Property name:   | Shonan Mall Fill (land with leasehold interest)    |
| (iii) Disposition price (Note 1):   | ¥7,700 million                                     |
| (iv) Contract date:   | March 26, 2021                                     |
| (v) Disposition date:   | August 2, 2021                                     |
| (vi) Purchaser:   | Domestic company (Note 2)                          |
| (vii) Posting of gain on sale of real estate and reserve for reduction entry: |  |
- Gain on sale of real estate of ¥662 million and provision of reserve for reduction entry of ¥370 million are expected to be posted in the six months ending January 31, 2022 (37th fiscal period).

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

Note 2. The name, etc. have not been disclosed as the purchaser has not provided consent. 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.



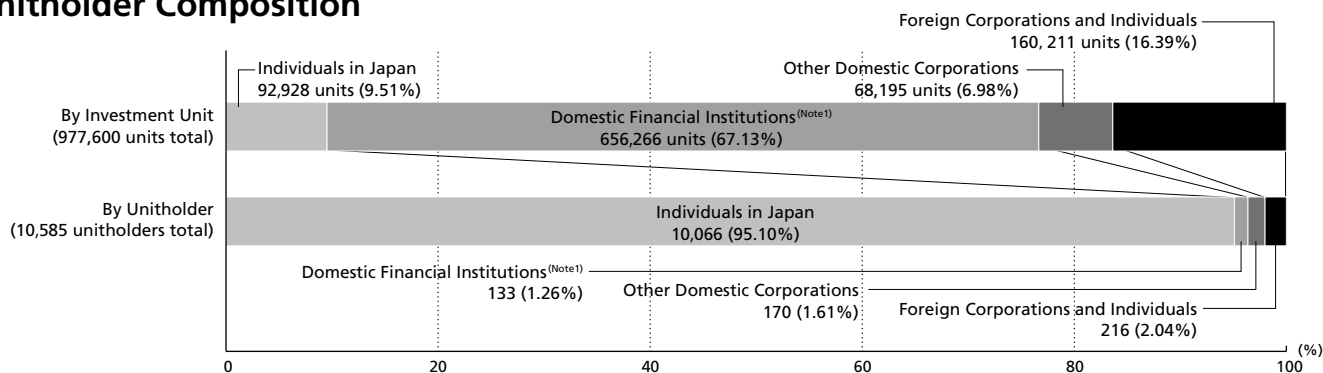


## Unit Price Chart (Note)



(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



(Notes) 1. Domestic Financial Institutions include financial instruments dealers.  
2. The ratio is rounded to two decimal places.

## Results Reporting Schedule

	Ended Jan. 2021 (FP 35)	Ending Jul. 2021 (FP 36)		Ended Jan. 2021 (FP 35)	Ending Jul. 2021 (FP 36)
Date of settlement	Jan. 31, 2021	Jul. 31, 2021	Delivery of investment management report (Japanese only)	Apr. 14, 2021	Mid. Oct. 2021
Announcement of financial results	Mar. 16, 2021	Mid. Sep. 2021	Payment of cash distributions	Apr. 15, 2021	Mid. Oct. 2021

## 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/](http://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 July 2018 (FP 30) is on October 16, 2018 and for fiscal period ended January 2019 (FP 31) is on April 15, 2019.

## ■ 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/](http://www.tokyu-reit.co.jp/eng/)).

■ The information in this report without description of dates is as of January 31, 2021.

**TOKYU REIT**

**TOKYU REIT, Inc.**  
[www.tokyu-reit.co.jp/eng/](http://www.tokyu-reit.co.jp/eng/)