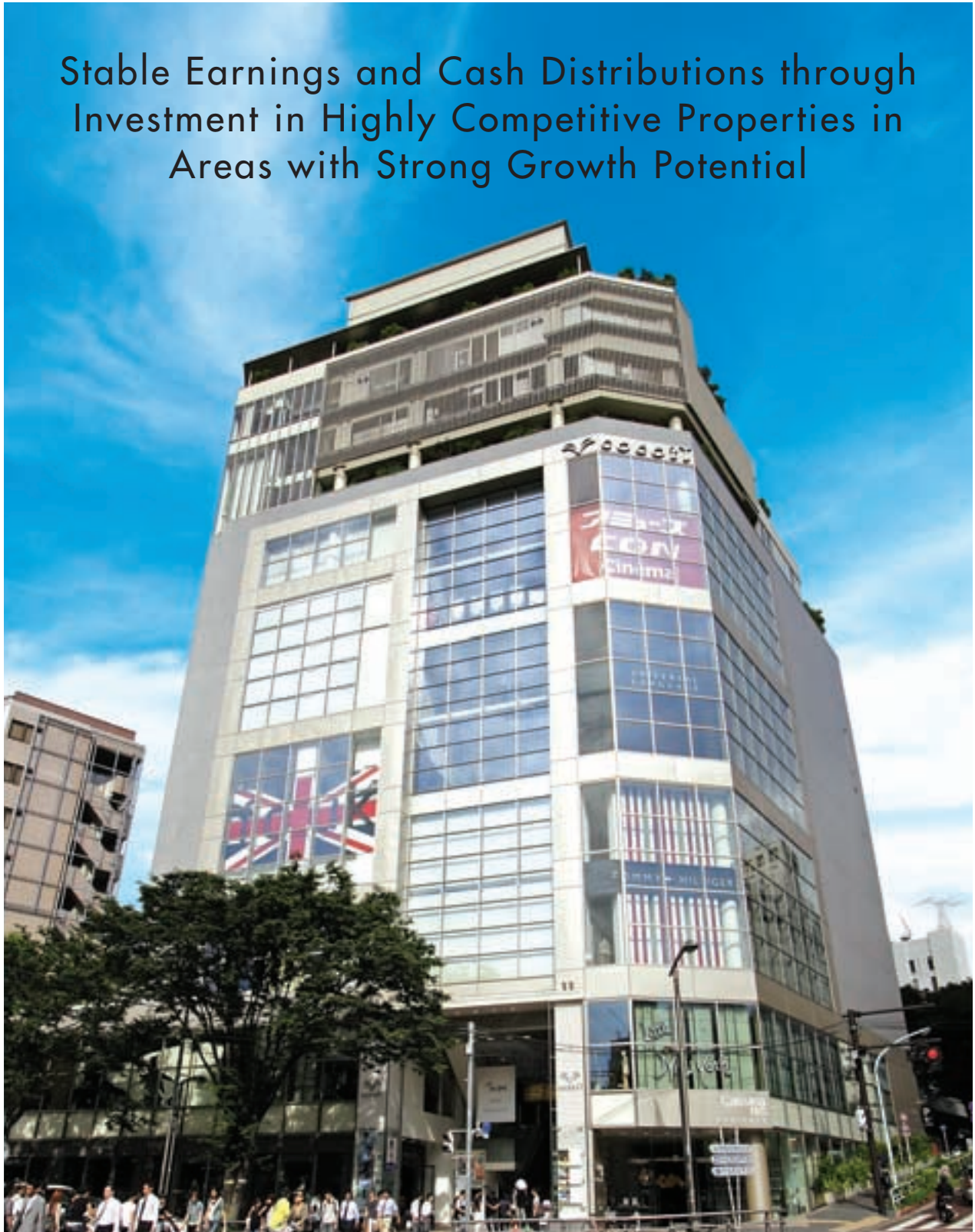


TOKYU REIT

TOKYU REIT, Inc. **Semiannual Report** Sixth Fiscal Period
From February 1, 2006 to July 31, 2006

Stable Earnings and Cash Distributions through
Investment in Highly Competitive Properties in
Areas with Strong Growth Potential



TOKYU REIT, Inc.

Semiannual Report

Sixth Fiscal Period

From February 1, 2006 to July 31, 2006

6th

TOKYU REIT listed its units on the Tokyo Stock Exchange on September 10, 2003.

With the ultimate goal of maximizing unitholder value, TOKYU REIT is engaged in asset investment and management based on principles of growth, stability, and transparency. TOKYU REIT is committed to securing stable earnings and cash distributions through investment in highly competitive properties in areas with strong growth potential.

TOKYU REIT invests primarily in retail and office properties located in the five central Tokyo wards (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya wards) and the Tokyu Areas, which refers to the areas serviced by the Tokyu rail network. As of July 31, 2006, the end of TOKYU REIT's sixth fiscal period, TOKYU REIT held nine retail facilities and eight office buildings, for a total of 17 properties.



Basic Policy of TOKYU REIT

1. Investment strategies that accelerate growth

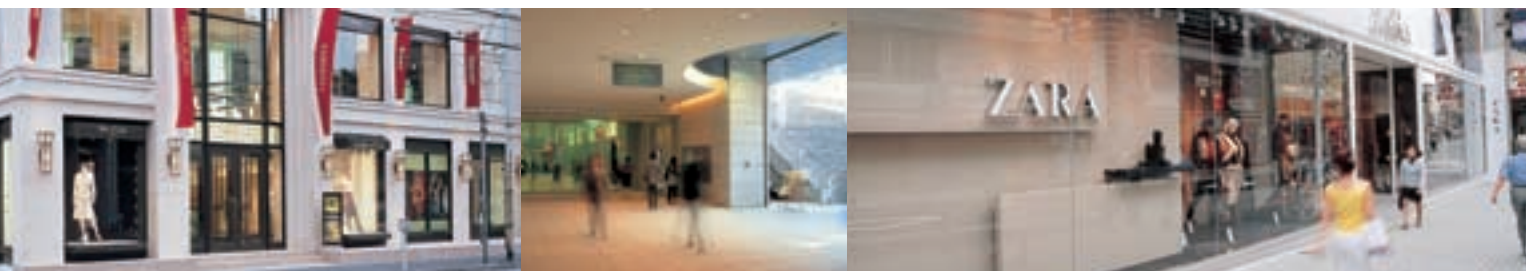
- Investment in properties in central Tokyo and the Tokyu Areas – areas with strong growth potential
- Committed to continued collaboration with Tokyu Group companies
- Growth through heightened added value of the Tokyu Areas

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

- Original establishment of rules for preventing conflicts of interest
- Independent third-party checks
- Proactive disclosure of transaction details



HIGHLIGHTS

- ▶ Return to unitholders due to a gain from the sale of Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) .
- ▶ Sale and acquisition of assets contributes to the improvement of unitholder value.
- ▶ Rise by 1% of monthly rental income in the entire portfolio at the end of fiscal period.
(compared with fifth fiscal period)
(excluding Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) and Shonan Mall Fill)
- ▶ Implementation of strict corporate governance
- ▶ Proactive IR activities

FINANCIAL SUMMARY

	6th Fiscal Period	5th Fiscal Period
■ Assets		
Total Assets	¥172,929 million	¥171,791 million
■ Debt		
Interest-Bearing Liabilities	¥53,000 million	¥53,000 million
Total Assets Loan-to-Value (LTV) Ratio	30.6%	30.9%
■ Income		
Operating Revenues	¥7,875 million	¥6,343 million
Net Income	¥3,753 million	¥2,401 million
■ Distributions		
Cash Distribution per Unit	¥22,162	¥14,179
■ Valuations		
Average Market Price per Unit	¥902,435	¥766,520
Distribution Yield	4.95%	3.67%

C O N T E N T S

4	■ To Our Unitholders
8	■ Management
14	■ Financial Strategies
16	■ Portfolio
30	■ Asset Management Report
48	■ Report of Independent Auditors
49	■ Balance Sheets
51	■ Statements of Income and Retained Earnings and Statements of Unitholders' Equity
52	■ Statements of Cash Flows (Unaudited)
53	■ Notes to Financial Statements
62	■ Unitholder Information

To Our Unitholders

On behalf of TOKYU REIT, Inc. (**TOKYU REIT**), I would like to express my sincere appreciation to all our REIT unitholders for their continued support and understanding. The following pages provide an overview of the operating environment and our results for the sixth fiscal period, February 1, 2006 to July 31, 2006.

Masahiro Horie

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



Cash Distribution of ¥22,162 Per Unit

In the fiscal period under review, **TOKYU REIT** experienced an increase in both revenues and income. Operating revenues for the sixth fiscal period amounted to ¥7,875 million, while net income totaled ¥3,753 million. **TOKYU REIT** allocated 100% of its net income for a cash distribution of ¥22,162 per unit, up from ¥14,179 per unit in the previous fiscal period. These significant increases over the previous fiscal period were primarily due to a gain from the sale of Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) (see page 27 for details).

From the perspective of balanced and stable portfolio management, however, it is imperative to expand the asset portfolio at the present stage. With the exception of cases when the sale of assets contributes to the improvement of the portfolio overall, **TOKYU REIT** does not aggressively sell its assets to continuously realize capital gains for cash distribution.

TOKYU REIT's Perspective Concerning the Sale of Properties

TOKYU REIT acquired Shonan Mall Fill (ownership of land with a fixed-term leasehold for commercial use, or *sokochi* in Japanese) on April 28, 2006, while selling Yokohama Yamashita-cho Building (Barneys New York Yokohama Store). To this end, the asset portfolio stood at 17 properties valued at ¥159,600 million on an acquisition cost basis.

In principle, **TOKYU REIT** makes investments from a long-term perspective. However, certain properties such as the case of Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) could be sold for the purpose of fund collection as part of our portfolio strategy. Given our mission to raise asset value while making stable and dependable cash distributions, the sale of properties is considered as an option.



Internal Growth through Increased Rental Income

Owing to its stable asset management, 16 of TOKYU REIT's 17 properties are fully tenanted as of the sixth fiscal period-end, and the overall occupancy rate stood at 99.9%. During the fiscal period under review, **TOKYU REIT** succeeded in promptly contracting with tenants for the first underground floor of Lexington Aoyama, after being notified by former tenants of their withdrawal. We successfully attracted nine tenants that were either new or seeking additional space, while five tenants withdrew or decreased their leasing space.

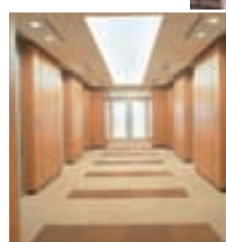
With the favorable turn in the real estate leasing market, **TOKYU REIT** is proceeding with upward revisions to rental rates mainly for urban multi-tenant retail facilities, which enjoyed better market conditions than the previous fiscal period. We also made sequential increases in rental rates for office buildings. Consequently, the average rental rate of the asset portfolio as of the end of the sixth fiscal period (excluding Shonan Mall Fill and Yokohama Yamashita-cho Building (Barneys New York Yokohama Store)) increased by 0.5 of a percentage point from the fifth fiscal period-end.

Amid expectations of rising interest rates, I think a REIT's unit performance will be affected by the level of increased rental revenues during economic recovery.

Approach to Increase Asset Value

The total period-end appraisal value of properties (assessed by a qualified third-party appraiser) exceeded total book value by ¥29,270 million. This increase in appraisal profit, which remained in an upward trend from the previous fiscal period, demonstrates TOKYU REIT's steady growth in asset value.

This result is due to increased prospected income (cash flow) and a decrease of the discount rate (cap rate) based on the capitalization method, and indicates the improved



profitability as well as lowered risks of TOKYU REIT's properties.

Aiming for the preservation and improvement of TOKYU REIT's asset value, its investment management company Tokyu Real Estate Investment Management Inc. ("Tokyu REIM") implements a variety of initiatives more than upward revisions of rental rates, efficient capital investment and measures for the reduction of property management costs. For example, all asset management fees are not capitalized but recorded as expenses in TOKYU REIT's statements of income and retained earnings, and accordingly, contribute to a healthier representation of balance sheet. In addition, Tokyu REIM periodically re-estimates long-term repair and maintenance costs in engineering reports and fully discloses such information for the purpose of corroborating the appropriateness and accuracy of maintenance costs. Furthermore, working with **TOKYU REIT**, Tokyu REIM proactively addresses issues concerning each asset. Examples include the assurance of legal compliance at cocoti, where tenants illegally conducted building renovations; litigation concerning the TOKYU REIT Toranomon Building regarding encroachments from adjoining property; and the establishment of a management association for the Resona Maruha Building's compartmentalized owners. This hands-on approach is above and beyond the minimal fiduciary responsibilities of investment management companies.

Valuation Gains/Losses

			End of 1st Fiscal Period	End of 2nd Fiscal Period	End of 3rd Fiscal Period	End of 4th Fiscal Period	End of 5th Fiscal Period	End of 6th Fiscal Period
Number of investment units	(A)	(unit)	98,000	98,000	142,000	142,000	169,380	169,380
Book value	(B)	(million yen)	104,002	110,448	133,415	147,819	157,104	158,529
Period-end appraisal value of property	(C)	(million yen)	103,050	111,740	136,850	155,090	174,430	187,800
Appraisal profit/losses	(D)=(C)-(B)	(million yen)	(952)	1,291	3,434	7,270	17,325	29,270
Appraisal profit/losses per unite	(E)=(D)/(A)	(yen)	(9,715)	13,175	24,188	51,203	102,289	172,812
Net asset value	(F)	(yen)	501,688	524,578	572,498	599,513	680,986	751,509

Report from the June 22, 2006 Edition of the *Nihon Keizai Shimbun*

The *Nihon Keizai Shimbun* featured an article on page four of its morning edition on June 22, 2006, titled “Blind Corners from the Rapid Growth of REITs” (the second of two articles). According to the article, TOKYU REIT’s investment unit price “surged” before the official announcement of the sale of Yokohama Yamashita-cho Building, raising speculations of “insider trading.” Having been given no opportunity for an interview prior to the news release, I would like to express our view of this article here.

The Tokyo Stock Exchange (“TSE”) continuously monitors stock price fluctuations. In the case of unnatural movements in stock prices, the TSE usually makes inquiries to the issuing company. Identical procedures are applied with respect to investment unit prices. Although we contacted the TSE in response to this news item, there has been no inquiry since the news release.

The article claimed that “the investment unit price of TOKYU REIT, Inc. surged.” This increase was, however, owing to an announcement on March 23, 2006 that posted land prices in commercial districts of the three major metropolitan areas in Japan had risen for the first time in 15 years. Against this backdrop, investment unit prices of J-REITs in general shot upward. In fact, several funds experienced higher appreciation rates in investment unit prices than that of TOKYU REIT during the period from the land price announcement to our release of the sale of Yokohama Yamashita-cho Building on March 29, 2006.

The purpose of this news item apparently was to sound warning bells in the market—a reaction to the fact that J-REITs are exempt from insider trading regulations. Setting the interpretation of such laws aside, TOKYU REIT has prohibited its directors as well as directors and employees of Tokyu REIM from acquiring or possessing TOKYU REIT’s investment units. This was stipulated in TOKYU REIT’s internal regulations since its foundation with the aim of averting suspicions of insider trading. Some unitholders may be surprised to learn that our directors possess no investment units, but the reasoning for this is clear. In addition to these measures, TOKYU REIT fully enforces the execution of confidentiality agreements with business partners, giving due attention to information management.

Upon seeing the news release, I requested the cooperation of concerned parties to submit written confirmation of having not traded TOKYU REIT’s investment units in order to ensure our non-involvement in this issue. As a result, I hereby report

that we have confirmed there is no evidence of insider trading in this case.

Governance

After a series of disciplinary measures directed at other investment corporations, a number of people appear to distrust the governance systems in the REIT industry. In my opinion, however, the structure of the J-REIT system is far more advanced than those of other Japanese business fields or even REITs overseas. In the case of REITs or any other business enterprise, exercising corporate governance depends upon the posture of management. Investment corporations place importance on the ideas and performance of their executive directors and supervisory directors. I serve as executive director of TOKYU REIT and representative director, president and chief executive officer of Tokyu REIM. Maximizing the advantages of this arrangement, I engage in “decision-making and supervising outsourcing companies.” TOKYU REIT’s Board of Directors meetings have been held 87 times since establishment to the end of the fiscal period under review; in other words, we have held Board of Directors meetings 2.3 times per month on average, spending an average of one hour and 29 minutes for each meeting. The Board of Directors meetings are held with our General Administrator, Mitsubishi UFJ Trust and Banking Corporation, in attendance. Despite the high cost, TOKYU REIT invites a legal adviser to Board of





Directors meetings as often as possible, to conduct compliance checks in a timely and appropriate manner in pursuit of efficient and applicable management at these meetings.

TOKYU REIT's Board of Directors place the highest importance on measures against conflicts of interest. Major business with Tokyu Group companies is examined by an audit firm independent from our accounting auditors, in accordance with internal rules regarding measures to prevent conflicts of interest in third-party transactions. These results are reported to the Board of Directors. In addition, the Board of Directors receives written opinions from qualified third parties regarding

asset selling prices and the level of property management fees for such transactions. The examination results for the adequacy of selling prices and the level of property management fees for such transactions are disclosed to investors.

TOKYU REIT aims to be a global product chosen by investors from home and overseas. Moreover, we are striving to assure the highest acclaim in the real estate investment industry and to lead the J-REIT market by providing quality that meets global standards. **TOKYU REIT** has been devoting time and expenditure to establish a management structure with a governance system at its foundation. We continue these efforts to respond to the mandate from our unitholders.

September 2006



Masahiro Horie

In his role as CEO of REIT's investment manager, Mr. Horie draws on the wealth of experience he has accumulated since entering Tokyu Corporation.

1984

Entered Tokyu Corporation
Posted to Saginuma Station, conductor servicing the Den-en-toshi Railway Line.

1985

Participated in development planning of the Tama Den-en-toshi area, undertook broad-based studies of the real estate business.

1986

Logistical support in Japan for overseas real estate development projects located on the west coast of the United States and Hawaii. Participated in broad-based activities including investment decision making, development, management, purchase and sale of resort facilities, commercial facilities, hotels, office buildings and residential properties.

1989

Transferred to hotel management company domiciled in Honolulu, Hawaii. Engaged in business activities relating to finance, legal and development planning. Engaged in support work for private trustee. Served as assistant trustee.

1994

Posted to the Finance & Accounting Division of Tokyu Corporation. Engaged in activities relating to capital markets and the issue of ordinary bonds in Japan.

1996

Posted to the Group Controllers Division. Participated in formulation and reorganization plans of a number of Tokyu group companies.

1999

Appointed to the Group Restructuring Strategy & Investor Relations Division. Engaged in restructuring Tokyu group businesses and formulating group company financial measurement indicators, M&A, share exchange and investor relations activities. Promoted REIT business proposal as part of the Tokyu Group's Management Policy announced in 2000, commenced REIT business feasibility study.

2001

Posted to Tokyu Real Estate Investment Management Inc. (Tokyu REIM) at the time of company incorporation. Appointed Tokyu REIM Executive vice president and representative director.

2002

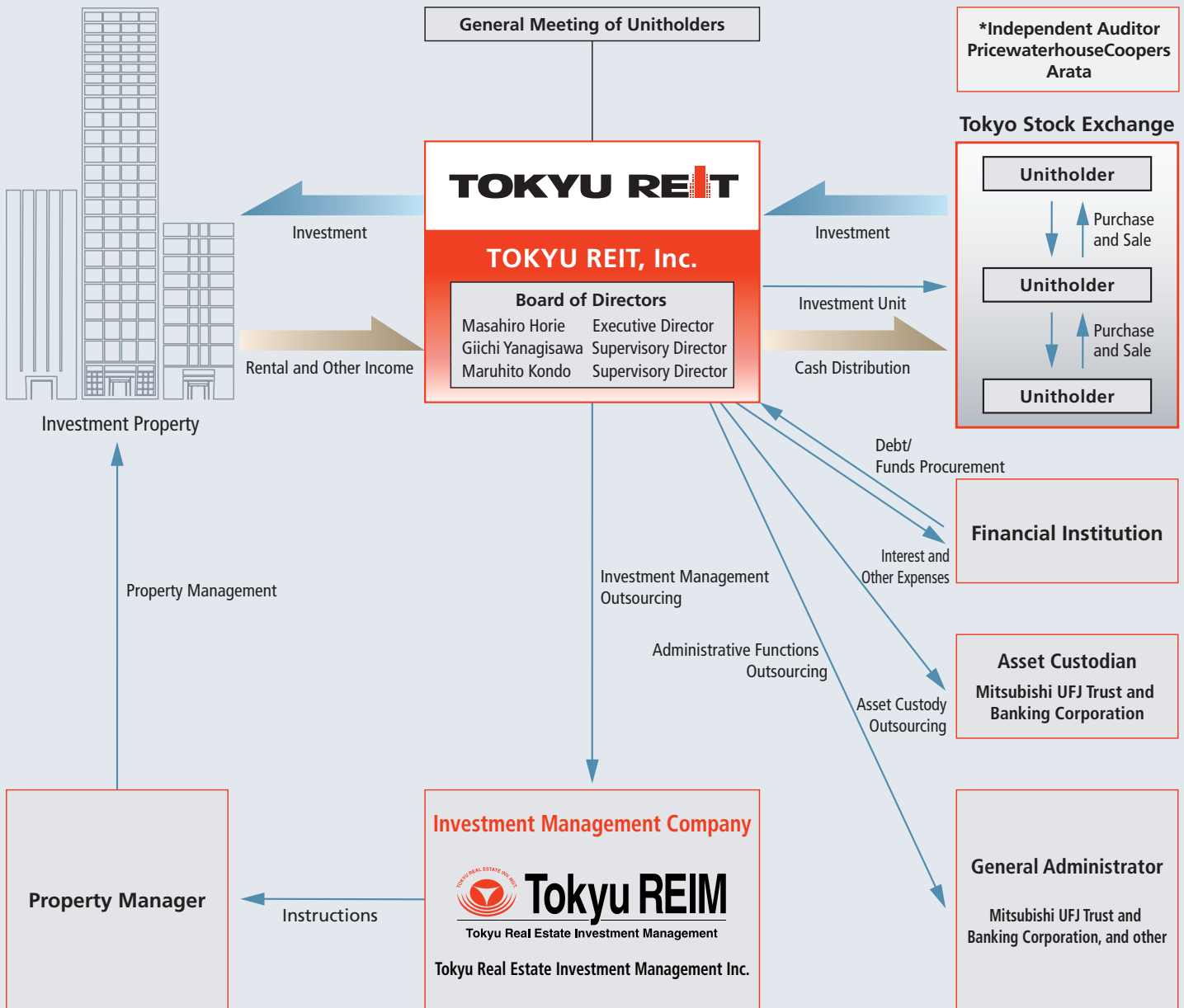
Appointed Representative Director, President and Chief Executive Officer of Tokyu REIM.

2003

Obtained approval from the Financial Services Agency in order to act as an executive director of TOKYU REIT, Inc. and as a representative director, president and chief executive officer of Tokyu REIM.

Management

TOKYU REIT Structure and External Service Providers



*TOKYU REIT has appointed PricewaterhouseCoopers Arata as its temporary independent auditor at its Board of Directors meeting on July 14, 2006 by resignation of Chuo Aoyama PricewaterhouseCoopers (present name: MISUZU Audit Corporation) on July 14, 2006.

TOKYU REIT outsources investment management, asset custody and administrative functions.

Underpinned by investment policies held in common with **TOKYU REIT**, Tokyu REIM strives to maximize unitholder value through business growth, stability and transparent operations. In addition, Tokyu REIM follows strict internal rules governing conflicts of interest and takes all necessary care in transactions with Tokyu Group companies.

Special
FeatureRoundtable Talk about
TOKYU REIT's Governance

The number of J-REITs and their market values have significantly increased since the first J-REIT was established five years ago in September 2001. A number of issues regarding REIT governance have arisen, with several REITs and their investment management companies receiving disciplinary action. Since listing on the Tokyo Stock Exchange in September 2003, **TOKYU REIT** has been striving to assure management transparency based on its unique management structure. The following is a dialogue between the executive director and supervisory directors regarding their impression of the actual operations of **TOKYU REIT** and the future direction of its management.



Management of the Board of Directors Meetings

MC: TOKYU REIT's Board of Directors meetings are generally held once every two weeks. During the sixth fiscal period (the six-month period through to July 31, 2006) meetings were held a total of 87 times. Amid rising expectations regarding the responsibilities of external directors due to the revamping of the Commercial Code with the new Corporation Law, directors of REITs have been institutionalized into a progressive governance structure: supervisory directors are equivalent to external directors or external auditors of ordinary companies, and have a majority of voting rights. REITs must form their governance structures within the framework of this system, and **TOKYU REIT** in particular strongly emphasizes governance. What is your impression of TOKYU REIT's Board of Directors after three years since your appointment?

Giichi Yanagisawa, Supervisory Director: At first, I felt we were too formal, mainly discussing issues in terms of strict logic, but with each meeting it became easier to have discussions as we got to know everyone's characteristics and ways of thinking.

Some may think that Board of Directors meetings proceed by themselves with a system comprising a solid governance system and outsourcing companies. But there are many issues to be discussed, so it is important to have frequent meetings.

Maruhito Kondo, Supervisory Director: I also think that it is essential to hold numerous Board of Directors meetings to efficiently uncover problems. Therefore, it is extremely difficult to take the position of supervisory director if one has another occupation. I myself decline all offers for positions of external

director or external auditor of other companies, because then I could not fulfill the responsibilities as supervisory director of **TOKYU REIT**.

Masahiro Horie, Executive Director: At the Board of Directors meetings, proposals laid on the table are occasionally dropped or they become qualified approvals. People might critically judge that this represents business inefficiency, but I believe it proves that proceedings are not predetermined, and demonstrates the effectiveness of meetings.

Yanagisawa: At Board of Directors meetings, proposals should be tabled after a preliminary meeting between our investment management company, Tokyu Real Estate Investment Management Inc. ("Tokyu REIM"), and our executive director. However, if we find that a proposal is insufficient in our discussions at a Board of Directors meeting, the executive director, who also serves as Tokyu REIM's president, will suggest that we restart from the beginning. I think this is a positive aspect of our corporate culture.

Horie: Discussions at Tokyu REIM are held by a team of specialists, who possess significant expertise in their respective fields. From that, I believe it is very important to discuss how those decisions appear to third parties and how they will be evaluated at TOKYU REIT's Board of Directors meetings.

Yanagisawa: Which means that **TOKYU REIT** operates its Board of Directors meetings with a unitholders' mindset. It is necessary to supervise the executive director and outsourcing companies from the same perspective.

Holding the Concurrent Position of Executive Director

MC: The executive director of TOKYU REIT concurrently holds the position of the representative director, president and chief executive officer at Tokyu REIM. Could you discuss this arrangement?

Kondo: In holding a concurrent position at an outsourcer company, in this case, TOKYU REIT, and its outsourcing company, Tokyu REIM, concerns regarding occurrences of conflicts of interest naturally arise. In this regard, I think each REIT is responsible for its own awareness and operations. In that sense, my impression is that TOKYU REIT has been able to maintain a high awareness of this issue. Of course, supervisory directors will have to consider necessary measures in the event we deem it unsustainable.

Yanagisawa: As a certified public accountant, what I have felt through audits at various companies is that the main source of risks comes from management, and outcomes significantly differ depending on the qualifications of top executives no matter what structure the company has. The relatively young age of TOKYU REIT's executive director makes a positive impact in this respect. I do feel that Mr. Horie vigorously addresses a variety of matters with a deep understanding toward the governance system.

Horie: The function of a REIT's board of directors, executive director and supervisory directors is to consider the appropriateness of business operations at an investment management company in accordance with an investment management agreement. The point is, however, that we are not able to check anything unless we have information. The basic idea of holding positions of both TOKYU REIT's executive director and Tokyu REIM's president is to improve the information flow and provide more information for decision-making at TOKYU REIT's Board of Directors meetings. Of course, we also give various considerations to eliminating any negative aspects of holding concurrent positions.

team such as real estate professionals and parties who were involved from early planning stages of REIT structures and who have great knowledge about IR or corporate governance.

The chief investment officer (CIO) at Tokyu REIM is assigned as a responsible official of property acquisition, and the CIO divides his responsibilities with me. I would not be able to pay careful attention to governance and the entire balance sheet if I doubled as the CIO.

Yanagisawa: Surely not every member involved in governance, including those at Tokyu REIM, are real estate experts. We are amateurs with regard to the real estate business, but that means we see things with fresh eyes. Some other companies composed exclusively of specialists with regard to governance face dysfunctions in their organization. In the end, having real estate amateurs in the governance planning stage was a good idea.

Kondo: TOKYU REIT also procured funds from overseas when it listed on the Tokyo Stock Exchange. In addition, we always focus on global standards and conduct business operations in consideration of overseas investors' strict viewpoint toward corporate governance. This is because we understand that standards suited to the Japanese market do not necessarily apply to overseas markets.

Horie: Every REIT is unique in how they plan and implement governance, from the basic framework provided by the Law Concerning Investment Trusts and Investment Corporations, as well as requirements for conduit tax treatment. TOKYU REIT's guiding principle is "fulfilling fiduciary responsibilities that meet global standards." I always say to directors and employees of Tokyu REIM that "We have a bigger responsibility than those in ordinary companies because we are a fiduciary." We should not adopt business processes and work out details of matters in the ways ordinary companies do. I would like all of us to be one step ahead of ordinary companies in fulfilling our responsibility as a fiduciary.

TOKYU REIT's Governance

MC: How did TOKYU REIT plan for governance?

Horie: In the preparatory stage, TOKYU REIT conducted a feasibility study in cooperation with an investment management company in Australia. This gave us insights and opportunities to discuss a forward-looking governance structure for an investment management company. Together with this, we were able to delve deeper into discussions and implement a structure, owing to a number of experts in the

TOKYU REIT's Governance in the Future

MC: We appreciate your discussion of TOKYU REIT's past and current initiatives. What are your thoughts about management in the future?

Yanagisawa: Given the increase in asset scale and the number of funds, we believe the J-REIT market has entered into its second stage. Under these circumstances, how we further develop TOKYU REIT will be a pressing issue. I think it is important for TOKYU REIT to take a leading role in evolving the REIT structure through business in private sector initiatives. That is the mission TOKYU REIT should accomplish in the second stage, and I believe it is positive to show our enthusiasm and demonstrate our policy of "making our own structure."

Kondo: I continually reflect on what kind of person is eligible for the position of supervisory director, but actually, there are no particular requirements. The important thing is to create our own standards for how an executive director and supervisory director should act. A negative aspect of Japan is that once standard criteria are set, everyone follows it. For example, people may think everything is fine if they have a

board meeting twice per month. But quality enhancement is far more important than simply following a format.

Horie: The degree of interest toward governance at an investment corporation will differ depending upon the external environment or timing. Until recently, only a minority expected efficient governance by investment corporations' boards. Now is the time to raise our efforts another step while governance is in the spotlight.

Yanagisawa: My hope for TOKYU REIT is that it not only pursues a high rate of return, but also tops the list of funds based on overall strengths including governance and compliance, and that it is deemed a dependable and wise selection by investors. TOKYU REIT's fundamental policy is to enhance governance, and I believe this will raise our value as a result. In the long run, it will be indispensable to continue disclosing detailed information to maintain high-quality business.

Horie: I think those efforts will be reflected in our investment unit price and expected rate of return. Companies with fragile governance systems will face higher risk premiums for that reason alone. As the supervisory directors have said, we will aim for a leading position based on our overall strengths.



Giichi Yanagisawa
Supervisory Director

March 1985

Certified as a public accountant in Japan. Established Yanagisawa Certified Public Accountant Office (current)

May 1985

Certified as a tax accountant in Japan (current)

June 1990

Appointed Director, Accounting Consultant Group, Co., Ltd. (currently, Shinso Corporation)

June 2000

Appointed representative, Shinso Audit Corporation (current position)

July 2001

Appointed member of the Board of the Japanese Institute of Certified Public Accountants

June 2003

Appointed supervisory director, TOKYU REIT, Inc. (current position)

April 2004

Appointed representative director Shinso Tax Corporation (current position)

July 2004

Appointed to the Executive Board of the Japanese Institute of Certified Public Accountants (current position)



Maruhito Kondo
Supervisory Director

April 1988

Admitted to the Bar of Japan (Tokyo Bar Association), entered Ohara Law Office

May 1988

Studied abroad at the Chinese University of Hong Kong

September 1988

Studied abroad at the Renmin University of China

July 1989

Worked at Robert Lee & Fong Solicitors in Hong Kong

February 1996

Opened Maruhito Kondo Law Office (current)

May 1998

Admitted to Daini Tokyo Bar Association

June 2003

Appointed supervisory director, TOKYU REIT, Inc. (current position)

Tokyu Real Estate Investment Management Inc.

Investment Management Company

URL: www.tokyu-reim.co.jp

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

History

Date	Remark
June 27, 2001	Tokyu REIM established (capital ¥100 million)
August 31, 2001	Acquired real estate brokerage license (No. 79964 Governor of Tokyo)
September 26, 2001	Capital increase (increase in capital from ¥100 million to ¥125 million)
September 28, 2002	Capital increase (increase in capital from ¥125 million to ¥300 million)
April 3, 2003	Acquired discretionary transaction agent approval in accordance with the Building Lots and Building Transactions Business Law (Minister of Land, Infrastructure and Transport No. 17)
June 16, 2003	Acquired investment trust management business transaction authorization from the Office of the Prime Minister (No. 27)
June 16, 2003	Acquired approval to provide consulting services and agency services (Financial Service Agency No. 1961)
June 20, 2003	Concluded an asset management agreement with TOKYU REIT
July 25, 2003	Registered as a general real estate investment management company (No. 000016)

Major Unitholders (as of September 30, 2006)

Name	Address	Shares Held	Ratio
Tokyu Corporation	5-6 Nampoedai-cho, Shibuya-ku, Tokyo	3,600 shares	60%
Tokyu Land Corporation	1-21-2 Dogenzaka, Shibuya-ku, Tokyo	2,400 shares	40%
Total		6,000 shares	100%

Board of Directors

A management structure has been implemented whereby the Board of Directors is responsible for business management, such as decision making on business strategy and other important matters relating to the execution of business operations. In addition, the Board of Directors supervises business operations undertaken by the representative director and executive officers. During the sixth fiscal period, the Board of Directors met on thirteen occasions.

Investment Committee

The Investment Committee is comprised of the president (who serves as chairperson), three non-executive directors and a property appraiser. The Investment Committee discusses the initial drafts of, and any amendments to TOKYU REIT's management guidelines and fund management plan, portfolio asset allocation, and possible investment and disposal of a property. This information is presented to the Board of Directors with the Committee's opinion and recommendation. During the sixth fiscal period, the Investment Committee met on twelve occasions.

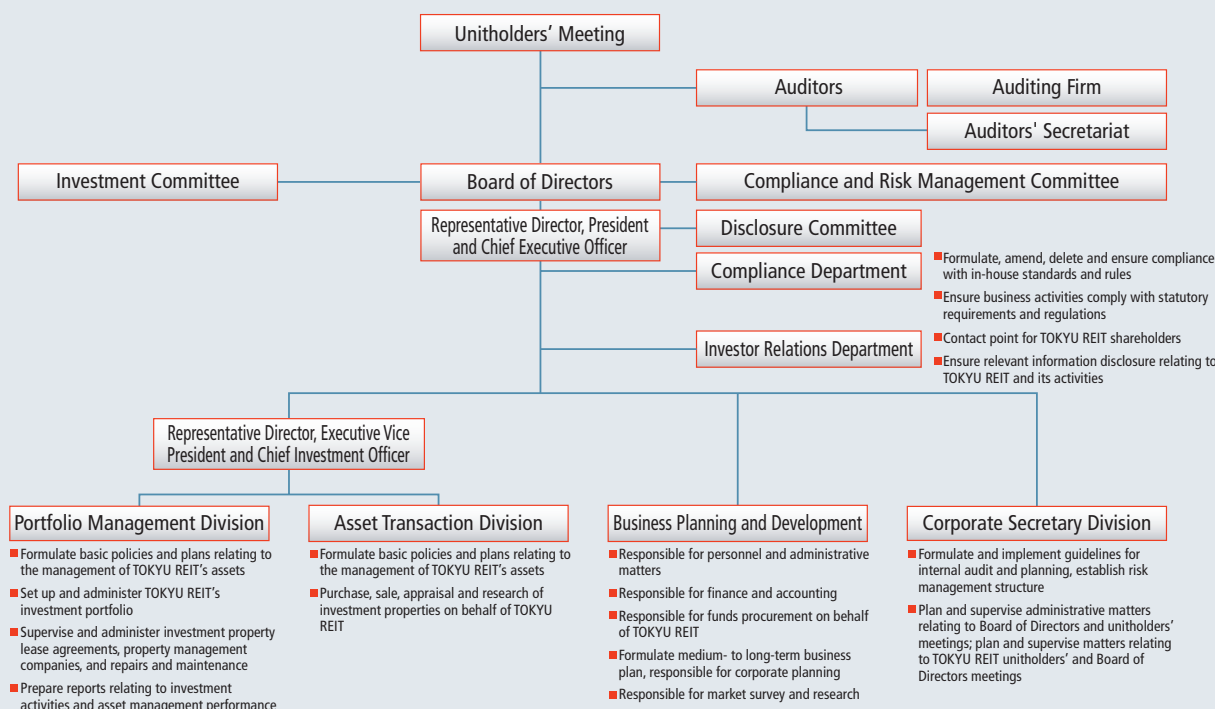
Compliance and Risk Management Committee

The Compliance and Risk Management Committee was established to ensure independent third-party checks of internal rules regarding related-party transactions. The Compliance and Risk Management Committee is comprised of two non-executive directors (one of whom serves as chairperson) and two external committee members. Under the guidance of the Board of Directors, the Compliance and Risk Management Committee discusses material matters relating to compliance and risk management as well as the adequacy of internal rules regarding related-party transactions. It also provides opinions and recommendations to Tokyu REIM's Board of Directors. While third-party confirmation is obtained regarding the adequacy of rules applicable to individual transactions, matters are referred to the compliance officer and forwarded to the Compliance and Risk Management Committee for discussion as required, when the third party determines the matter warrants special mention. During the sixth fiscal period, the Compliance and Risk Management Committee met on eleven occasions.

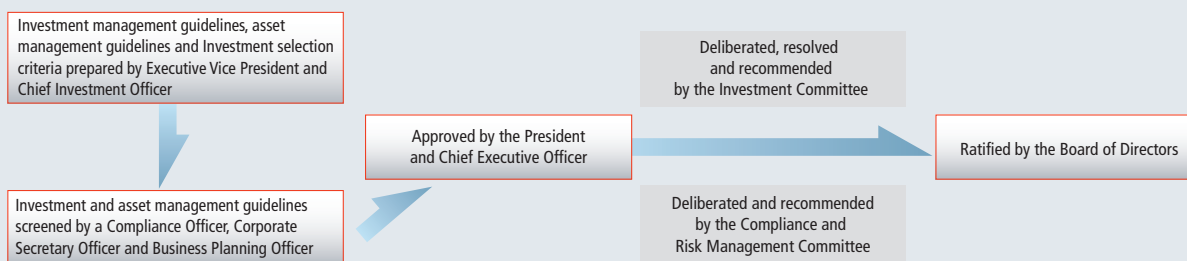
Disclosure Committee

The head of the Disclosure Committee is the Investor Relations Officer. The other members of the Committee include the Compliance Officer, Corporate Secretary Officer, Business Planning Officer and other members the Committee head judged to be necessary. Of information that is disclosed on a timely basis, the Committee reviews the handling of disclosure concerning matters that occur regarding TOKYU REIT, Tokyu REIM and TOKYU REIT's assets under management. The results of the Committee's discussions are reported to the Representative Director, President and Chief Executive Officer. The Disclosure Committee met five times during the sixth fiscal period.

■ Organization Chart



■ Decision-Making Process



Tokyu REIM's investment guidelines⁽¹⁾ and asset management plans⁽²⁾ are formulated through collaboration among the Asset Transaction Division, Portfolio Management Division and Business Planning and Development Division, and then submitted to the Vice President, who is in charge of overseeing asset management operations. After a screening by the Compliance Officer, Corporate Secretary Officer and Business Planning Officer, the investment guidelines and asset management plans are reported to the President. After approval is received from the President, the investment guidelines and asset management plans are submitted to the Board of Directors, which when necessary requests the Investment Committee to deliberate, decide and respond to the proposals, and also the Compliance and Risk Management Committee to deliberate and respond to the proposals. Based on these responses, the Board of Directors makes a final decision and enacts the investment guidelines and asset management plans. The final investment guidelines and asset management plans are then reported to the Board of Directors at **TOKYU REIT**.

When acquiring new properties, the Asset Transaction Division and the Portfolio Management Division, which are overseen by the Vice President, conduct a detailed audit of the property, entailing an analysis of related interests in the property, building tenants, building lease agreements, maintenance history, building appraisal, and property appraisal including the surrounding areas and real estate appraisals. Properties that **TOKYU REIT** is able to invest in must match our investment policy and investment criteria. In order to reach an investment decision, the Asset Transaction Division and the Portfolio Management Division produce the documentation and contracts required for a property acquisition (or sale), present this material to the Vice President and then to the Board of Directors for the final decision. If a decision is made, the Vice President sets in motion initiatives to acquire the property.

Note 1: Investment guidelines are defined as the basic policies including 1) internal regulations determined by Tokyu REIM for the consigned management of TOKYU REIT's assets, 2) the particulars of fundamental policies determined in the Articles of Incorporation, and 3) other management-related matters regarding **TOKYU REIT**.

Note 2: Asset management plans are defined as property portfolio maintenance plans, property management plans including leasing and acquisition targets, and capital procurement plans.

Financial Strategies

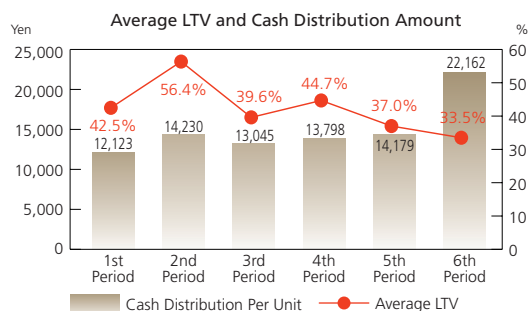
TOKYU REIT's Financial Strategies

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: LTV (Loan to Value) = (Interest-bearing debt + Security and guarantee deposits not matched by cash) / Total appraisal value as of the acquisition date or total period-end appraisal value of properties. This formula calculates the liability level to the acquired property's value. A low level (namely, less liabilities or over-valued property) is considered to indicate a high level of financial soundness.

Average LTV and Cash Distribution Amount



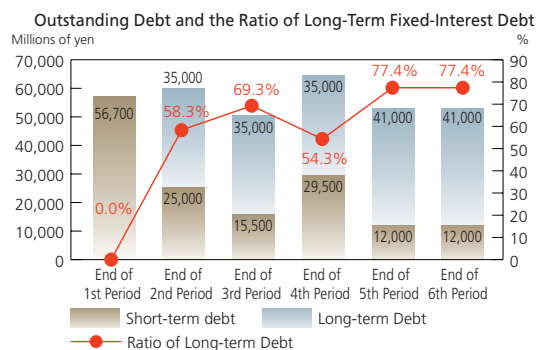
Generally, the level of cash distribution amount will increase as LTV rises by the leverage effect. An excessive increase of LTV, however, decreases financial soundness.

In light of this principle, **TOKYU REIT** implements conservative management that considers the balance between the level of cash distribution amount and financial soundness, as shown left.

Cash distribution amount increased on sixth fiscal period by selling Yokohama Yamashita-cho building (Barneys New York Yokohama Store) compared with former fiscal period.

Notes: 1 Average LTV = (Average interest-bearing debt during the period + Average security and guarantee deposits not matched by cash during the period) / Total appraisal value as of the acquisition date or average period-end appraisal value of properties during the period.
2 Cash distribution amount in 1st fiscal period was ¥9,488 based on the actual operating days of 144 days, but cash distribution amount of ¥12,123 recalculated based on 184 days is used in the above graph for the sake of comparison with 2nd fiscal period onwards.

Outstanding Debt and the Ratio of Long-Term Fixed-Interest Debt



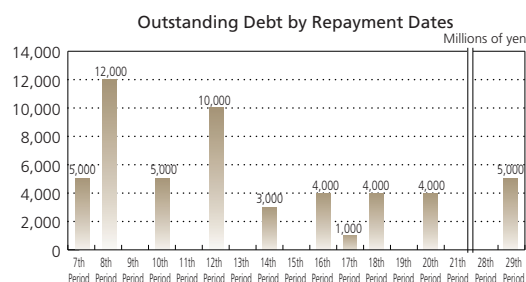
TOKYU REIT has been implementing a conversion to long-term fixed-Interest debt financing, as shown left. The ratio of long-term fixed-Interest debt as of the end of the sixth fiscal period is 77.4% (67.9% excluding the long term debt maturing within a year).

Long-term debt financing enables **TOKYU REIT** to curb any excessive burden resulting from increases in interest rates.

Lenders and Outstanding Debt by Repayment Dates (as of the end of the sixth fiscal period)

Category	Lender	Amount (millions of yen)	Interest (%)	Drawdown Date	Repayment Date	Type	
Short-term Debt	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000	0.69364	June 25, 2004	September 25, 2006	Unsecured	
	The Sumitomo Trust and Banking Co., Ltd.	700	0.67364	April 28, 2006	April 28, 2007		
	The Chuo Mitsui Trust and Banking Company, Limited	700					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700					
	Mizuho Corporate Bank, Ltd.	700					
	Mitsubishi UFJ Trust and Banking Corporation	4,200					
Sub Total	12,000	—	—	—	—		
Long-term Debt	The Sumitomo Trust and Banking Co., Ltd.*	5,000	1.11625	June 25, 2004	June 25, 2007	Unsecured	
	The Norinchukin Bank	4,000	1.38875		June 25, 2008		
	The Hyakugo Bank, Ltd.	1,000	1.23875		June 25, 2009		
	The Chuo Mitsui Trust and Banking Company, Limited	5,000	1.68875		June 25, 2010		
	Mitsubishi UFJ Trust and Banking Corporation	5,000			June 25, 2012		
	Aioi Insurance Co., Ltd.	1,000	1.92750		June 25, 2011		
	Daido Life Insurance Company	1,000			June 25, 2012		
	Mitsui Sumitomo Insurance Company, Limited	1,000			June 25, 2013		
	The Development Bank of Japan	4,000	2.03000		October 25, 2005		October 25, 2011
	The National Mutual Insurance Federation of Agricultural Cooperatives	1,000	1.26250		January 25, 2006		January 25, 2018
	The Development Bank of Japan	5,000	1.95000	July 31, 2006	July 31, 2011		
	Nippon Life Insurance Company	4,000	1.93000	July 31, 2006	July 31, 2013		
	The Dai-ichi Mutual Life Insurance Company	4,000	2.21125	—	—		
Sub Total	41,000	—	—	—	—		
Total	53,000	—	—	—	—		

Note: Repayment date is within one year.



Given changes in financial conditions, stable refinancing may not be assured if lenders and repayment dates are concentrated on a certain companies or dates.

TOKYU REIT reduces such risks in debt financing by diversifying lenders and repayment dates.

Execution of Commitment Line Agreement

- Lender : The Sumitomo Trust and Banking Corporation, Ltd.
The Chuo Mitsui Trust and Banking Corporation, Limited
- Commitment Line Limit : ¥1,000 million, respectively
- Securities/Guarantee : Unsecured/Unguaranteed

TOKYU REIT has executed commitment line agreements as of April 21, 2005, as shown left. 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. Commitment lines were not implemented during the sixth fiscal period.

Assurance of Method for Issuance of Investment Corporation Bonds

Acquisition of Ratings

- Rating and Investment Information, Inc. (R&I)
:R&I Issuer Rating A+ (Rating Outlook: Positive)
- Standard & Poor's (S&P)
:Long-Term Issuer Rating A (Outlook: Stable)
:Short-Term Issuer Rating A-1
- Moody's Investors Service (Moody's)
:Moody's Issuer Rating A2 (Rating Outlook: Stable)

TOKYU REIT acquired ratings as of September 6, 2005. Brief details are shown left. **TOKYU REIT** submitted a registration application relating to the issue of investment corporation bonds (for two years from December 5, 2005, with ¥100 billion) to the Ministry of Finance, and its Board of Directors made a comprehensive resolution to the issue of investment corporation bonds (for one year from December 5, 2005, with ¥50 billion), thereby ensuring the flexible issuance of investment corporation bonds.

Portfolio

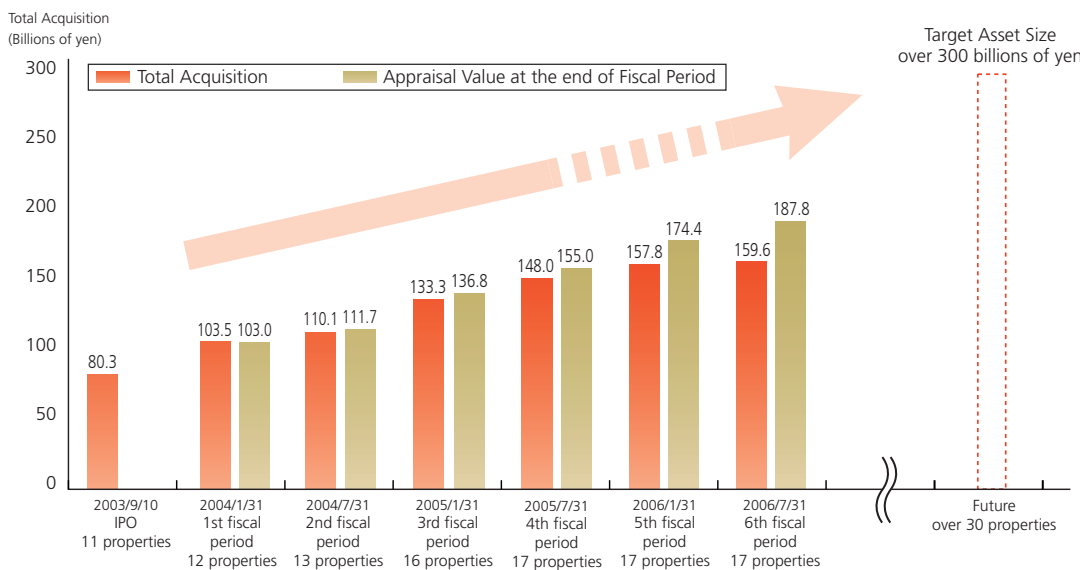


Investment Policy: Investment in Highly Competitive Properties in Areas with Strong Growth Potential

Investment Targeted Areas	<ul style="list-style-type: none"> Focussing Five central Tokyo wards and Tokyu Areas expected economic and population growth. Limited to Tokyo metropolitan areas.
Investment Criteria	<ul style="list-style-type: none"> Limited to office and retail portfolio with lower risk and more stable return. Limited to the properties with prime location and large scale for assuring market competitiveness.

Investment Trends

Total acquisition as of the end of the sixth fiscal period ended July 31, 2006, stood at ¥159.6 billion, nearly doubling within three years since September 2003 when **TOKYU REIT** was listed on the Tokyo Stock Exchange with ¥80.3 billion in assets. Given TOKYU REIT's portfolio diversification, mobility of property acquisition, and liquidity of investment units, we believe that the asset portfolio should eventually reach ¥300.0 billion or more. **TOKYU REIT** will steadily expand asset size with high quality properties on proper price, not pursuing expansion of asset size only, but considering real estate market as intensification of property acquisition competition and rise of property price.



Portfolio Overview

Use	Name of Property	Location	Total Land Area (m ²)	Total Floor Area (m ²)	Structure/Floors	Completion	Type of Ownership	
							Land	Building
R	QFRONT	Udagawa-cho, Shibuya-ku, Tokyo	784.26 (Compartmentalized ownership 728.30)	6,692.14 (Compartmentalized ownership 4,821.09)	SRC/S B3/8F	Oct. 1999	Proprietary ownership	Compartmentalized ownership
R	Lexington Aoyama	Minami-Aoyama, Minato-ku, Tokyo	776.59	2,342.21	S/R C B1/4F	Jan. 1998	Proprietary ownership	Proprietary ownership
R	TOKYU REIT Omotesando Square	Jingumae, Shibuya-ku, Tokyo	1,259.21	3,321.20	S/SRC B1/4F	Oct. 1985	Proprietary ownership	Proprietary ownership
R	Tokyu Saginuma Building	Saginuma, Miyamae-ku, Kawasaki City, Kanagawa	5,658.00	18,320.87	R C B1/4F	Sep. 1978	Proprietary ownership	Proprietary ownership
R	Tokyu Saginuma 2 Building	Kodai, Miyamae-ku, Kawasaki City, Kanagawa	1,807.21	4,409.50	S R C B2/4F	Oct. 1979	Proprietary ownership	Proprietary ownership
R	TOKYU REIT Shibuya Udagawa-cho Square	Udagawa-cho, Shibuya-ku, Tokyo	679.27	(Bldg. 1) 1,473.10 (Bldg. 2) 56.39	S, 3F S, 2F	Jul. 1998 Jun. 1995	Proprietary ownership Proprietary ownership	Proprietary ownership Proprietary ownership
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Noukendai-Higashi, Kanazawa-ku, Yokohama City, Kanagawa	17,318.78	46,587.87	S R C B2/4F	Jun. 1998	Proprietary ownership	Proprietary ownership
R	cocoti	Shibuya, Shibuya-ku, Tokyo	1,705.35	11,847.87	S/SRC B2/12F	Sep. 2004	Proprietary ownership	Proprietary ownership
R	Shonan Mall Fill (<i>sokochi</i>) *1	Tsujido-Shinmachi, Fujisawa City, Kanagawa	44,078.12	—	—	—	Proprietary ownership	—
O	Setagaya Business Square	Yoga, Setagaya-ku, Tokyo	21,315.68	94,373.72	SRC/R C/S B2/28F	Sep. 1993	Co-ownership (55% interest)	Co-ownership (55% interest)
O	Tokyu Nampeidai-cho Building	Nampeidai-cho, Shibuya-ku, Tokyo	2,013.28	7,003.88	S R C B2/5F	Jul. 1992	Proprietary ownership	Proprietary ownership
O	Tokyu Sakuragaoka-cho Building	Sakuragaoka-cho, Shibuya-ku, Tokyo	1,013.03	6,505.39	S R C B3/9F	Jun. 1987	Proprietary ownership	Compartmentalized ownership
O	Tokyo Nissan Taito Building	Moto-Asakusa, Taito-ku, Tokyo	1,718.45	11,373.20	S R C B2/10F	Sep. 1992	Proprietary ownership	Proprietary ownership
O	TOKYU REIT Akasaka Hinokicho Building	Akasaka, Minato-ku, Tokyo	866.61	4,058.92	R C 7F	Aug. 1984	Proprietary ownership	Proprietary ownership
O	TOKYU REIT Kamata Building	Kamata, Ota-ku, Tokyo	1,642.86	10,244.51	S/SRC B1/9F	Feb. 1992	Proprietary ownership	Proprietary ownership
O	Resona Maruha Building	Otemachi, Chiyoda-ku, Tokyo	6,893.71	74,379.30 (Compartmentalized ownership 19,542.77)	S/SRC B4/25F	Nov. 1978	Co-ownership (27% interest)	Compartmentalized ownership
O	TOKYU REIT Toranomon Building	Toranomon, Minato-ku, Tokyo	1,728.38	15,343.73 (9,688.59)	S R C/R C B2/9F	Apr. 1988	Co-ownership of the right to use the underlying building site (73.585%)	Compartmentalized ownership and co-ownership of compartmentalized ownership

Use	Name of Property	Area	Acquisition Costs (Millions of Yen)	Acquisition Date	Number of Tenants	Occupancy Ratio	Earthquake PML*4
R	QFRONT	Central Tokyo and Tokyu areas (Shibuya)	15,100	Sep. 10, 2003	4	100.0%	6.7%
R	Lexington Aoyama	Central Tokyo	4,800	Sep. 11, 2003	2	100.0%	5.0%
R	TOKYU REIT Omotesando Square	Central Tokyo and Tokyu areas (Shibuya)	5,770	Sep. 10, 2003	4	100.0%	11.3%
R	Tokyu Saginuma Building	Tokyu areas	6,920	Sep. 10, 2003	1	100.0%	12.3%
R	Tokyu Saginuma 2 Building	Tokyu areas	1,290	Sep. 11, 2003	1	100.0%	12.1%
R	TOKYU REIT Shibuya Udagawa-cho Square	Central Tokyo and Tokyu areas (Shibuya)	6,600	Mar. 1, 2004	2	100.0%	15.8%
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	Other	9,520	Aug. 3, 2004	1	100.0%	9.8%
R	cocoti	Central Tokyo and Tokyu areas (Shibuya)	14,700*2 9,800*3	Apr. 6, 2005 Aug. 2, 2005	16	100.0%	11.4%
R	Shonan Mall Fill (<i>sokochi</i>) *1	Other	6,810	Apr. 28, 2006	1	100.0%	—
O	Setagaya Business Square	Tokyu areas	22,400	Sep. 11, 2003	57	99.1%	5.6%
O	Tokyu Nampeidai-cho Building	Central Tokyo and Tokyu areas (Shibuya)	4,660	Sep. 11, 2003	1	100.0%	12.8%
O	Tokyu Sakuragaoka-cho Building	Central Tokyo and Tokyu areas (Shibuya)	6,620	Sep. 11, 2003	2	100.0%	13.9%
O	Tokyo Nissan Taito Building	Central Tokyo	4,450	Sep. 11, 2003	13	100.0%	10.6%
O	TOKYU REIT Akasaka Hinokicho Building	Central Tokyo	3,570	Sep. 10, 2003	5	100.0%	12.6%
O	TOKYU REIT Kamata Building	Tokyu areas	4,720	Sep. 10, 2003	4	100.0%	11.0%
O	Resona Maruha Building	Central Tokyo	23,260	Jan. 15, 2004	3	100.0%	7.7%
O	TOKYU REIT Toranomon Building	Central Tokyo	8,630	Dec. 15, 2004	6	100.0%	9.2%
	Total		159,620		123	99.9%	6.0%

Notes: 1 '*sokochi*' means ownership of land with a fixed-term leasehold for commercial use.

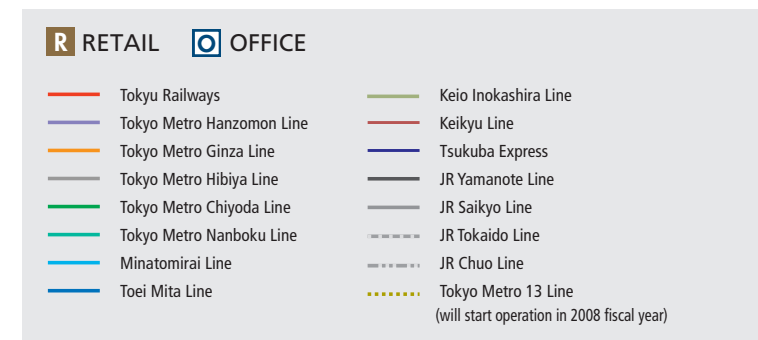
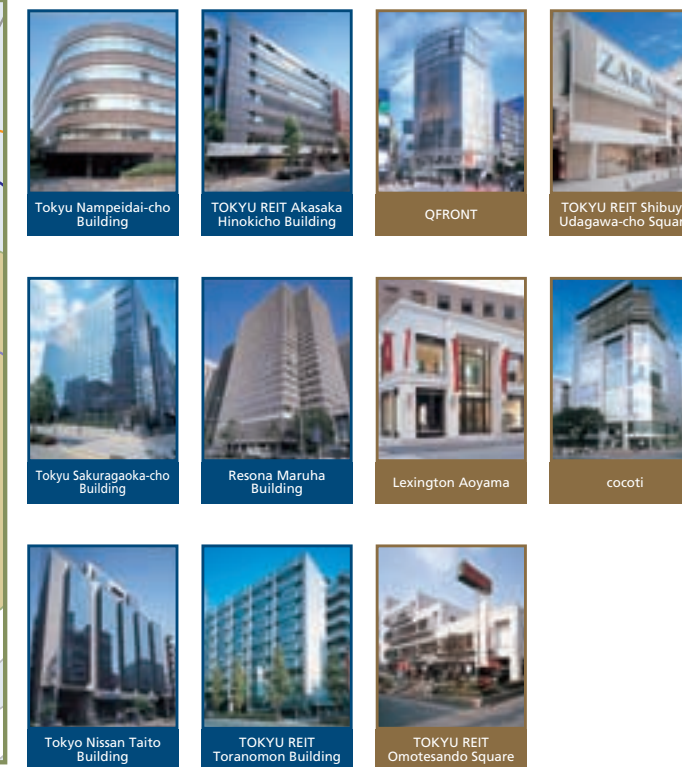
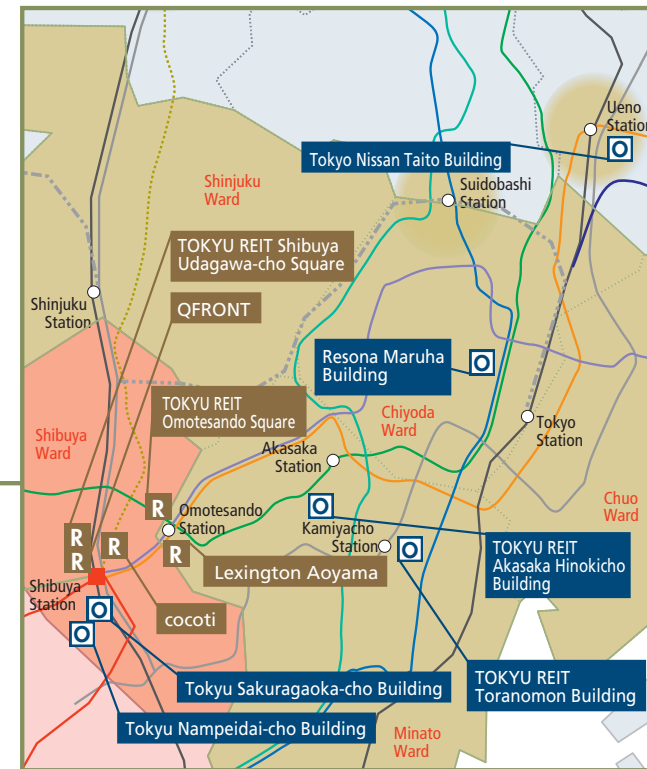
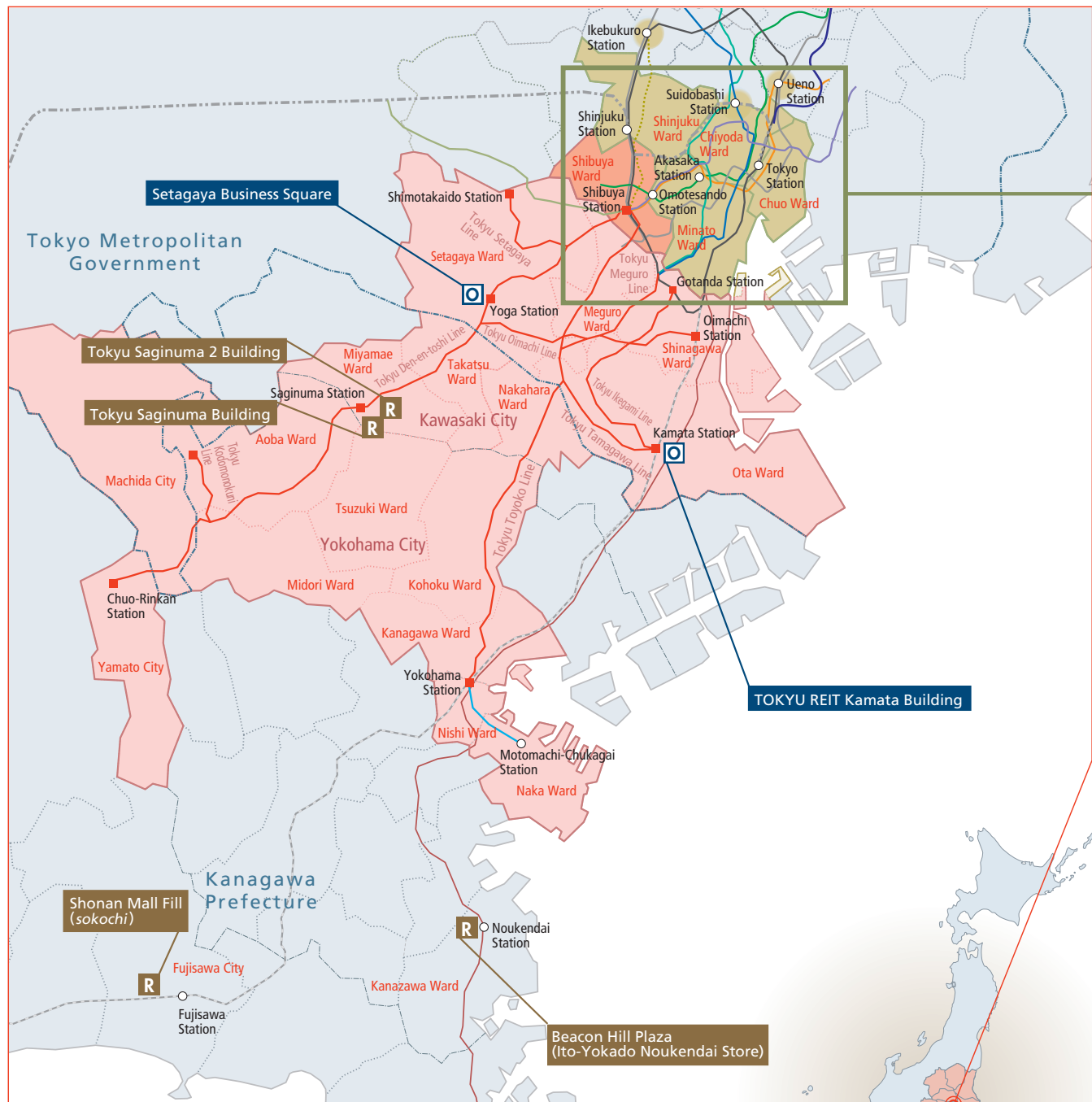
2 60% trust beneficiary interest

3 40% trust beneficiary interest

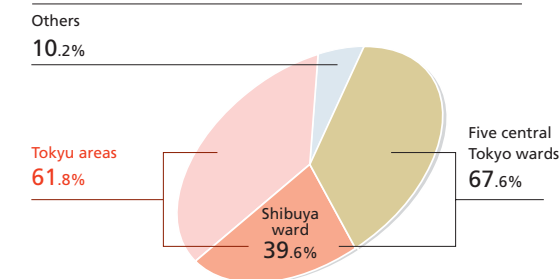
4 PML (Probable Maximum Loss) refers to the expected maximum loss ratio caused by earthquakes. As used in these documents PML is the percentage of expected loss due to small- to large-level earthquakes (those statistically calculated as possible over a 475 year period) that occur during an assumed period 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.

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.

Investment Targeted Areas



Investment Ratio by Region
(17 properties as of the end of sixth fiscal period)



Tokyu REIT invests primarily in properties in central Tokyo and the areas along the Tokyu railways. It does not invest outside of the Tokyo Metropolitan Area.

Area	Targeted Areas of Investment	Investment Share
Central Tokyo	Five central Tokyo wards	More than 85%
	Other major commercial and retail districts of Tokyo	
Tokyu Areas	Tokyu Rail network hub	More than 85%
	Other Tokyu rail network areas	
Other	Other districts in the Tokyo Metropolitan Area, including Kanagawa, Saitama and Chiba prefectures (excluding the separately mentioned areas above)	Less than 15%

Note: Shibuya Ward is included in both the Five central Tokyo wards and the Tokyu Areas.

RETAIL PORTFOLIO

- QFRONT
- Lexington Aoyama
- TOKYU REIT Omotesando Square
- Tokyu Saginuma Building
- Tokyu Saginuma 2 Building
- TOKYU REIT Shibuya Udagawa-cho Square
- Beacon Hill Plaza (Ito-Yokado Noukendai Store)
- cocoti
- Shonan Mall Fill (*sokochi*)

The most attractive feature of TOKYU REIT's retail portfolio is the prime location of each of its properties. Adhering to strict criteria in the selection of investment properties, TOKYU REIT has maintained a retail portfolio with an extremely high occupancy ratio since it listed on the stock market.

At the end of the sixth fiscal period, TOKYU REIT's retail portfolio comprised a total of nine properties with the sale of Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) which is located in Yokohama and the acquisition of Shonan Mall Fill (*sokochi*). TOKYU REIT's retail properties have a total acquisition price of ¥81.31 billion and total floor space of 103,634.69m². In the sixth fiscal period, revenues from property leasing totaled ¥2.66 billion, NOI was ¥1.95 billion, operating income from property leasing was ¥1.54 billion, and the weighted-average NOI yield was 4.9%.

The most attractive feature of TOKYU REIT's retail portfolio is the prime location. TOKYU REIT's retail properties situate in Central Tokyo and Tokyu Area, including Shibuya, Omotesando, Aoyama and Saginuma, and situate in suburbs including Noukendai and Fujisawa. Even in the event that a tenant vacates, TOKYU REIT's portfolio consists of retail properties that quickly entice new tenants to enter leasing contracts. As of July 31, 2006, an occupancy ratio of 100.0% indicates the strength of our portfolio.

TOKYU REIT will continue to aggressively yet prudently acquire competitive properties that meet its strict investment criteria. From this approach, TOKYU REIT aims to build a retail portfolio that contributes to maximizing unitholder return over the medium- to long-term.

R QFRONT



QFRONT is a retail property located directly across from Shibuya Station in an area identified as one of Japan's busiest retail districts. The main tenant is Tsutaya Stores Co., Ltd., a large rental and retail store of videos and CDs. QFRONT contains a coffee shop located on the first and second floors, a movie theater on the seventh floor and a variety of restaurants located on the eighth floor. The building is one of Tokyo's premier retail facilities distinguished by the large LED advertising screen which adorns the outside wall, and has received considerable exposure from a variety of media.

Address: 21-6, Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Shibuya Station—JR Yamanote line/ Tokyu Toyoko line/ Tokyu Den-en-toshi line/ Keio Inokashira line/ Tokyo Metro Hanzomon and Ginza lines
 Total Land Space: 784.26m²
 Total Floor Space: 6,692.14m²
 Structure/Floors: SRC/S, B3/BF
 Completed: October, 1999
 Type of Ownership: Land—Proprietary ownership
 Building—Compartmentalized ownership
 Representative Tenants: Tsutaya Stores Co., Ltd.;
 Tokyu Corporation;
 Punraku Co., Ltd.



R Lexington Aoyama



Lexington Aoyama is a retail property along Kotto-dori in the Aoyama district. Main tenants include the specialist apparel company World Co., Ltd., Alux, a restaurant managed avex Planning & Development Inc. opened on the first underground floor on July 2006. Like Omotesando, Kotto-dori offers a high status location in the Aoyama district, attracting the world's leading fashion brands.

Address: 5-11-9, Minami-Aoyama, Minato-ku, Tokyo
 Nearest Station: Approximately a five-minute walk from Omotesando Station—Tokyo Metro Chiyoda, Ginza and Hanzomon lines
 Total Land Space: 776.59m²
 Total Floor Space: 2,342.21m²
 Structure/Floors: S/RC, B1/4F
 Completed: January, 1998
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: World Co., Ltd.
 avex Planning & Development Inc.



R TOKYU REIT Omotesando Square



TOKYU REIT Omotesando Square is a multi-faceted retail property located in Shibuya-ku within one minute's walk of Omotesando Station. The complex contains Barbacoa Grill, offering Churrasco Brazilian barbecue food operated by Wondertable, Ltd. on the first underground floor, and Royal Host, a restaurant managed by Royal Holdings Co., Ltd. on the first floor. On floors one through three, there is the GOLD'S GYM sports gymnasium, operated by Think Co., Ltd.

Address: 4-3-2, Jingumae, Shibuya-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Omotesando Station—Tokyo Metro Ginza, Hanzomon and Chiyoda lines
 Total Land Space: 1,259.21m²
 Total Floor Space: 3,321.20m²
 Structure/Floors: S/SRC, B1/4F
 Completed: October, 1985
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Think Co., Ltd.; Royal Holdings Co., Ltd. Wondertable, Ltd.



R Tokyu Saginuma Building



Tokyu Saginuma Building is located in Miyamae-ku, Kawasaki city, approximately 15 kilometers southwest of Shibuya. The area is a residential suburb of Tokyo with a growing population, increasing number of households and high growth potential. The entire building is leased to Tokyu Store Corporation, which uses the property as an outlet of its general merchandise store Saginuma Tokyu.

Address: 1-1-1, Saginuma, Miyamae-ku, Kawasaki City, Kanagawa
 Nearest Station: Approximately a one-minute walk from Saginuma Station—Tokyu Den-en-toshi line
 Total Land Space: 5,658.00m²
 Total Floor Space: 18,320.87m²
 Structure/Floors: RC, B1/4F
 Completed: September, 1978
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Tokyu Store Chain Co., Ltd.



R Tokyu Saginuma 2 Building



Tokyu Saginuma 2 Building was acquired to serve partly as a parking facility for the Tokyu Saginuma Building. Under the Large Retail Store Location Law, Tokyu Store Corporation is required to provide 84 car parking spaces for customers of Saginuma Tokyu Chain. The building comprises three floors (the first to third floors) leased to a bank and three underground floors used as a parking facility.

Address: 1-18-5, Kodai, Miyamae-ku, Kawasaki City, Kanagawa
 Nearest Station: Approximately a one-minute walk from Saginuma Station—Tokyu Den-en-toshi line
 Total Land Space: 1,807.21m²
 Total Floor Space: 4,409.50m²
 Structure/Floors: SRC, B2/4F
 Completed: October, 1979
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: The Bank of Tokyo-Mitsubishi UFJ, Ltd.



R TOKYU REIT Shibuya Udagawa-cho Square



TOKYU REIT Shibuya Udagawa-cho Square is located in the central area of Shibuya, one of Tokyo's main retail and commercial districts, and faces the major retail thoroughfares Inokashira-dori and Shibuya Center-gai. Comprising two buildings, ZARA, a Spain-based retailer of casual clothing, is the principal tenant of Building 1. ZARA boasts a global network of 924 stores (as of August 18, 2006). The restaurant Tsukiji Gindaco, operated by HotLand Corporation, is located in Building 2.

Address: [Bldg.1] 25-10 Udagawa-cho, Shibuya-ku, Tokyo
 [Bldg.2] 25-5 Udagawa-cho, Shibuya-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Shibuya Station-JR Yamanote line/Tokyu Toyoko line/Tokyu Den-en-toshi line/Keio Inokashira line/Tokyo Metro Ginza and Hanzomon lines
 Total Land Space: 679.27m²
 Total Floor Space: [Bldg.1] 1,473.10m²
 [Bldg.2] 56.39m²
 Structure/Floors: [Bldg.1] S, 3F
 [Bldg.2] S, 2F
 Completed: [Bldg.1] July, 1998
 [Bldg.2] June, 1995
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenants: ZARA Japan Corporation; HotLand Corporation

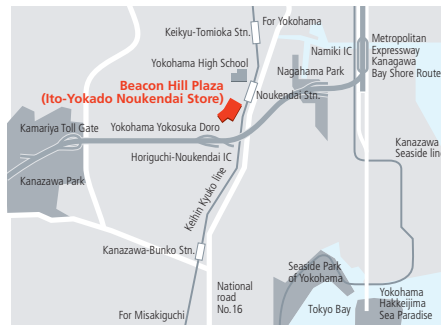


R Beacon Hill Plaza (Ito-Yokado Noukendai Store)



The sole tenant of Beacon Hill Plaza, Ito-Yokado Noukendai Store is a large-scale General Merchandise Store (GMS) with 7,000 *tsubo* (a *tsubo* is Japan's former unit of area and is equivalent to 3.3 m²) of shopping space and provides space for approximately 900 vehicles in its parking garage on the premises. The property is not situated in a major investment area, but was judged to be excellent for its location in a retail and commercial district that is expected to bring stable growth.

Address: Noukendai-Higashi 3-1, Kanazawa-ku, Yokohama City, Kanagawa
 Nearest Station: Approximately a four-minute walk from Noukendai Station-Keihin Kyuko line
 Total Land Space: 17,318.78m²
 Total Floor Space: 46,587.87m²
 Structure/Floors: SRC, B2/4F
 Completed: June, 1998
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Tenant: Ito-Yokado Co., Ltd.

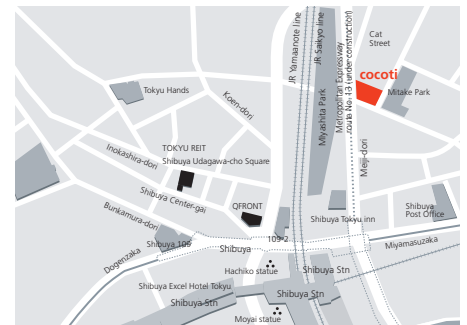


R cocoti

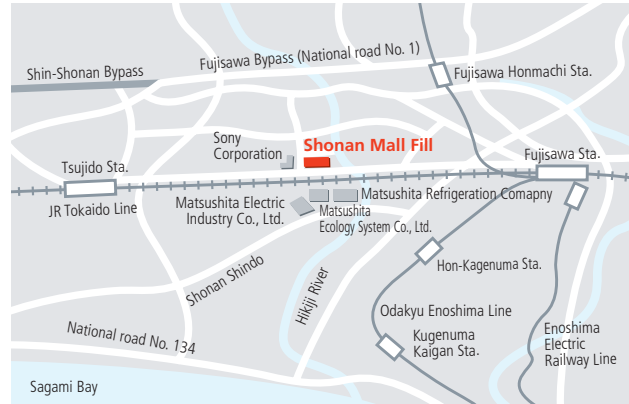


cocoti is approximately a three-minute walk from Shibuya Station and faces Meiji-dori. The property is surrounded by casual brand stores and lies on the outskirts of an area known as "Ura Harajuku." This property's tenants are comprised of brand shops, cafes, sports gyms, and other outlets and meet the various needs of a customer. In order to maintain and further improve its competitiveness, the property was re-opened on March 20, 2006, after recreating the building concept, changing the property name and renovating mainly on the first floor entrance and external façade.

Address: 1-23-16 Shibuya, Shibuya-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Shibuya Station-JR Yamanote Line/Tokyu Toyoko Line/Tokyu Den-en-toshi Line/Keio Inokashira Line/Tokyo Metro Ginza and Hanzomon Lines
 Total Land Space: 1,705.35m²
 Total Floor Space: 11,847.87m²
 Structure/Floors: S/SRC, B2/12F
 Completed: September, 2004
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: TOMORROWLAND Co., Ltd., CASSINA IXC Ltd, Roccs.



R Shonan Mall Fill (*sokochi*)



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

Nearest Station: Approximately three minutes by bus or a twenty-minute walk from Tsujido Station- JR Tokaido Line. Approximately five minutes by bus from Fujisawa Station- JR Tokaido Line, Odakyu Enoshima Line and Enoshima Electric Railway Line.

Total Land Space: 44,078.12m²

Type of Ownership: (Land) Proprietary Ownership

Representative Tenants: Daiwa House Industry Co., Ltd.

Shonan Mall Fill is the retail property which situates between Fujisawa and Tsujido Stations on the JR Tokaido Line and has achieved steady sales growth since its opening. TOKYU REIT acquired a trust beneficiary interest in real estate (Ownership of land with a fixed-term leasehold for commercial use, namely *sokochi*). While the property is inconsistent with TOKYU REIT's usual investment criteria, it is located an area offering stable growth potential.

Rationale

Location

- An ideal location for general merchandise
 - Front the main roadway connecting Fujisawa and Tsujido Stations on the JR Tokaido Line
 - Excellent access and a high level of visibility
- Growth as commercial district in Fujisawa City
 - The fifth largest population in Kanagawa Prefecture (396 thousand; as of January 1, 2006)
 - Population growth due to improvement of living environment

Tenant

- Creditable tenant (Daiwa House Industry Co.,Ltd.)
- Long term lease agreement of land (Until 2023)
- Rent revision on every three years

Contribution to profit (Merit of acquisition of *sokochi*)

- No depreciation occurs according to non-holding building
- No property management fee



OFFICE PORTFOLIO

- Setagaya Business Square
- Tokyu Nampeidai-cho Building
- Tokyu Sakuragaoka-cho Building
- Tokyo Nissan Taito Building
- TOKYU REIT Akasaka Hinokicho Building
- TOKYU REIT Kamata Building
- Resona Maruha Building
- TOKYU REIT Toranomom Building

“Stability” is the defining feature of TOKYU REIT’s office portfolio. TOKYU REIT’s goal is to secure a stable earnings platform by adhering to strict property acquisition criteria, securing long-term leasing agreements, and attracting tenants through active marketing.

TOKYU REIT’s office portfolio comprised a total of eight buildings as of July 31, 2006. During the sixth fiscal period, TOKYU REIT’s office properties have a total acquisition price of ¥78.31 billion and total floor space of 223,282.65m². Revenues from property leasing reached ¥3.58 billion, NOI was ¥2.35 billion, operating income from property leasing activities totaled ¥1.79 billion and the weighted-average NOI yield was 6.0% for the fiscal period under review.

A number of factors make up TOKYU REIT’s real estate investment criteria, including the concentration of office buildings, local rental market conditions, the centrality of the nearest train station and the proximity of the property to the nearest train station in those areas earmarked for investment. In principle, TOKYU REIT will invest in large-scale properties that feature a high degree of convenience. TOKYU REIT will look toward office buildings with an acquisition price of a minimum ¥4.0 billion, total floor space exceeding 5,000m², and individual floor space in excess of 330m². At the end of the sixth fiscal period, approximately one-fifth of the office portfolio’s total leasable floor space was subject to lease agreements with an expiry date exceeding five years. TOKYU REIT recognizes the critical requirement for long-term (anchor) leasing contracts. TOKYU REIT is also active in the promotion of leasing activities, well after property acquisition. As of July 31, 2006, the occupancy ratio of the office portfolio reached 99.7%.

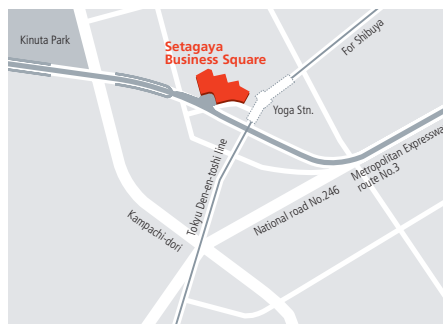
TOKYU REIT strives to further enhance earnings stability by investing in prime large-scale properties, securing long-term lease agreements, and actively promoting leasing activities.

Setagaya Business Square



Setagaya Business Square is a large complex situated above Yoga Station on the Tokyu Den-en-toshi Line, consisting of a 28-story high-rise connected to the station, four mid-size office towers, two terraces with commercial facilities and a community center. The sight is a high-traffic area, with good road access (National road No.246, Kampachi-dori and the Yoga interchange on Metropolitan Expressway Route No.3) as well as rail (Yoga Station, approximately 12 minutes to Shibuya Station and 27 minutes to Otemachi Station).

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

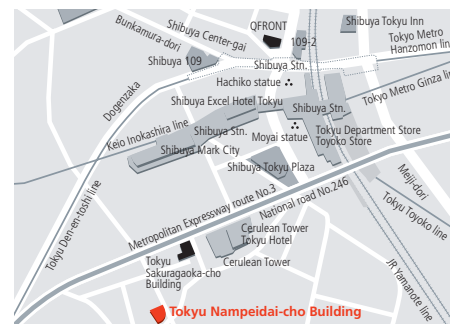


Tokyu Nampeidai-cho Building



Tokyu Nampeidai-cho Building is a five-story office building located in Shibuya Ward, which Tokyu Corporation uses as its head office. A fixed-term lease contract is in effect until December 2012, contributing to earnings stability.

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



Tokyu Sakuragaoka-cho Building



Tokyu Sakuragaoka-cho Building is a nine-story office building located in Shibuya Ward, mostly occupied by Tokyu Corporation, which the operating division uses as its head office. A fixed-term lease contract is in effect until December 2011, contributing to earnings stability.

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



Tokyo Nissan Taito Building



Tokyo Nissan Taito Building is a ten-story office building situated along Kiyosubashi-dori. The convenience of the location grew even further with the Shin-Okachimachi Station on the Tsukuba Express line of the Metropolitan Intercity Railway Company opening in August 2005 only about a four-minute walk away. A fixed-term lease contract for the first two floors and the underground parking area is in place with the principal tenant, Tonichi Carlife Group Inc., contributing to earnings stability.

Address: 2-6-6, Moto-Asakusa, Taito-ku, Tokyo
 Nearest Station: Approximately a three-minute walk from Inari-cho Station—Tokyo Metro Ginza line, a four-minute walk from Shin-Okachi-machi Station—Toei Oedo line/Tsukuba Express line, and a ten-minute walk from Ueno Station—JR Yamanote line
 Total Land Space: 1,718.45m²
 Total Floor Space: 11,373.20m²
 Structure/Floors: SRC, B2/10F
 Completed: September, 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Tonichi Carlife Group Inc.;
 Ataka Construction & Engineering Co., Ltd.;
 Nasca Corporation

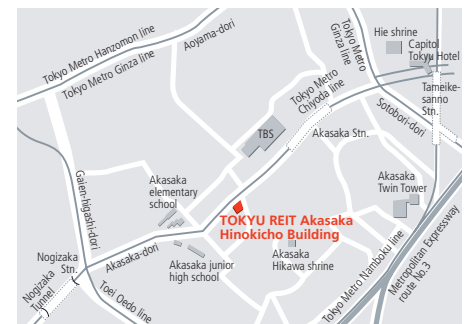


TOKYU REIT Akasaka Hinokicho Building



TOKYU REIT Akasaka Hinokicho Building is a seven-story office building situated along Akasaka-dori. The multiple large office buildings and multi-faceted retail properties in the area and the large redevelopments of Tokyo Midtown and the Akasaka 5-Chome TBS Plan (tentative name) will enliven the area and giving the building even greater potential.

Address: 6-14-15, Akasaka, Minato-ku, Tokyo
 Nearest Station: Approximately a four-minute walk from Akasaka Station—Tokyo Metro Chiyoda line
 Total Land Space: 866.61m²
 Total Floor Space: 4,058.92m²
 Structure/Floors: RC, 7F
 Completed: August, 1984
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Q-TEC, Inc.;
 Roadway Development and Reconstruction Association;
 Rome Tile Japan Co., Ltd.;



TOKYU REIT
Kamata Building



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

Address: 5-13-23, Kamata, Ota-ku, Tokyo
 Nearest Station: Approximately a two-minute walk from Kamata Station—Tokyu Ikegami line/ Tokyu Tamagawa line/ JR Keihin Tohoku line
 Total Land Space: 1,642.86m²
 Total Floor Space: 10,244.51m²
 Structure/Floors: S/SRC, B1/9F
 Completed: February, 1992
 Type of Ownership: Land—Proprietary ownership
 Building—Proprietary ownership
 Representative Tenants: Itochu TECHNO-SCIENCE Corporation; Dai Nippon Toryo Co., Ltd.; NSP Limited

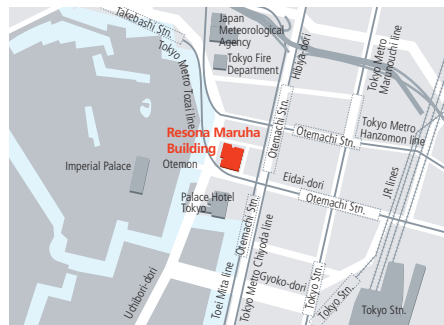


TOKYU REIT
Resona Maruha Building



Resona Maruha Building is a unique office building facing Uchibori-dori in Otemachi, one of the most highly regarded office-building districts in Japan. Six of the eight upper floors that TOKYU REIT acquired are leased to Maruha Corporation. Another two floors were significantly renovated after acquisition.

Address: 1-1-2 Otemachi, Chiyoda-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Otemachi Station—Tokyo Metro Chiyoda, Hanzonome, Tozai and Marunouchi lines/ Toei Mita line
 Total Land Space: 6,893.71m²
 Total Floor Space: 74,379.30m²
 Structure/Floors: S/SRC, B4/25F
 Completed: November, 1978
 Type of Ownership: Land—Co-ownership (27% interest), Building—Compartmentalized ownership
 Tenants: Maruha Corporation and two companies



TOKYU REIT
Toranomom Building



TOKYU REIT Toranomom Building is a one-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line and faces National Route 1 (Sakurada-dori). Since its completion, occupancy has remained stable, and the property is expected to deliver competitive advantage.

Address: 3-17-1 Toranomom, Minato-ku, Tokyo
 Nearest Station: Approximately a one-minute walk from Kamiyacho Station—Tokyo Metro Hibiya line
 Approximately a nine-minute walk from Toranomom Station—Tokyo Metro Ginza line
 Approximately a nine-minute walk from Onarimon Station—Toei Mita line
 Total Land Space: 1,728.38m²
 Total Floor Space: 15,343.73m²
 Structure/Floors: SRC/RC, B2/9F
 Completed: April, 1988
 Type of Ownership: Land—Co-ownership (73,585/100,000 interest)
 Building—Compartmentalized ownership and co-ownership of compartmentalized ownership
 Representative Tenants: Japan Nuclear Energy Safety Organization; Takihyo Co., Ltd.; Anzco Foods Japan Ltd.



Sale of Yokohama Yamashita-cho Building (Barneys New York Yokohama Store)

Sale of Yokohama Yamashita-cho Building is the biggest event in the 6th fiscal period. TOKYU REIT decided to dispose on March 29, 2006 and close on April 26, 2006. Capital gain (difference between transfer price and book value) was approximately ¥1,600 million on this sale, and additional cash distribution will be paid approximately ¥9,600 per unit.

Yokohama Yamashita-cho Building (Barneys New York Yokohama Store)

Transfer Details

Address: Yamashita-cho 36-1, Naka-ku, Yokohama City, Kanagawa

Nearest Station: Approximately a one-minute walk from Motomachi-chukagai Station –Yokohama Minatomirai line.

Disposal price: 6,480 million yen

Book value: 4,810 million yen (as of April 26, 2006)

Capital gain: 1,636 million yen

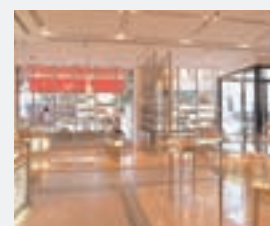
Acquisition price: 5,050 million yen (as of August 3, 2004)

Buyer: Yokohama Motomachi property special purpose company



Background of Sale

While Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) is located near the Motomachi-Chukagai Station and principal tourist district of Yokohama is located around this property, it was anxious in tenant substitution in the future, because of characteristic of this property. TOKYU REIT discussed with tenant about lease condition hearing demand for lower rent although it was higher than market level since acquisition.



Solution

As a result of discussion, TOKYU REIT agreed a new ten-years fixed-term lease agreement in place of accept for rent reduction.

While the new agreement has contributed to stabilizing cash flows and enhancing property value, the reduction in rent has also placed downward pressure on the level of TOKYU REIT's cash distributions.

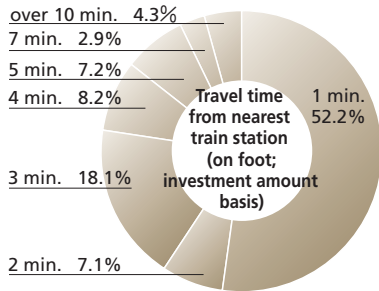
In light of the aforementioned and taking into consideration the market environment and other factors, TOKYU REIT has decided that the property offers greater value to unitholders from its short-term transfer and sale (capital gains) as opposed to long-term rental income (income gains).

Policy of Property Sale

TOKYU REIT aims at long-term possession (over five years) in principal, although possession period of this property was two years.

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

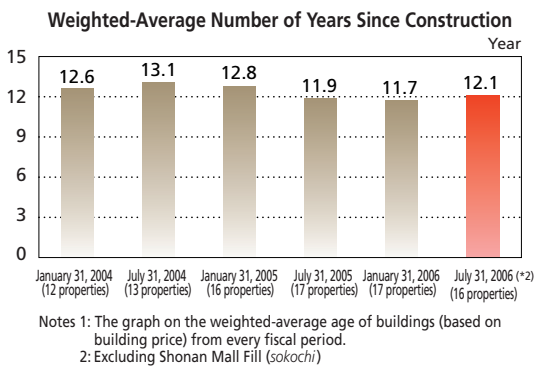
Location



Properties conveniently located near train stations increase the stability of TOKYU REIT's portfolio. In principal, **TOKYU REIT** only considers properties located within seven minutes walking distance from the nearest train station. **TOKYU REIT** decides to invest in retail properties based on a comprehensive analysis of the surrounding business area.

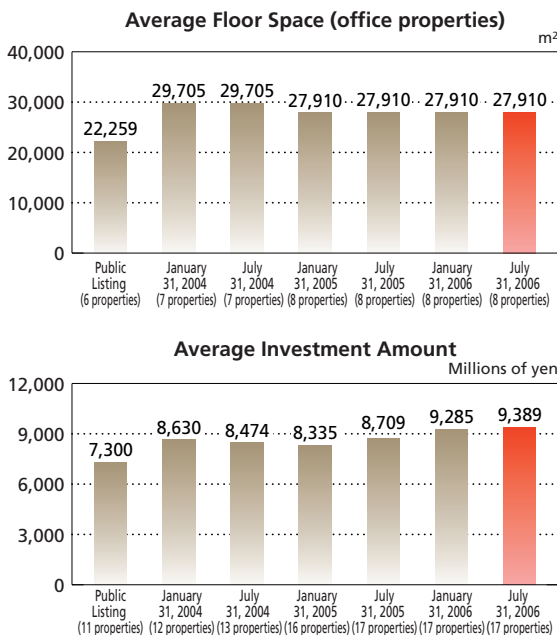
As of the end of the sixth fiscal period, approximately 75% (investment amount basis) of TOKYU REIT's properties were located within about three minutes from the nearest train station.

Investment Property Age



The graph on the left shows the weighted-average age of buildings (based on building price) at the end of each fiscal period. Based on 17 properties as of the end of the sixth fiscal period, it can be said TOKYU REIT's portfolio consists of relatively new properties in terms of its weighted-average age of buildings (12 years).

Investment Property Size



In principle, **TOKYU REIT** invests in office properties with a total floor space exceeding 5,000m² and office properties with compartmentalized ownership of 330m² or more of proprietary floor space per standard floor. Office properties owned by **TOKYU REIT** have an average floor space of approximately 27,910m².

In principle, **TOKYU REIT** invests a minimum of ¥4,000 million in each property, excluding taxes and acquisition expenses.

As of the end of the sixth fiscal period, **TOKYU REIT** had invested an average of ¥9,389 million per property. **TOKYU REIT** intends to continue investing in mainly large-scale properties.

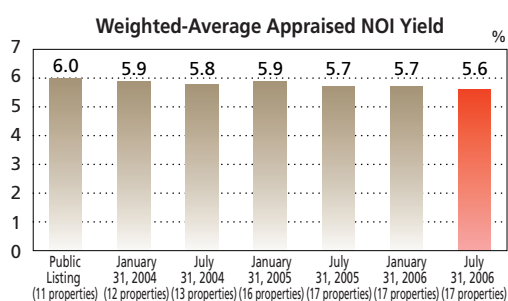
Top 10 Tenants by Leased Area

Top 10 Tenants by Leased Area

NO	Tenant Name	Business Category	Property Name	Leased Area (m ²)	Ratio (1)
1	Ito-Yokado Co., Ltd.	Retail	Beacon Hill Plaza (Ito-Yokado Noukendai)	50,285.89	23.5%
2	Daiwa House Industry Co., Ltd.	Construction	Shonan Mall Fill (sokochi)	44,078.12	20.6%
3	Tokyu Store Chain Co., Ltd.	Retail	Tokyu Saginuma Building	19,610.06	9.2%
4	Maruha Corporation	Fishery and Agriculture	Resona Maruha Building	11,097.27	5.2%
5	Tokyu Corporation	Land Transportation	Tokyu Nampeidai-cho Building	7,148.18	3.3%
			Tokyu Sakuragaoka-cho Building	3,878.36	1.8%
6	Japan Nuclear Energy Safety Organization	Other	TOKYU REIT Toranomon Building	6,579.05	3.1%
7	Sun Microsystems K.K.	Information Telecommunication	Setagaya Business Square (*2)	5,800.76	2.7%
8	ITOCHU TECHNO-SCIENCE Corporation	Information Telecommunication	TOKYU REIT Kamata Building	4,253.55	2.0%
9	Tsutaya Stores Co., Ltd.	Service	QFRONT	3,556.31	1.7%
			Setagaya Business Square (*2)	206.13	0.1%
10	Tonichi Carlife Group Inc.	Retail	Tokyo Nissan Taito Building	3,055.85	1.4%
Total leased area of top 10 tenants				159,549.54	74.5%
Total leased area of 17 properties at the end of sixth fiscal period				214,095.62	100.0%

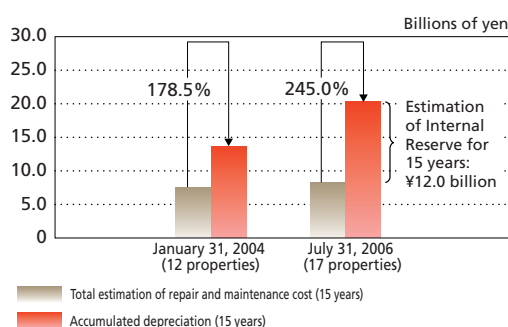
Notes: 1 "Ratio" indicates ratio of each tenant's leased areas to total leased area at the end of sixth fiscal period (17 properties).
2 Leased Area of tenants in Setagaya Business Square are calculated by 55%.

Portfolio Cap Rate



TOKYU REIT has acquired some properties after listing, and as of the end of the sixth fiscal period, the weighted-average appraised NOI yield fell to 5.6%. A low appraised NOI yield is considered an indicator of reduced risk of a decrease in future earnings. **TOKYU REIT** will continue efforts to build a portfolio with low risks and stable returns in the future.

Coverage Ratio by Depreciation of Repair and Maintenance Cost Estimation



Note 1: Total estimation of repair and maintenance cost (15 years) extracted from Property Report (including expenses items).

Note 2: Accumulated depreciation (15 years) estimated by Tokyu REIM (does not include depreciation application to additional capital expenditure).

Buildings require repairs as they age. Even after recording items such as depreciation on financial statements, funds used for other intangible expenses must be replenished with additional borrowings on occasion.

As of the end of the sixth fiscal period and over the next fifteen years, cumulative depreciation for the portfolio (seventeen properties) will significantly exceed total repair and maintenance cost, for a coverage ratio of 245.0%. This figure shows that **TOKYU REIT** has secured the funds necessary for projected repair and maintenance cost.

I . Asset management report

1. Financial Highlights

(1) Result of operation and financial position

		6th fiscal period From February 1, 2006 to July 31, 2006 (181 days)	5th fiscal period From August 1, 2005 to January 31, 2006 (184 days)	4th fiscal period From February 1, 2005 to July 31, 2005 (181 days)	3rd fiscal period From August 1, 2004 to January 31, 2005 (184 days)	2nd fiscal period From February 1, 2004 to July 31, 2004 (182 days)	
		Millions of yen, except per unit data or where otherwise indicated					
Result of operation	Statement of income	Operating revenues	¥ 7,876	¥ 6,344	¥ 5,685	¥ 5,045	¥ 4,341
		Operating income	¥ 4,119	¥ 2,752	¥ 2,326	¥ 2,211	¥ 1,772
		Net income	¥ 3,754	¥ 2,402	¥ 1,959	¥ 1,852	¥ 1,395
	Operating income	Revenue from property leasing (a) (Note 2)	¥ 6,239	¥ 6,281	¥ 5,685	¥ 5,045	¥ 4,341
		Rental service expenses (b)	¥ 2,912	¥ 2,937	¥ 2,777	¥ 2,323	¥ 2,056
		Depreciation and amortization (included in (b)) (c) (Note 3)	¥ (970)	¥ (982)	¥ (928)	¥ (802)	¥ (609)
		Net Operating Income (a) – (b) + (c)	¥ 4,297	¥ 4,326	¥ 3,836	¥ 3,524	¥ 2,894
	Cash flow	FFO (Funds from Operation) (d) (Note 4)	¥ 3,087	¥ 3,383	¥ 2,888	¥ 2,654	¥ 2,004
		Capital expenditures (e)	¥ 179	¥ 154	¥ 143	¥ 69	¥ 388
		AFFO (Adjusted Funds from Operation) (d) – (e)	¥ 2,907	¥ 3,228	¥ 2,745	¥ 2,585	¥ 1,616
Financial position	Balance sheet	Total assets (f)	¥ 172,930	¥ 171,791	¥ 162,180	¥ 147,231	¥ 122,583
		(Change from the preceding period)	(0.7%)	(5.9%)	(10.2%)	(20.1%)	(3.5%)
		Interest-bearing liabilities (g)	¥ 53,000	¥ 53,000	¥ 64,500	¥ 50,500	¥ 60,000
		Total unitholders' equity (Net assets) (h)	¥ 101,774	¥ 100,421	¥ 79,819	¥ 79,713	¥ 51,513
		(Change from the preceding period)	(1.3%)	(25.8%)	(0.1%)	(54.7%)	(0.9%)
		Unitholders' capital	¥ 98,019	¥ 98,019	¥ 77,860	¥ 77,860	¥ 50,118
	Portfolio	Acquisition costs of properties (Note 5)	¥ 159,620	¥ 157,860	¥ 148,060	¥ 133,360	¥ 110,160
		Book value of properties (Note 5)	¥ 158,529	¥ 157,104	¥ 147,819	¥ 133,415	¥ 110,449
		Appraisal value of properties (i) (Note 5)	¥ 187,800	¥ 174,430	¥ 155,090	¥ 136,850	¥ 111,740
		Number of properties	17	17	17	16	13
		Total rentable area (Note 6)	214,330.82 m ²	179,211.29 m ²	175,776.97 m ²	170,785.00m ²	101,518.37m ²
		Occupancy ratio at the end of period (Note 6)	99.9%	99.4%	99.1%	97.5%	97.1%
Other	Distribution	Cash distribution	¥ 3,754	¥ 2,402	¥ 1,959	¥ 1,852	¥ 1,395
		Dividend per ratio (Note 7)	100.0%	100.0%	99.9%	99.9%	99.9%
	Amount per unit	Number of units	169,380 units	169,380 units	142,000 units	142,000 units	98,000 units
		Unitholders' equity per unit	¥ 600,860	¥ 592,877	¥ 562,109	¥ 561,356	¥ 525,634
		Cash distribution per unit	¥ 22,162	¥ 14,179	¥ 13,798	¥ 13,045	¥ 14,230
	Management index	Return on total unitholders' equity (annualized) (Note 8)	7.5%	5.3%	5.0%	5.6%	5.5%
		Equity ratio (h)/(f)	58.9%	58.5%	49.2%	54.1%	42.0%
		(Change from the preceding period)	(0.4%)	(9.3%)	(△ 4.9%)	(12.1%)	(△ 1.1%)
		Proportion of interest-bearing liabilities to total assets (g)/(f)	30.6%	30.9%	39.8%	34.3	48.9%
		Proportion of interest-bearing liabilities to appraisal value at the end of period (g)/(i)	28.2%	30.4%	41.6%	36.9%	53.7%
Average market price per unit (Note 9)	¥ 902,435	¥ 766,520	¥ 726,082	¥ 690,705	¥ 643,097		

- Note 1. Consumption tax is not included in operating revenues.
- Note 2. 'Revenue from property leasing' on 5th fiscal period does not include construction fees (63 millions of yen)
- Note 3. 'Depreciation and amortization' includes Loss on disposal of property and equipment (33 millions of yen on 4th fiscal period and 29 millions of yen on 6th fiscal period)
- Note 4. Net income + depreciation and amortization + other property related depreciation and amortization - revenue from the sales of properties. Other property related depreciation and amortization was not recognized.
- Note 5. 'Properties' means investment properties held in the trust in substance, which is total assets in the trust less the money held in the trust.
- Note 6. Regarding the 'Total rentable area' and 'Occupancy ratio at the end of period', please refer to 3. Portfolio profile. (2) Major portfolio Notes 2 and 4.
- Note 7. Figures are rounded down to the second decimal place.
- Note 8. Net income / (net assets at the beginning of the period + net assets at the end of the period) / 2 x 365 / number of days of investment
- Note 9. Average price during the period (closing price) at the Real Estate Investment Trust Market of the Tokyo Stock Exchange ("Tokyo Stock Exchange") on which TOKYU REIT Inc. ("TOKYU REIT") is listed.

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

① Investment Environment

During the fiscal period ended July 31, 2006, the economic recovery continued on the back of improved corporate earnings and domestic private sector demand supported by capital investment. The Bank of Japan ended its zero-interest-rate policy on July 14, 2006, as it was judged that consumer prices had shown an upward trend. The economy in the Tokyo metropolitan area saw an inflow of population from across Japan and an increase in daytime population, as well as robust growth exceeding the average national GDP. This indicates that the concentration of the population and economy in the Tokyo metropolitan area has become further pronounced.

As a result of these economic conditions, the rental office market in Tokyo sustained its strong performance. In correlation with further reductions in vacancy rates, advertised rents are increasing for properties with good locations and high specifications. This resulted in higher appraisals of competitive real estate properties.

In the retail properties market, sales volume at large-scale retailers tended to bottom out due to the economic recovery. Furthermore, along with numerous openings of large-scale retailers, uncompetitive stores were eliminated through fierce competition, bringing the overall market to a point of equilibrium.

With real estate valuation by the capitalization method being widespread, land prices increased in Tokyo's 23 wards, reflecting the area's profitability, and spread throughout the entire metropolitan area. Land prices on a nationwide scale, however, are declining, which further confirms Tokyo's growth potential as the targeted area for real estate investment.

② Investment Performance Results

a. Sale and Acquisition of Properties

TOKYU REIT continued to maintain strict investment criteria within this business climate and undertook investment management activities according to the policy of "Investment in highly competitive properties in areas with strong growth potential." On April 26, 2006, TOKYU REIT sold the Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) for ¥6,480 million (gain on sale of ¥1,636 million). Together with this, TOKYU REIT acquired Shonan Mall Fill (ownership of land with a fixed-term leasehold for commercial use, or *sokochi*) for ¥6,810 million on the 28th of the same month. As a result, the total portfolio acquisition price stood at ¥159,620 million and the total rentable area amounted to 214,330.82 m² for the 17 properties as of the end of the sixth fiscal period.

Furthermore, the end-of-period appraisal value for TOKYU REIT's portfolio again

surpassed the total book value by a margin of ¥29,270 million as of the end of this fiscal period.

b. Investment Management Control

Our dependable and stable asset management resulted in an average occupancy of 99.9% at the 17 properties in our portfolio as of the end of the sixth fiscal period. During the fiscal period under review, TOKYU REIT redefined the building concept of cocoti, renaming it from PICASSO347 on March 20, 2006, and implemented renovations. In addition, an overall revitalization of the building was accomplished with an opening event featuring the simultaneous openings of three new stores, for the purpose of increasing the occupancy rate as well as customers and sales. In the context of tight demand for office buildings in central Tokyo, TOKYU REIT proactively engages in the upward revision of rental rates while improving services including facility renovations that meet tenant demands. As a result, the average rental rate of the current property portfolio, excluding Shonan Mall Fill and the Yokohama Yamashitacho Building (Barneys New York Yokohama Store), rose 0.5% compared with the end of the fifth fiscal period.

c. Financing

Based on the financial policy of stability, mobility and efficiency, TOKYU REIT is active in the procurement of funds. During the sixth fiscal period, TOKYU REIT refinanced part of its long-term debt financing for the purpose of extending repayment periods and diversifying repayment dates. Outstanding loans totaled ¥53,000 million (¥41,000 million in long-term debt including ¥5,000 million of current portion of long-term debt and ¥12,000 million in short-term debt) as of the end of the fiscal period under review. The weighted-average interest rate was 1.31% (calculated from annual interest expenses divided by the average of the total balance of each debt).

d. Countering conflicts of interest

In order to ensure open and transparent business activities, TOKYU REIT strictly complies with internal rules regarding measures to prevent conflicts of interest relating to third-party transactions. For example, TOKYU REIT acquired Shonan Mall Fill from a special-purpose company (SPC) in which TOKYU Corporation and Tokyu Land Corporation have invested as an anonymous association. Consequently, TOKYU REIT acquired this property below the real estate appraisal value (various fees that the SPC required for the acquisition were paid separately). In addition, TOKYU REIT received a written second opinion from the Chuo Mitsui Trust and Banking Company, Limited with regard to the validity of the land price and the method of its calculation. A summary of this opinion has been disclosed along with the summary of property appraisal. In the process of acquisition, TOKYU REIT hired an audit firm other than its accounting auditor to confirm that measures to prevent conflicts of interest regarding third-party transactions were conducted. The Board of Directors approved the acquisition of this property based on a report regarding compatibility with the rule on acquisitions.

In connection with property management fees relating to TOKYU REIT's investment portfolio properties (as of the end of the fiscal period under review) that were paid to Tokyu Group companies, written opinions were received from the STB Research Institute confirming that the level of these fees is within the range set by other REIT's listed on the Tokyo Stock Exchange.

(3) Issuance of New Investment Units

Issuance of new investment units until the end of the fifth fiscal period is as follows:

Date	Remark	Number of units issued		Total unitholders' equity		Note
		Unit		Millions of yen		
		Change	Total	Change	Total	
June 20, 2003	Issuance of units under private offering	400	400	¥ 200	¥ 200	(Note 1)
September 10, 2003	Issuance of units under public offering	97,600	98,000	¥ 49,918	¥ 50,118	(Note 2)
August 3, 2004	Issuance of units under public offering	42,000	140,000	¥ 26,481	¥ 76,599	(Note 3)
August 25, 2004	Issuance of units under third-party allotment	2,000	142,000	¥ 1,261	¥ 77,860	(Note 4)
August 1, 2005	Issuance of units under public offering	26,700	168,700	¥ 19,658	¥ 97,519	(Note 5)
August 26, 2005	Issuance of units under third-party allotment	680	169,380	¥ 500	¥ 98,019	(Note 6)

Note 1. Incorporated with ¥ 500,000 per unit

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

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

Note 4. Issued new investment units at issue price of ¥ 630,512 for the purpose of acquiring new properties and repayments of the short-term loans

Note 5. Issued new investment units at offer price of ¥ 761,950 (issue price: ¥ 736,292) for the purpose of acquiring new properties and repayments of the short-term loans

Note 6. Issued new investment units at issue price of ¥ 736,292 for the purpose of acquiring new properties and repayments of the short-term loans

【Movements of Market Price】

The highest and lowest (closing price) in the Tokyo Stock Exchange, on which TOKYU REIT is listed, are as follows:

	6th fiscal period From February 1, 2006 to July 31, 2006	5th fiscal period From August 1, 2005 to January 31, 2006	4th fiscal period From February 1, 2005 to July 31, 2005	3rd fiscal period From August 1, 2004 to January 31, 2005	2nd fiscal period From February 1, 2004 to July 31, 2004
	Yen				
Highest	¥ 1,010,000	¥ 839,000	¥ 826,000	¥ 724,000	¥ 702,000
Lowest	¥ 788,000	¥ 707,000	¥ 668,000	¥ 658,000	¥ 550,000

(4) Distribution Information

With respect to distribution for the sixth fiscal period, TOKYU REIT determined to distribute the whole unappropriated earnings (except for the rounding amount, which is the distribution per unit of less than ¥ 1) for the sixth fiscal period to be eligible for special tax treatment (Article 67-15 of Special Taxation Measures Law (Law number 26 in 1957, including subsequent revision) that allows TOKYU REIT to deduct the maximum amount of profit distribution from its taxable income. Accordingly, distribution per unit was ¥22,162.

	6th fiscal period From February 1, 2006 to July 31, 2006	5th fiscal period From August 1, 2005 to January 31, 2006	4th fiscal period From February 1, 2005 to July 31, 2005	3rd fiscal period From August 1, 2004 to January 31, 2005	2nd fiscal period From February 1, 2004 to July 31, 2004
	Millions of yen, except per unit data				
Unappropriated retained earnings	¥ 3,754	¥ 2,402	¥ 1,959	¥ 1,852	¥ 1,395
Undistributed earnings	¥ 0	¥ 0	¥ 0	¥ 0	¥ 0
Cash distributions	¥ 3,754	¥ 2,402	¥ 1,959	¥ 1,852	¥ 1,395
(Cash distribution per unit)	(¥ 22,162)	(¥ 14,179)	(¥ 13,798)	(¥ 13,045)	(¥ 14,230)
Distribution of accumulated earnings	¥ 3,754	¥ 2,402	¥ 1,959	¥ 1,852	¥ 1,395
(Distribution of accumulated earnings per unit)	(¥ 22,162)	(¥ 14,179)	(¥ 13,798)	(¥ 13,045)	(¥ 14,230)
Cash distribution in excess of accumulated earnings	—	—	—	—	—
(Cash distribution in excess of accumulated earnings per unit)	(—)	(—)	(—)	(—)	(—)

(5) Future Policies of Investment Management

① Forecast of Future Movement

Supported by private enterprise, the real economy is anticipated to remain favorable as it continues along what is probably the longest upturn in the postwar years. In the real estate investment market, real estate in Tokyo and other regions, as well as across the wards of Tokyo, are growing more dichotomous despite signs of favorable rises in land prices in some areas. This is because the evaluation of properties based on the capitalization method and risk assessment is becoming more widespread as the capital and real estate markets increasingly interact, driven by expansion of the property securitization market. The tendency for high-return properties to increase in value and other properties to decrease in value is expected to intensify. Accordingly, investment in growth areas, the selection of prime properties, relevant investment policies, the ability to execute these policies and corporate governance will become increasingly consequential for REITs in general.

② Future Policies of Investment Management and Issues to be Countered

Prior to the formal establishment of TOKYU REIT, an assessment of future investment trends based on business growth potential was undertaken by the Asset Management Company. Predicting the abovementioned future trends from this research, TOKYU REIT adopted the basic investment management policy of investing in highly competitive properties in areas with strong growth potential. Specifically, targeted areas are limited to the five central Tokyo wards of the Tokyo metropolitan area and the Tokyu Areas, where growth is expected to continue into the future.

In the selection of individual investment properties, TOKYU REIT has established strict investment criteria, and will maintain such standards with the aim of ensuring a high-quality and highly competitive portfolio. External growth is also a key factor, and therefore, TOKYU REIT will acquire properties equally from Tokyu Group companies and real estate markets. TOKYU REIT will focus on expanding the scale of its business as well as enhancing the quality of its portfolio.

In the context of pursuing internal growth, TOKYU REIT will collaborate closely with Tokyu Group companies with a property management perspective in an effort to ensure stability and realize growth potential. In order to do so, TOKYU REIT will pay special

attention to the recovery of corporate performance and consumer spending, and aim to conduct facility operations graded by tenant companies and retail customers over the mid and long terms. Specifically, the increase of rental rates will be undertaken by implementing appropriate and strategic renovations that meet each property's specifications, and by leasing activities based on a mid- to long-term perspective. In addition, TOKYU REIT will control costs in connection with efficient property management and subsequent capital expenditure.

Moreover, to ensure transparency, the Asset Management Company will continue to manage the properties according to global standards while further improving external monitoring functions and disclosure in order to fulfill its responsibilities as a fund manager of real estate investment trusts.

(6) Information after the end of the sixth fiscal period

There is no matter that needs describing as of October 27, 2006.

(Subsequent events)

There is no matter that needs describing as of October 27, 2006.

2. Company Profiles

(1) Summary of unitholders' contributions

	6th fiscal period as of July 31, 2006	5th fiscal period as of January 31, 2006	4th fiscal period as of July 31, 2005	3rd fiscal period as of January 31, 2005	2nd fiscal period as of July 31, 2004
Authorized units (unit)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Units issued (unit)	169,380	169,380	142,000	142,000	98,000
Unitholders' capital (millions of yen)	¥ 98,019	¥ 98,019	¥ 77,860	¥ 77,860	¥ 50,118
Number of unitholders (persons)	11,241	13,385	12,944	14,958	9,961

(2) Details Regarding TOKYU REIT's Unitholders

The following table sets forth our major unitholders' information as of July 31, 2006.

Name	Address	Number of unitholders owned	Owner- ship
		Unit	%
Japan Trustee Services Bank, Ltd. (Trust)	1-8-11, Harumi, Chuo-ku, Tokyo	16,448	9.71
NikkoCiti Trust and Banking Corporation (Trust)	2-3-14, Higashi-shinagawa, Shinagawa-ku, Tokyo	12,152	7.17
Trust & Custody Services Bank, Ltd.	Harumi Island Triton Square Office Tower-Z, 1-8-12, Harumi, Chuo-ku, Tokyo	6,831	4.03
The Master Trust Bank of Japan, Ltd. (Trust)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	6,622	3.91
Educational Corporation Kawasaki Gakuen	577, Matsushima, Kurashiki City, Okayama	6,000	3.54
Tokyu Corporation	5-6, Nanpeidai-cho, Shibuya-ku, Tokyo	5,880	3.47
AIG STAR LIFE INSURANCE CO., LTD.	2-3-14, Higashi-Shinagawa, Shinagawa-ku, Tokyo (Standing Proxy : Citibank N.A. Tokyo Branch)	4,871	2.88
The Gibraltar Life Insurance Co., Ltd.	1-8-11, Harumi, Chuo-ku, Tokyo (Standing Proxy : Japan Trustee Services Bank, Ltd.)	4,252	2.51
Tokyu Land Corporation	1-21-2, Dogenzaka, Shibuya-ku, Tokyo	3,920	2.31
American Life Insurance Company	2-3-14, Higashi-Shinagawa, Shinagawa-ku, Tokyo (Standing Proxy : Citibank N.A. Tokyo Branch)	3,746	2.21
Total		70,722	41.75

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

① Member of the Directors and Auditor (as of July 31, 2006)

Titles	Name	Title of other companies	Total fee for each titles (Note 3) (Thousands of Yen)
Executive Director	Masahiro Horie	Tokyu Real Estate Investment Management, Inc. Representative Director & President, Chief Executive Director	—
Supervisory Director	Giichi Yanagisawa	Certified public accountant, Shinsoh Audit Corporation	2,400
Supervisory Director	Maruhito Kondo	Lawyer, Kondo Maruhito Law Office	2,400
Independent Auditor	PricewaterhouseCoopers Arata		6,500 (Note 5)

Note 1. The executive director, the supervising directors and the independent auditor do not possess investment units of TOKYU REIT under their own name nor under another person's name. Besides, although there are cases that supervisory directors could be directors of other companies stated above, they have no particular interests in TOKYU REIT.

Note 2. TOKYU REIT has selected PricewaterhouseCoopers Arata as its temporary independent auditor at its Board of Directors meeting on July 14, 2006.

Note 3. Amounts paid to the executive director and supervisory directors and the amount due to independent auditors are shown above.

Note 4. The executive director serves without compensation

Note 5. During the fiscal period under review, TOKYU REIT paid ¥1 million to ChuoAoyama PricewaterhouseCoopers (currently MISUZU Audit Corporation) for agreed upon work other than that stipulated in the Certified Public Accountant Law (Law No. 103 of 1948, including amendments thereafter), Article, 2 Paragraph 1.

② Resigning Independent Auditor

Titles	Name	Resigning date
Independent Auditor	ChuoAoyama PricewaterhouseCoopers (Present name ; MISUZU Audit Corporation)	July 14,2006

③ Policies Regarding the Decision of Dismissing and Not Reappointing Independent Auditors

The dismissal of independent auditors is in accordance with the Law Concerning Investment Trusts and Investment Corporations, and rejection of reappointment is examined at TOKYU REIT's Board of Directors' meetings, with consideration of audit quality, compensation and various other factors.

(4) Investment Manager, Asset Custodian and General Administrator at the end of the fifth fiscal period

The following table sets forth information of our Investment manager, asset custodian and general administrator as of July 31, 2006.

Business to be entrusted	Name
Investment Manager	Tokyu Real Estate Investment Management Inc.
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
General Administrator	Mitsubishi UFJ Trust and Banking Corporation

3. Portfolio profile

(1) Component of assets

Asset type	Type	Area	6th fiscal period As of July 31, 2006		5th fiscal period As of January 31, 2006	
			Total amount held	Percentage of total assets	Total amount held	Percentage of total assets
			Millions of yen	%	Millions of yen	%
Real property	Retail	Central Tokyo and Tokyu Areas	6,678	3.9	¥ 6,682	3.9
		Other	—	—	—	—
		Sub total	6,678	3.9	6,682	3.9
	Office	Central Tokyo and Tokyu Areas	8,722	5.0	8,786	5.1
		Other	—	—	—	—
		Sub total	8,722	5.0	8,786	5.1
	Total		15,400	8.9	15,468	9.0
Properties trust beneficial interests	Retail	Central Tokyo and Tokyu Areas	58,431	33.8	63,437	36.9
		Other	16,499	9.5	9,568	5.6
		Sub total	74,930	43.3	73,005	42.5
	Office	Central Tokyo and Tokyu Areas	68,199	39.4	68,631	40.0
		Other	—	—	—	—
		Sub total	68,199	39.4	68,631	40.0
	Total		143,129	82.8	141,636	82.5
Other assets		14,401	8.3	14,687	8.5	
Total assets		¥ 172,930 (¥ 158,529)	100.0 (91.7)	¥ 171,791 (¥ 157,104)	100.0 (91.5)	

Note 1. '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 2. Figures in brackets of 'Total assets' represent the portion of actually held properties in the target assets above.

(2) Major portfolio

Major portfolio held by TOKYU REIT as of July 31, 2006, is as follows:

	Name of property	Book Value	Rentable area	Leased area	Occupancy ratio	Percentage of revenue from property leasing	Type
		Millions of yen	m ²	m ²	%	%	
R	QFRONT	¥ 14,785	4,544.07	4,544.07	100.0	9.6	Retail
R	Lexington Aoyama	4,772	2,241.76	2,241.76	100.0	2.6	Retail
R	TOKYU REIT Omotesando Square	5,771	2,702.42	2,702.42	100.0	2.8	Retail
R	Tokyu Saginuma Building	6,822	19,610.06	19,610.06	100.0	5.0	Retail
R	Tokyu Saginuma 2 Building	1,275	1,284.60	1,284.60	100.0	1.0	Retail
R	TOKYU REIT Shibuya Udagawa-cho Square	6,678	1,543.05	1,543.05	100.0	2.7	Retail
R	Beacon Hill Plaza (Ito-Yokado Noukendai Store)	9,473	50,285.89	50,285.89	100.0	4.8	Retail
R	cocoti	25,007	8,319.95	8,319.95	100.0	11.2	Retail
R	Shonan Mall Fill (<i>sokochi</i>)	7,026	44,078.12	44,078.12	100.0	1.4	Retail
O	Setagaya Business Square	20,992	24,931.53	24,696.33	99.1	20.7	Office
O	Tokyu Nampeidai-cho Building	4,516	7,148.18	7,148.18	100.0	2.7	Office
O	Tokyu Sakuragaoka-cho Building	6,502	4,737.19	4,737.19	100.0	3.8	Office
O	Tokyo Nissan Taito Building	4,219	7,947.25	7,947.25	100.0	3.6	Office
O	TOKYU REIT Akasaka Hinokicho Building	3,540	3,206.25	3,206.25	100.0	2.4	Office
O	TOKYU REIT Kamata Building	4,470	7,337.82	7,337.82	100.0	4.4	Office
O	Resona Maruha Building	23,960	14,414.99	14,414.99	100.0	12.6	Office
O	TOKYU REIT Toranomom Building	8,722	9,997.69	9,997.69	100.0	7.2	Office
Total		¥ 158,529	214,330.82	214,095.62	99.9	98.5	

Note 1. The properties' trust beneficiary interests possessed the said whole of the 15 properties, except TOKYU REIT Shibuya Udagawa-cho Square and TOKYU REIT Toranomom Building.

Note 2. 'Rentable area' is the total area of rentable offices, stores, warehouses and land indicated in the agreements and drawing (common use space is included when leased. Spaces outside buildings are not included). With respect to Tokyu Saginuma Building, Beacon Hill Plaza and Tokyu Nampeidai-cho Building, parking lots are included. Regarding QFRONT, the fiduciary rents the partial space possessed appropriately by other owners and leases them as a block together with the entrusted property, the said space is included in it. For Setagaya Business Square, jointly owned with another owner, the stated figure is given by multiplying rentable area in the whole building by the ratio of common-use space (55%, ratio of co-ownership). For TOKYU REIT Toranomom Building, the leased area includes exclusive-use areas jointly owned with another compartmentalized owner, an exclusive area (limited to an area on the second floor) owned by another compartmentalized owner and leased by TOKYU REIT, and exclusive-use areas under proprietary ownership. The figure of Shonan Mall Fill indicates leased area of land.

Note 3. 'Leased area' is the amount of square meters actually leased, under lease contracts, out of the total square meters stated in contracts (parking lots, side signboards or other than floors leased under commitments, are not included). For Tokyu Saginuma Building, Beacon Hill Plaza and Tokyu Nampeidai-cho Building, parking lots are included. Regarding QFRONT, the fiduciary rents partial space possessed appropriately by other owners and leases them as a block together with the entrusted property, and the said space is included in it. As to Setagaya Business Square, jointly owned with another owner, the stated figure is given by multiplying rentable area in the whole building by the ratio of common-use space (55%, ratio of co-ownership). For TOKYU REIT Toranomom Building, the leased area includes exclusive-use areas jointly owned with another compartmentalized owner, an exclusive area (limited to an area on the second floor) owned by another compartmentalized owner and leased by TOKYU REIT, and exclusive-use areas under proprietary ownership. The figure of Shonan Mall Fill indicates leased area of land.

Note 4. 'Occupancy ratio' is the percentage of leased areas to rentable area at the end of the period.

Note 5. 'Percentage of revenue from property leasing' is rounded off the second decimal place from this fiscal period. Therefore, sum of each item might be not corresponding to figure of 'Total'.

(3) Details of Properties in Portfolio

Properties held by TOKYU REIT as of July 31, 2006 are as follows:

Name of property		Location	Investment Type	Rentable area	Appraisal value at the end of period	Book value		
				m ²	Millions of yen	Millions of yen		
Retail	Central Tokyo and Tokyu Areas	R QFRONT	75-8, Udagawa-cho, Shibuya-ku, Tokyo	Trust	4,544.07	¥ 18,500	¥ 14,785	
		R Lexington Aoyama	5-235-7, Minami-Aoyama, Minato-ku, Tokyo	Trust	2,241.76	6,890	4,772	
		R TOKYU REIT Omotesando Square	4-3-18, Jingumae, Shibuya-ku, Tokyo	Trust	2,702.42	6,500	5,771	
		R Tokyu Saginuma Building	1-1, Saginuma, Miyamae-ku, Kawasaki City, Kanagawa	Trust	19,610.06	8,700	6,822	
		R Tokyu Saginuma 2 Building	1-18-5, Kodai, Miyamae-ku, Kawasaki City, Kanagawa	Trust	1,284.60	1,610	1,275	
		R TOKYU REIT Shibuya Udagawa-cho Square	86-2, Udagawa-cho, Shibuya-ku, Tokyo	Real property	1,543.05	8,070	6,678	
		R cocoti	1-23-1, Shibuya, Shibuya-ku, Tokyo	Trust	8,319.95	24,500	25,007	
	Sub total					40,245.91	74,770	65,109
	Other	R Beacon Hill Plaza (Ito-Yokado Noukendai Store)	88-1, Noukendai-higashi, Kanazawa-ku, Yokohama City, Kanagawa	Trust	50,285.89	9,660	9,473	
		R Shonan mall Fill (Sokochi)	4-4300-1, Tsujido Shinmachi, Fujisawa City, Kanagawa	Trust	44,078.12	6,760	7,026	
	Sub total					94,364.01	16,420	16,499
	Total					134,609.92	91,190	81,608
	Office	Central Tokyo and Tokyu Areas	O Setagaya Business Square	4-260-2, Yoga, Setagaya-ku, Tokyo	Trust	24,931.53	28,300	20,992
O Tokyu Nampeidai-cho Building			12-3, Nampeidai-cho, Shibuya-ku, Tokyo	Trust	7,148.18	5,560	4,516	
O Tokyu Sakuragaoka-cho Building			109-9, Sakuragaoka-cho, Shibuya-ku, Tokyo	Trust	4,737.19	7,710	6,502	
O Tokyo Nissan Taito Building			2-120-2, Moto-Asakusa, Taito-ku, Tokyo	Trust	7,947.25	4,970	4,219	
O TOKYU REIT Akasaka Hinokicho Building			6-1401, Akasaka, Minato-ku, Tokyo	Trust	3,206.25	4,270	3,540	
O TOKYU REIT Kamata Building			5-13-7, Kamata, Ota-ku, Tokyo	Trust	7,337.82	5,600	4,470	
O Resona Maruha Building			1-2-1, Otemachi, Chiyoda-ku, Tokyo	Trust	14,414.99	29,000	23,960	
O TOKYU REIT Toranomom Building			3-45-6, Toranomom, Minato-ku, Tokyo	Real property	9,997.69	11,200	8,722	
Sub total					79,720.90	96,610	76,921	
Total					79,720.90	96,610	76,921	
Total					214,330.82	¥ 187,800	¥ 158,529	

Note 1. 'Location' is stated as based on the description shown in the registry book. The present status of the said property might not correspond to the descriptions in the registry book.

Note 2. 'Rentable area' is the total area of rentable offices, stores and warehouses indicated in the agreements and drawings (common use space is included when it is leased. Spaces outside buildings are not included). With respect to Tokyu Saginuma Building, Beacon Hill Plaza and Tokyu Nampeidai-cho Building, parking lots are included. Regarding QFRONT, the fiduciary rents the partial space possessed appropriately by other owners and leases them as a block together with the entrusted property and the said space is included in it. For Setagaya Business Square, jointly owned with another owner, the stated figure is given by multiplying

rentable area in the whole building by the ratio of common-use space (55%, ratio of joint co-ownership). For TOKYU REIT Toranomom Building, the leased area includes exclusive-use areas jointly owned with another compartmentalized owner, an exclusive area (limited to an area on the second floor) owned by another compartmentalized owner and leased by TOKYU REIT, and exclusive-use areas under proprietary ownership. The figure of Shonan Mall Fill indicates leased area of land.

Note 3. 'Appraisal value at the end of period' is the assessed value based on the appraisal by real estate appraisers following the asset evaluation method, standards, reporting date and rules laid down in the laws and rules of the Investment Trust Association, Japan, (based on the report prepared by Japan Real Estate Institute, HIRO & REAS network, Inc., Jones Lang LaSalle IP, Inc., and Daiwa Real Estate Appraisal Co., Ltd., which adopt the period end date as the date of value estimate).

Development of Leasing Business of Properties Held by TOKYU REIT

Name of property		6th fiscal period From February 1, 2006 to July 31, 2006				5th fiscal period From August 1, 2005 to January 31, 2006					
		Number of tenants	Occupancy ratio	Revenue from property leasing	Percentage of revenue from property leasing	Number of tenants	Occupancy ratio	Revenue from property leasing	Percentage of revenue from property leasing		
			%	Millions of yen	%		%	Millions of yen	%		
Retail	R	QFRONT	4	100.0	¥ 601	9.6	4	100.0	¥ 590	9.4	
	R	Lexington Aoyama	2	100.0	164	2.6	2	100.0	161	2.6	
	R	TOKYU REIT Omotesando Square	4	100.0	173	2.8	4	100.0	172	2.7	
	R	Tokyu Saginuma Building	1	100.0	310	5.0	1	100.0	310	4.9	
	R	Tokyu Saginuma 2 Building	1	100.0	65	1.0	1	100.0	65	1.0	
	R	TOKYU REIT Shibuya Udagawa-cho Square	2	100.0	168	2.7	2	100.0	169	2.7	
	R	Yokohama Yamashita-cho Building	—	—	92	1.5	1	100.0	232	3.7	
	R	cocoti	16	100.0	697	11.2	14	92.6	723	11.5	
		Sub total	30	100.0	2,269	36.4	29	98.7	2,422	38.6	
	Other	R	Beacon Hill Plaza	1	100.0	300	4.8	1	100.0	300	4.8
		R	Shonan mall Fill (Sokochi)	1	100.0	90	1.4	—	—	—	—
			Sub total	2	100.0	390	6.3	1	100.0	300	4.8
		Total	32	100.0	2,660	42.6	30	99.4	2,723	43.3	
	Office	O	Setagaya Business Square	57	99.1	1,293	20.7	59	99.2	1,274	20.3
O		Tokyu Nampeidai-cho Building	1	100.0	171	2.7	1	100.0	171	2.7	
O		Tokyu Sakuragaoka-cho Building	2	100.0	237	3.8	2	100.0	238	3.8	
O		Tokyo Nissan Taito Building	13	100.0	222	3.6	11	97.0	219	3.5	
O		TOKYU REIT Akasaka Hinokicho Building	5	100.0	148	2.4	5	100.0	146	2.3	
O		TOKYU REIT Kamata Building	4	100.0	273	4.4	4	100.0	274	4.4	
O		Resona Maruha Building	3	100.0	788	12.6	3	100.0	791	12.6	
O		TOKYU REIT Toranomom Building	6	100.0	448	7.2	6	100.0	446	7.1	
		Sub total	91	99.7	3,580	57.4	91	99.4	3,558	56.7	
	Total	91	99.7	3,580	57.4	91	99.4	3,558	56.7		
	Total	123	99.9	6,239	100.0	121	99.4	¥ 6,281	100.0		

- Note 1. With respect to 'Number of tenants', this is counted cumulatively, i.e., when one tenant leases plural rooms for rent in the same property, it is regarded as one tenant, and when in plural properties, it is regarded as plural tenants.
- Note 2. 'Occupancy ratio' is the percentage of leased areas to rentable area at the end of the period.
- Note 3. 'Revenue from property leasing' on 5th fiscal period does not include construction fees (63 millions of yen).
- Note 4. 'Percentage of revenue from property leasing' is rounded off the second decimal place. Therefore, sum of each item might be not corresponding to figure of 'Total'.

(4) Other Assets

As of July 31, 2006, there are no assets targeted for investments other than those described in said above.

4. Capital Expenditures for Properties Held

(1) Plan of Capital Expenditures

Major capital expenditure for repair and maintenance works of properties held, as scheduled as of July 31, 2006, is as follows: The estimated construction costs shown below includes repair and maintenance costs to be charged to income.

Efficient repair and maintenance plans continue to be prepared for each property to maintain their competitiveness and from the view point of medium- to long-term improvements, as well as for repair and maintenance, and capital expenditure.

Name of property	Objective	Estimated period	Estimated construction cost		
			Millions of yen		
			Total	Amount paid during this period	Amount paid by the end of period
O Resona Maruha Building	Water pipe renewal work for supply and drainage (function maintenance)	From January 2007 to January 2007	¥ 22	—	—
O Resona Maruha Building	Power supply renewal work (function maintenance)	From January 2007 to January 2007	¥ 19	—	—

(2) Capital Expenditures made during the Period

The overview of construction works that fall under the category of capital expenditures for properties held, is as follows:

Capital expenditures during the current period amounted to ¥ 179 million, and together with ¥ 75 million expenses for repair and maintenance costs, ¥ 254 million was spent for these works.

Name of property	Objective	Period	Construction costs
			Millions of yen
R TOKYU REIT Omotesando Square	External wall repair (Function Maintenance)	From April 2006 to June 2006	¥ 17
R cocoti	Renewal (Profitability improvement)	From February 2006 to March 2006	99
O Resona Maruha Building	Power receiving system renewal work (Function Maintenance)	From February 2006 to February 2006	11
Other			126
Total			¥ 254

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

Subject to the mid- and long-term future schedule for repair and maintenance decided for each property, TOKYU REIT accounted for reserves for repair and maintenance from cash flow made during the period in order to pay for significant repair and maintenance plans as follows:

	6th fiscal period From February 1, 2005 to July 31, 2006	5th fiscal period From August 1, 2005 to January 31, 2006	4th fiscal period From February 1, 2005 to July 31, 2005	3rd fiscal period From August 1, 2004 to January 31, 2005	2nd fiscal period From February 1, 2004 to July 31, 2004
	Millions of yen				
Reserve at the beginning of the period	¥ 245	¥ 331	¥ 330	¥ 276	¥ 214
Amount transferred to reserve in current period	242	108	143	204	571
Reversal from reserves in current period	279	194	142	150	509
Reserve at the ending of the period	¥ 208	¥ 245	¥ 331	¥ 330	¥ 276

Note TOKYU REIT took over reserves made in the trust assets that the prior proprietor accounted for at the time of trade of beneficial interests in trust accounts and for the current period, such reserves are included in the "amount transferred to reserve in current period".

5. Expenses and debt

(1) Asset management expenses

	6th fiscal period From February 1, 2006 to July 31, 2006		5th fiscal period From August 1, 2005 to January 31, 2006	
	Millions of yen			
(a) Asset management fees				
Asset-based fees	¥ 262		¥ 233	
Cash-based fees	227		235	
Unit price-based fees	230	¥ 718	57	¥ 525
(b) Asset custodian and general administration fees		61		58
(c) Director's fees		5		5
(d) Other expenses		61		67
Total		¥ 845		¥ 654

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

Short-term debt and Long-term debt from each financial institution, as of July 31, 2006, are as follows:

Category	Lender	Draw-down date	Balance as of January 31, 2006	Balance as of July 31, 2006	Average interest rate	Maturity date	Re-payment method	Use of funds	Remark	
			Millions of yen	Millions of yen	%					
Short-term debt	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 25, 2004	¥ 5,000	¥ 5,000	0.52865	September 25, 2006	Bullet Payment	Refinance fund	Unsecured and Unguaranteed (Note 3)	
	The Chuo Mitsui Trust and Banking Company, Limited	April 6, 2005	7,000	—	0.46357	May 1, 2006		(Note 2)		
	The Sumitomo Trust and Banking Company, Limited	April 28, 2006	—	700	0.53926	April 28, 2007				
	The Chuo Mitsui Trust and Banking Company, Limited		—	700						
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		—	700						
	Mizuho Corporate Bank, Ltd.		—	700						
	Mitsubishi UFJ Trust and Banking Corporation		—	4,200						
	Sub total			12,000						12,000
Long-term debt	The Sumitomo Trust and Banking Company, Limited	June 25, 2004	5,000	5,000	1.11625	June 25, 2007	Bullet Payment	Refinance fund	Unsecured and Unguaranteed (Notes 3 and 4)	
	The Dai-ichi Mutual Life Insurance Company		4,000	—		July 31, 2006			Unsecured and Unguaranteed (Note 3)	
	Nippon Life Insurance Company		4,000	—						
	The Norinchukin Bank		4,000	4,000	1.38875	June 25, 2008			Unsecured and Unguaranteed (Notes 3 and 5)	
	The Hyakugo Bank, Ltd.		1,000	1,000	1.23875					
	The Chuo Mitsui Trust and Banking Company, Limited		5,000	5,000	1.68875	June 25, 2009			Unsecured and Unguaranteed (Note 3)	
	Mitsubishi UFJ Trust and Banking Corporation		5,000	5,000						
	Aioi Insurance Company, Limited		1,000	1,000	1.92750	June 25, 2010			Unsecured and Unguaranteed (Notes 3 and 5)	
	DAIDO LIFE INSURANCE COMPANY		1,000	1,000						
	Mitsui Sumitomo Insurance Company, Limited		1,000	1,000						
	Development Bank of Japan		4,000	4,000	2.03000	June 25, 2012			Unsecured and Unguaranteed (Note 3)	
	The National Mutual Insurance Federation of Agricultural Cooperatives		October 25, 2005	1,000	1,000	1.26250				October 25, 2011
	Development Bank of Japan		January 25, 2006	5,000	5,000	1.95000				January 25, 2018
	Nippon Life Insurance Company		July 31, 2006	—	4,000	1.93000				July 31, 2011
	The Dai-ichi Mutual Life Insurance Company		July 31, 2006	—	4,000	2.21125				July 31, 2013
Sub total		41,000	41,000							
Total		¥ 53,000	¥ 53,000							

- Note 1. 'Average interest rate' is the weighted average interest rate during the period.
- Note 2. Fund was used to purchase property and for expenditure pertaining to the purchase.
- Note 3. Depending on the financial position of TOKYU REIT, it is possible that financial restraint may occur, such as addition to interest rate and cash reserve, restraint on acquisition and disposal of assets, debt load and payment, dividends, offerings of additional pledge.
- Note 4. As of the fiscal period-end, the amounts are recorded in the balance sheets as "long-term debt financing due within one year" under "current liabilities."
- Note 5. Initially, although TOKYU REIT implemented refinance of ¥ 6,000 million from Mizuho Corporate Bank on June 25, 2004, it transferred ¥ 4,000 million to The Hyakugo Bank,Ltd., Aioi Insurance Company, Limited, DAIDO LIFE INSURANCE COMPANY and Mitsui Sumitomo Insurance Company, Limited (¥ 1,000 million each) on the same day.

(3) Bonds

There was no items that fall under this category.

6. Acquisitions and Dispositions during the sixth fiscal period

(1) Sales and purchases of properties and asset backing securities

Asset type	Name of property		Acquisition		Disposition			
			Acquisition date	Acquisition costs	Disposition date	Transfer price	Book value	Gain (loss) on sale
				Millions of yen		Millions of yen	Millions of yen	Millions of yen
Trust	R	Yokohama Yamashita-cho Building	—	—	April 26, 2006	6,480	4,811	1,637
Trust	R	Shonan mall Fill (Sokochi)	April 28, 2006	¥6,810	—	—	—	—
Total				¥ 6,810		6,480	4,811	1,637

Note 1. 'Acquisition costs' do not include expenditure incurred for acquisition (such as trade agency fee, tax and public duty) and is the transaction cost of the property stated in the sales contract.

Note 2. 'Gain (loss) on sale' is subtracted book value and sales cost from transfer price.

(2) Sales and purchases of other assets

Other major assets, excluding properties above and asset backing securities, are generally deposit with banks and deposit with banks and lease deposits held in trust.

(3) Research on Prices of Specified Assets

① Acquisition

Asset type	Name of property		Acquisition date	Acquisition costs	Research price of specified assets	(Reference only)
						Appraisal value at the end of period
				Millions of yen		
Trust	R	Shonan mall Fill (Sokochi)	April 28, 2006	¥ 6,810	¥ 6,870	¥ 6,760
Total				¥ 6,810	¥ 6,870	¥ 6,760

Note 1. The Investment Trust Law requires Certified Public Accountant or other expert's investigations of real estates and derivative financial instruments when investment trusts or investment corporations acquire or transfer such specified assets. Investigation procedures were conducted by ChuoAoyama PricewaterhouseCoopers (Present name; MISUZU Audit Corporation) in accordance with "Investigation of Values of Specified Assets Held by Investment Trust and Investment Corporations", Industry Audit Committee Report No. 23 issued by The Japanese Institute of Certified Public Accountants, and TOKYU REIT received their report which includes methods, results and other items regarding the investigation as shown in above table. The Industry Audit Committee Report requires a practitioner to obtain comparative values for such specified assets from an investment corporation and perform other necessary procedures. Accordingly, this investigation was not an examination, a review or an audit, the objective of which would be the expression of an opinion on the values of such specified assets.

Note 2. 'Acquisition costs' do not include expenditure incurred for acquisition (such as trade agency fee, tax and public duty) and is the transaction cost of the property stated in the sales contract.

Note 3. 'Appraisal value at the end of period' is not based on the research of prices of specified assets, and is attached as reference. Appraisal methods are described in "3. Portfolio Profile (3) Details of Properties in Portfolio, Note 3".

② Sales

Asset type	Name of property		Sales date	Sales Price	Research price of specified assets
				Millions of yen	
Trust	R	Yokohama Yamashita-cho Building	April 26, 2006	¥ 6,480	¥ 5,670
Total				¥ 6,480	¥ 5,670

Note. The Investment Trust Law requires Certified Public Accountant or other expert's investigations of real estates and derivative financial instruments when investment trusts or investment corporations sale such specified assets. Investigation procedures were conducted by ChuoAoyama PricewaterhouseCoopers (Present name; MISUZU Audit Corporation) in accordance with

"Investigation of Values of Specified Assets Held by Investment Trust and Investment Corporations", Industry Audit Committee Report No. 23 issued by The Japanese Institute of Certified Public Accountants, and TOKYU REIT received their report which includes methods, results and other items regarding the investigation as shown in above table. The Industry Audit Committee Report requires a practitioner to obtain comparative values for such specified assets from an investment corporation and perform other necessary procedures. Accordingly, this investigation was not an examination, a review or an audit, the objective of which would be the expression of an opinion on the values of such specified assets.

(4) Trading with related party

① Status of trading

There are no items that fall under the category with respect to trades of specified assets with related parties during the current period.

② Amounts of commissions paid to related parties

Item	Total amounts of commissions paid (A) Thousands of yen	Paid to related parties		B/A (%)
		Payee	Amount of payment (B) Thousands of yen	
Utilities expenses	¥ 516,912	Shibuya Underground Shopping Center, Inc.	¥ 57	0.0
		Yoga District Heating and Cooling Co., Ltd.	¥ 113,962	22.0
Subcontract expenses	409,248	its communications Inc.	20,065	4.9
		Kyodo Gijutsu Center Co., Ltd.	15,071	3.7
		Tokyu Community Co., Ltd.	239,509	58.5
		Tokyu Facility Service, Co., Ltd.	20,802	5.1
Property management fees	133,044	Tokyu Land Corporation	71,183	53.5
		Tokyu Corporation	61,860	46.5
Insurance premium	17,577	Tokyu Insurance Consulting Co., Ltd.	17,577	100.0
Other rental service expenses	272,888	its communications Inc.	55	0.0
		Shibuya Underground Shopping Center, Inc.	840	0.3
		Tokyu Community Co., Ltd.	3,029	1.1
		Tokyu Facility Service, Co., Ltd.	155	0.1
		Tokyu Land Corporation	6,129	2.2
		TMD Corporation	3,582	1.3
		Tokyu Corporation	1,502	0.6
Other operating expenses	60,772	Tokyu Station Retail Service Co., Ltd.	200	0.3
Other non-operating expenses	20,187	Tokyu Station Retail Service Co., Ltd.	2,000	9.9

Note 1. A related party is one that has a stake in TOKYU REIT and the investment manager, which is under contract with TOKYU REIT under Article 20 of Enforcement Regulation of Investment Trust Law. In addition to these, "(4) Trading with related party" includes wholly owned subsidiaries by said related party as of July 31, 2006. TOKYU REIT paid for commissions to the following parties during the sixth period: its communications Inc., Kyodo Gijutsu Center Co., Ltd., Shibuya Underground Shopping Center, Inc., Tokyu Community Co., Ltd., Tokyu Station Retail Service Co., Ltd., Tokyu Facility Service Co., Ltd., Tokyu Land Corporation, Tokyu Insurance Consulting Co., Ltd., TMD Corporation, Tokyu Corporation and Yoga District Heating and Cooling Co., Ltd.

Note 2. In addition to the commissions paid described above, TOKYU REIT paid for commissions to third parties through Tokyu Community Co., Ltd., Tokyu Land Corporation and Tokyu Corporation ¥ 61 thousand, ¥ 23,610 thousand, and ¥ 56,120 thousand, respectively.

In addition to commissions paid as described above, the amount paid for repair and maintenance works placed to related parties are as follows (in addition to those, ¥ 965 thousand was paid to third parties for repair and maintenance works through Tokyu Community Co., Ltd., a related party):

Tokyu Amenix Corporation	¥ 5,328 thousand
Tokyu Construction Co., Ltd.	¥ 10,966 thousand
Tokyu Community Co., Ltd.	¥ 3,181 thousand
Kyodo Gijutsu Center Co., Ltd.	¥ 1,921 thousand
Tokyu Facility Service Co., Ltd.	¥ 1,677 thousand
Tokyu Land Corporation	¥ 2,519 thousand
Token Sangyo	¥192 thousand
Tokyu Corporation	¥ 4,462 thousand

- (5) Trading between the investment manager and TOKYU REIT where the investment manager follows other business.

The investment manager (Tokyu Real Estate Investment Management Inc.) does not carry out other business such as Securities Business, Realty Business and Specific Property Joint Undertaking as a Subsidiary Business.

7. Accounting

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

See accompanying Balance Sheets, Statement of Income and Retained Earnings, Statements of changes in UNITHOLDERS' EQUITY and Notes.

- (2) Change in depreciation method

There is no item that falls under this category.

- (3) Change in valuation methods

There is no item that falls under this category.

8. Others

- (1) News

There are no major contracts entered and revised, which have been approved by the board of directors during the current period.

- (2) Others

In this report, unless otherwise specifically mentioned, amounts and ratios are rounded.

Report of Independent Auditors

To the Board of Directors of
TOKYU REIT, Inc.

We have audited the accompanying balance sheet of TOKYU REIT, Inc. (the "Company") as of July 31, 2006, and the related statements of income and retained earnings, changes in unitholders' equity and cash flows for the six months ended July 31, 2006, all expressed in Japanese Yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TOKYU REIT, Inc. as of July 31, 2006 and the results of its operations and its cash flows for the six months ended July 31, 2006 in conformity with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

Tokyo, Japan

October 27, 2006

TOKYU REIT, Inc.
Balance Sheets
As of July 31 and January 31, 2006

	July 31, 2006	January 31, 2006
	(Millions of yen)	
<u>ASSETS</u>		
Current assets:		
Cash and deposits with banks	¥ 1,914	¥ 1,645
Cash and deposits with banks held in trust	11,263	11,797
Tenant receivables	138	139
Other current assets	43	60
Total current assets	13,358	13,641
Fixed assets:		
Property and equipment		
Buildings and structures	2,246	2,269
Land	13,295	13,295
Other tangible assets	13	18
Buildings and structures held in trust	39,598	42,461
Land held in trust	106,842	101,887
Other tangible assets held in trust	943	912
Less accumulated depreciation	(4,422)	(3,751)
Total property and equipment	158,515	157,091
Intangible assets held in trust	14	13
Investments and other assets		
Lease deposits	106	106
Lease deposits held in trust	873	878
Other assets	64	62
Total investments and other assets	1,043	1,046
Total fixed assets	159,572	158,150
Total assets	¥ 172,930	¥ 171,791

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

TOKYU REIT, Inc.
Balance Sheets, continued
As of July 31 and January 31, 2006

	July 31, 2006	January 31, 2006
	(Millions of yen)	
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	¥ 12,000	¥ 12,000
Long-term debt due within one year	5,000	-
Accounts payable	994	888
Rent received in advance	988	997
Accrued expenses and other current liabilities	385	304
Total current liabilities	19,367	14,189
Long-term liabilities:		
Long-term debt	36,000	41,000
Tenant leasehold and security deposits	862	862
Tenant leasehold and security deposits held in trust	14,923	15,315
Other long-term liabilities	5	4
Total long-term liabilities	51,790	57,181
Total liabilities	71,157	71,370
 <u>NET ASSETS</u>		
Unitholders' capital:		
Units authorized - 2,000,000 units		
Units issued and outstanding - 169,380 units as of July 31 and January 31, 2006	98,019	98,019
Retained earnings	3,754	2,402
Total unitholders' equity	101,773	100,421
Total liabilities and unitholders' equity	¥ 172,930	¥ 171,791

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

TOKYU REIT, Inc.
Statements of Income and Retained Earnings and
Statements of Changes in Unitholders' Equity
For the six months ended July 31 and January 31, 2006
Statements of Income and Retained Earnings

	For the six months ended	
	July 31, 2006	January 31, 2006
	(Millions of yen)	
Operating revenues:		
Rental revenue	¥ 5,745	¥ 5,747
Gain on sale of property	1,637	-
Other	494	597
Operating expenses:		
Rental service expenses	(2,912)	(2,937)
Asset management fees	(718)	(525)
Other	(126)	(130)
Operating income	4,120	2,752
Non-operating income:		
Interest income	0	0
Other	-	0
Non-operating expenses:		
Interest expense	(345)	(313)
Unit issuance costs	-	(26)
Other	(20)	(10)
Income before income taxes	3,755	2,403
Income taxes:		
Current	(1)	(1)
Deferred	(0)	(0)
Net income	3,754	2,402
Retained earnings at beginning of period	0	0
Retained earnings at end of period	¥ 3,754	¥ 2,402

Statements of Changes in Unitholders' Equity

	Unitholders' capital	Retained earnings	Total
	(Millions of yen)		
Balance at January 31, 2006	¥ 98,019	¥ 2,402	¥100,421
Changes during the period			
Cash distributions declared	-	(2,402)	(2,402)
Net income	-	3,754	3,754
Total changes during the period	-	1,352	1,352
Balance at July 31, 2006	¥ 98,019	¥ 3,754	¥101,773

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

TOKYU REIT, Inc.
Statements of Cash Flows
For the six months ended July 31 and January 31, 2006

	For the six months ended	
	July 31, 2006	January 31, 2006
	(Millions of yen)	
Cash flows from operating activities:		
Income before income taxes	¥ 3,755	¥ 2,403
Depreciation and amortization	941	982
Loss on disposal of property and equipment	29	-
Decrease in property and equipment due to sale	4,811	-
Interest income	(0)	(0)
Interest expense	345	313
Decrease in tenant receivables	1	1
Decrease in consumption tax refund receivables	-	66
Increase in consumption tax payable	263	-
Increase in accounts payable	105	18
(Decrease) increase in rent received in advance	(9)	62
Other, net	(162)	26
Total	10,079	3,871
Interest received	0	0
Interest paid	(348)	(323)
Income taxes paid	(1)	(1)
Net cash provided by operating activities	9,730	3,547
Cash flows from investing activities:		
Payments for purchases of property and equipment	(7)	(65)
Payments for purchases of property and equipment held in trust	(7,196)	(10,202)
Payments for purchases of intangible assets held in trust	(2)	-
Proceeds from tenant leasehold and security deposits	1	0
Payments for tenant leasehold and security deposits	(1)	(1)
Proceeds from tenant leasehold and security deposits held in trust	398	442
Payments for tenant leasehold and security deposits held in trust	(790)	(42)
Payments for restricted deposits with banks held in trust	(398)	(442)
Proceeds from restricted deposits with banks held in trust	790	42
Net cash used in investing activities	(7,205)	(10,268)
Cash flows from financing activities:		
Proceeds from short-term debt	7,000	-
Repayment of short-term debt	(7,000)	(17,500)
Proceeds from long-term debt	8,000	6,000
Repayment of long-term debt	(8,000)	-
Proceeds from issuance of investment units	-	20,160
Payment of dividends	(2,399)	(1,958)
Net cash used in (provided by) financing activities	(2,399)	6,702
Net change in cash and cash equivalents	126	(19)
Cash and cash equivalents at beginning of period	3,340	3,359
Cash and cash equivalents at end of period	¥ 3,466	¥ 3,340

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

TOKYU REIT, Inc.
Notes to Financial Statements

For the six months ended July 31 and January 31, 2006

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 ¥49,918 million through initial public offering. TOKYU REIT had acquired 11 properties with those proceeds and started its substantial operation.

In August 2004, TOKYU REIT completed its second public offering of 42,000 units and third party allotment of 2,000 units. Net proceeds totaling ¥27,743 million were utilized in the partial repayments of short-term loan and acquisition of additional 2 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 ¥20,160 million, TOKYU REIT had repaid short-term debt and acquired 40% of trust beneficiary interest of cocoti (named 'PICASSO347' on acquisition and changed its name on March 20, 2006).

TOKYU REIT disposed the retail property Yokohama Yamashita-cho Building (Barneys New York Yokohama Store) on April 26, 2006 and acquired Shonan Mall Fill (sokochi) on April 28, 2006.

As at July 31, 2006, TOKYU REIT's total capital has been ¥98,019 million with 169,380 units outstanding. And TOKYU REIT has been operating 17 properties at approximately 99.9% of occupancy rate. Total acquisition cost of those 17 properties is ¥159,620 million and total rentable area is 214,330.82 m².

(b) Basis of presentation

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

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

The accompanying financial statements are a translation of 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 Securities and Exchange Law. TOKYU REIT does not prepare consolidated financial statements, as TOKYU REIT has no subsidiaries.

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

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 which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, and which 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, 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):

Buildings and structures	
Buildings	2-50 years
Structures	2-52 years
Other tangible assets	
Machinery and equipment	3-16 years
Tools, furniture and fixtures	2-15 years

(c) Intangible assets - Amortization is computed by using the straight-line method.

(d) Unit issuance costs - Unit issuance costs are recognized as an expense as they are incurred. TOKYU REIT issued 26,700 investment units on August 1, 2005. The "Spread Method" was employed for the unit issuance. Under the Spread Method, securities underwriters underwrite the units at the issue price and offer them to investors at the offer price, which is different from the issue price. The difference between the issue price and the offer price is the commission received by the securities underwriters, eliminating the need for the issuer to pay underwriting commissions. If securities underwriters would have underwritten the units at the issue price and offered to investors at the offer price, which would have been the same as the issue price known as the "Conventional Method", a commission would have been incurred and it would have been expensed as unit issuance costs. Therefore, the Spread Method decreased unit issuance costs by ¥685 million and therefore increased income before income taxes by ¥685 million compared to the Conventional Method for the six months ended January 31, 2006.

(e) Income taxes - Income taxes are accounted for financial reporting purpose. 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. A deferred tax asset of ¥19 thousand is included in other current assets as of July 31 and January 31, 2006, respectively.

(f) 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, and the amount of the settlement reflects this adjustment. TOKYU REIT is allocated 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 amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes totals ¥31 million and ¥12 million for the six months ended July 31 and January 31, 2006, respectively

(g) Revenue recognition - TOKYU REIT operates retail and office properties that are rented to tenants. Revenue from leasing the retail and office space is recognized on an accrual basis over

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

the life of each lease. Rental revenue includes fixed rental revenues, recoveries of utility charges and other income.

- (h) 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 all of its property, all accounts of assets and liabilities within the trust, as well as all income generated and expenses incurred from assets in trust, are recognized in the relevant balance sheet and income statement accounts.
- (i) 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.
- (j) Accounting standard for impairment of fixed assets** - Effective August 1, 2005, TOKYU REIT adopted "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" (the Financial Accounting Standard Implementation Guidance No.6 issued by the Accounting Standards Board of Japan on October 31, 2003) . The standard requires the recognition of an impairment loss on fixed assets whenever events or changes in circumstances indicate that the carrying amounts of fixed assets may not be recoverable. The adoption of the new standard had no effect on the TOKYU REIT's financial position and result of operations for the six months ended January 31, 2006.

(k) Accounting standard for presentation of net assets in the balance sheet- Effective for the six months ended July 31, 2006, TOKYU REIT adopted the new accounting standards, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005) and its implementation guidance (the Financial Accounting Standard Implementation Guidance No.8 issued by the Accounting Standards Board of Japan on December 9, 2005). The adoption of these standards didn't have any effect on the TOKYU REIT's financial position.

3. Cash and cash equivalents

Cash and cash equivalents, at July 31 and January 31, 2006 consisted of the follows:

	July 31, 2006	January 31, 2006
	(Millions of yen)	
Cash and deposits with banks	¥ 1,914	¥ 1,645
Cash and deposits with banks held in trust	11,263	11,797
Restricted deposits with banks held in trust	(9,711)	(10,102)
Cash and cash equivalents	¥ 3,466	¥ 3,340

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

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

4. Schedule of property and equipment and intangible assets held in trust

Property and equipment and intangible assets held in trust as of July 31 and January 31, 2006 consisted of the following:

	July 31, 2006			January 31, 2006		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
	(Millions of yen)					
Property and equipment						
Buildings and structures						
Buildings	¥ 2,244	¥ (151)	¥ 2,093	¥ 2,268	¥ (109)	¥ 2,159
Structures	2	(1)	1	1	(0)	1
Land	13,295	-	13,295	13,295	-	13,295
Other tangible assets						
Machinery and equipment	3	(1)	2	3	(1)	2
Tools, furniture and fixtures	10	(1)	9	15	(4)	11
Property and equipment held in trust						
Buildings and structures						
Buildings	38,870	(3,947)	34,923	41,711	(3,370)	38,341
Structures	728	(107)	621	750	(92)	658
Land	106,842	-	106,842	101,887	-	101,887
Other tangible assets						
Machinery and equipment	707	(112)	595	704	(81)	623
Tools, furniture and fixtures	236	(102)	134	208	(94)	114
Intangible assets held in trust	17	(3)	14	15	(2)	13
Total	<u>¥162,954</u>	<u>¥ (4,425)</u>	<u>¥158,529</u>	<u>¥160,858</u>	<u>¥ (3,753)</u>	<u>¥157,104</u>

5. 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 stated capital. TOKYU REIT maintains minimum net assets of at least ¥50 million as required by the Investment Trust Law.

6. Short-term debt and Long-term debt

Short-term debt and long-term debt as of July 31 and January 31, 2006 consisted of the following:

	July 31, 2006	January 31, 2006
	(Millions of yen)	
Short-term debt		
Unsecured loans due on September 25, 2006 with floating rate	¥ 5,000	¥ 5,000
Unsecured loans due on April 28, 2007 with floating rate	7,000	-
Unsecured loans due on May 1, 2006 with floating rate	-	7,000
Sub total	<u>12,000</u>	<u>12,000</u>
Long-term debt		
Unsecured loans due on June 25, 2007 with fixed rate	5,000	5,000
Unsecured loans due on June 25, 2008 with fixed rate	5,000	5,000
Unsecured loans due on June 25, 2009 with fixed rate	10,000	10,000
Unsecured loans due on June 25, 2010 with fixed rate	3,000	3,000
Unsecured loans due on June 25, 2012 with fixed rate	4,000	4,000
Unsecured loans due on October 25, 2011 with fixed rate	1,000	1,000
Unsecured loans due on January 25, 2018 with fixed rate	5,000	5,000
Unsecured loans due on July 31, 2006 with fixed rate	-	8,000
Unsecured loans due on July 31, 2011 with fixed rate	4,000	-
Unsecured loans due on July 31, 2013 with fixed rate	4,000	-
Sub total	<u>41,000</u>	<u>41,000</u>
Total	<u>¥53,000</u>	<u>¥53,000</u>
Weighted average interest cost	<u>1.31%</u>	<u>1.12%</u>

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

On April 21, 2005, TOKYU REIT executed commitment line agreements which provided credit facilities totaling 2 billions of yen with two banks. No amount has been drawn down as of July 31 and January 31, 2006.

7. Collateral pledged

The net book value pledged as collateral to secure tenant lease hold and security deposits of ¥4,821 million outstanding as of July 31 and January 31, 2006 were as follows:

	July 31, 2006	January 31, 2006
	(Millions of yen)	
Property and equipment held in trust		
Buildings and structures		
Buildings	¥ 3,732	¥ 3,826
Structures	155	156
Land	5,586	5,586
Other tangible assets		
Tools, furniture and fixtures	0	0
Total	¥ 9,473	¥ 9,568

8. Rental revenue and expenses

Rental revenues and expenses for the six months ended July 31 and January 31, 2006 were as follows:

	For the six months ended	
	July 31, 2006	January 31, 2006
	(Millions of yen)	
Revenue from property leasing:		
Rental revenue:		
Rental revenue	¥ 4,604	¥ 4,593
Common area charges	629	663
Parking lot revenue under monthly contract	125	110
Other	387	381
Sub total	5,745	5,747
Other:		
Incidental income	434	458
Other	60	76
Sub total	494	534
Total revenue from property leasing	(a) 6,239	6,281
Rental service expenses:		
Utilities expenses	517	527
Subcontract expenses	409	432
Property management fees	133	140
Repairs and maintenance expenses	76	111
Property-related taxes	517	507
Insurance premium	17	19
Depreciation and amortization	941	982
Loss on disposal of property and equipment	29	-
Other	273	219
Total rental service expenses	(b) 2,912	2,937
Operating income from property leasing activities	(a)-(b) ¥ 3,327	¥ 3,344

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

9. Breakdown of gain on sale of property

Yokohama Yamashita-cho building was sold on April 26, 2006.

	(Millions of yen)
Revenue from sale of property	¥ 6,480
Cost of property	4,811
Other sales expenses	32
Gain on sale of property	¥ 1,637

10. Income taxes

Income taxes in Japan applicable to TOKYU REIT consist of corporate income tax, enterprise tax and inhabitant tax. The following is reconciliation between the statutory income tax rate in Japan and the effective tax rate reflected in the accompanying financial statements for the six months ended July 31 and January 31, 2006.

	July 31, 2006	January 31, 2006
Statutory income tax rate	39.39%	39.39%
Deductible cash distributions	(39.38)	(39.37)
Other	0.02	0.02
Effective tax rate	0.03%	0.04%

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 Special Taxation Measures Law to achieve a deduction of cash distributions for income tax purposes. Based on such policy, TOKYU REIT treated the cash distributions as a tax allowable distribution as defined in Special Taxation Measures Law.

11. Per unit information

The following table summarizes the net income per unit for the six months ended July 31 and January 31, 2006 and the unitholders' equity per unit as of July 31 and January 31, 2006.

	For the six months ended	
	July 31, 2006	January 31, 2006
Net income per unit	¥ 22,162	¥ 14,200
Weighted-average number of units ※1	169,380 units	169,131 units
※1 Average number of units weighed by days in each fiscal period.		
	As of July 31, 2006	
Unitholders' equity per unit	¥ 600,860	¥ 592,877

Diluted net income per unit is not presented since no warrants and convertible bonds were issued during the six months ended July 31 and January 31, 2006.

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

12. Leases

TOKYU REIT leases its properties to tenants under non-cancelable operating leases. As of July 31 and January 31, 2006, the future lease revenues under the non-cancelable operating leases were as follows:

	July 31, 2006	January 31, 2006
	(Millions of yen)	
Due within one year	¥ 5,482	¥ 5,555
Due after one year	29,286	33,899
Total	¥ 34,768	¥ 39,454

As of July 31 and January 31, 2006, the future lease payments under the non-cancelable operating leases were as follows:

	July 31, 2006	January 31, 2006
	(Millions of yen)	
Due within one year	¥ 286	¥ 286
Due after one year	2,511	2,654
Total	¥ 2,797	¥ 2,940

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

13. The financial results of each property (Unaudited)

Details on the financial results of each property for the six months ended July 31 and January 31, 2006 were as follows: (Unaudited)

For the six months ended July 31, 2006

	Name of building	Revenue from property leasing	Property leasing expenses (*1)	NOI (*2)	Depreciation and amortization (*3)	Operating income from property leasing activities
Millions of yen						
R	QFRONT	¥ 601	¥ 229	¥ 372	¥ 60	¥ 312
R	Lexington Aoyama	164	31	133	7	126
R	TOKYU REIT Omotesando Square	173	44	129	12	117
R	Tokyu Saginuma Building	310	49	261	27	234
R	Tokyu Saginuma 2 Building	65	14	51	9	42
R	TOKYU REIT Shibuya Udagawa-cho Square	168	18	150	5	145
R	Yokohama Yamashita-cho Building(*4)	92	29	63	37	26
R	Beacon Hill Plaza	300	55	245	96	149
R	cocoti (PICASSO347)	697	239	458	163	295
R	Shonan Mall Fill (Sokochi)	90	1	89	-	89
O	Setagaya Business Square	1,293	540	753	249	504
O	Tokyu Nampeidai-cho Building	171	31	140	30	110
O	Tokyu Sakuragaoka-cho Building	237	52	185	24	161
O	Tokyo Nissan Taito Building	222	71	151	50	101
O	TOKYU REIT Akasaka Hinokicho Building	148	35	113	15	98
O	TOKYU REIT Kamata Building	272	94	178	52	126
O	Resona Maruha Building	788	218	570	64	506
O	TOKYU REIT Toranomom Building	448	192	256	70	186
	Total	<u>¥ 6,239</u>	<u>¥ 1,942</u>	<u>¥ 4,297</u>	<u>¥ 970</u>	<u>¥ 3,327</u>

For the six months ended January 31, 2006

	Name of building	Revenue from property leasing	Property leasing expenses (*1)	NOI (*2)	Depreciation and amortization	Operating income from property leasing activities
Millions of yen						
R	QFRONT	¥ 590	¥ 234	¥ 356	¥ 60	¥ 296
R	Lexington Aoyama	161	29	132	7	125
R	TOKYU REIT Omotesando Square	172	34	138	12	126
R	Tokyu Saginuma Building	310	61	249	27	222
R	Tokyu Saginuma 2 Building	65	16	49	9	40
R	TOKYU REIT Shibuya Udagawa-cho Square	169	18	151	4	147
R	Yokohama Yamashita-cho Building	232	66	166	74	92
R	Beacon Hill Plaza	300	61	239	96	143
R	PICASSO347	723	135	588	161	427
O	Setagaya Business Square	1,274	564	710	256	454
O	Tokyu Nampeidai-cho Building	171	32	139	30	109
O	Tokyu Sakuragaoka-cho Building	238	49	189	25	164
O	Tokyo Nissan Taito Building	219	85	134	50	84
O	TOKYU REIT Akasaka Hinokicho Building	146	38	108	15	93
O	TOKYU REIT Kamata Building	274	98	176	52	124
O	Resona Maruha Building	791	232	559	61	498
O	Fujita Kanko Toranomom Building	446	203	243	43	200
	Total	<u>¥ 6,281</u>	<u>¥ 1,955</u>	<u>¥ 4,326</u>	<u>¥ 982</u>	<u>¥ 3,344</u>

(Note 1) Property leasing expenses are defined as rental service expenses adjusted for

TOKYU REIT, Inc.
Notes to Financial Statements, continued
For the six months ended July 31 and January 31, 2006

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 for Setagaya Business Square, Resona Maruha Building and TOKYU REIT Toranomom Building include Loss on disposal of property and equipment. (¥28 millions)

(Note 4) Yokohama Yamashita-cho building was sold on April 26, 2006.

14. Related party transactions

Masahiro Horie, who holds no voting units of TOKYU REIT, is executive director of TOKYU REIT and Representative Director & President, Chief Executive Officer of Tokyu Real Estate Investment Management. Tokyu Real Estate Investment Management, Inc. has entered into asset management agreement subject to the conditions set forth in the TOKYU REIT's articles of incorporation with TOKYU REIT. The amount of management fees incurred for the six months ended July 31 and January 31, 2006 and payable due to asset manager as of then were as follows:

	July 31, 2006	January 31, 2006
	(Millions of yen)	
Asset management fees for the period	¥ 718	¥ 525
Management fees payable due to asset manager	480	307

15. Distribution information

The Board of Directors of TOKYU REIT resolved on September 14 and March 29, 2006 to effect payment of cash distributions of ¥22,162 and ¥14,179 per unit to unitholders of record on July 31, and January 31, 2006, respectively. Retained earnings carried forward after the distributions are as follows:

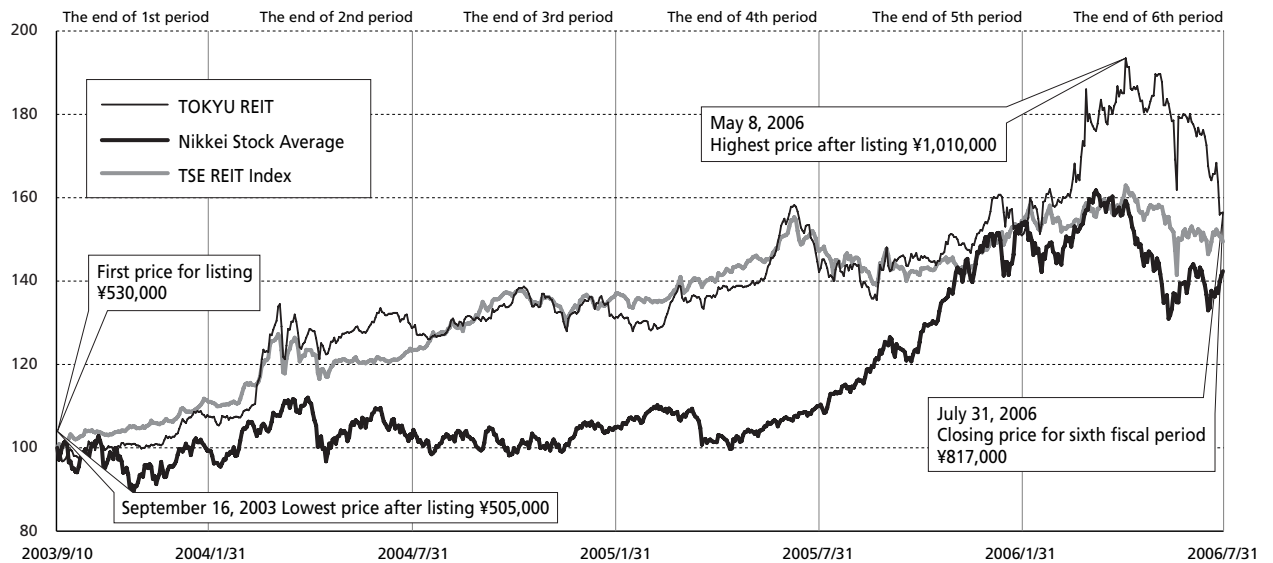
	July 31, 2006	January 31, 2006
	(Millions of yen)	
Retained earnings at end of period	¥ 3,754	¥ 2,402
Cash distributions declared	3,754	2,402
Retained earnings carried forward	¥ 0	¥ 0

16. Subsequent events

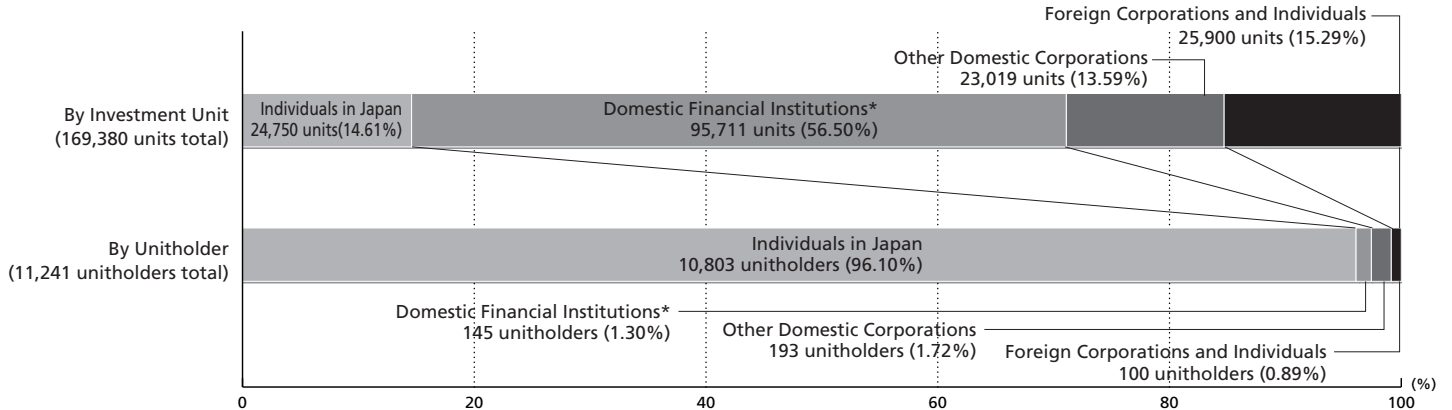
TOKYU REIT is not aware of any circumstances that may have a material impact on TOKYU REIT's financial position after the sixth fiscal period end.

Unitholder Information

Unit Price Chart



Unitholder Composition



* Securities companies are classified into "Other Domestic Corporations."

Results Reporting Schedule

	6th Period	7th Period
Date of settlement	Jul. 31, 2006	Jul. 31, 2007
Announcement of results	Sep. 14, 2006	Mid Mar. 2007
Delivery of asset management report	Oct. 12, 2006	Mid Apr. 2007
Payment of dividends	Oct. 13, 2006	Mid Apr. 2007

Address

1-12-1 Dogenzaka, Shibuya-ku, Tokyo

Established

June 20, 2003

Executive Director

Masahiro Horie

Supervisory Directors

Giichi Yanagisawa

Maruhito Kondo

Independent Auditors

PricewaterhouseCoopers Arata*

1-8-3 Shinbashi, Minato-Ku, Tokyo

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

Date for Determining Dividend Payments

Annually on January 31 and July 31

(Dividends paid within three months of each date)

Transfer Agent

The Mitsubishi UFJ Trust and Banking Corporation

1-4-5 Marunouchi, Chiyoda-ku, Tokyo

Transfer Agent Head Business Office

Corporate Agency Division

The Mitsubishi UFJ Trust and Banking Corporation

1-7-7 Nishi-Ikebukuro, Toshima-ku, Tokyo

Tel: 0120-707-696 (Toll free number)

Transfer Agent Locations

Nationwide branches of The Mitsubishi UFJ Trust and Banking Corporation

Nationwide head office and branch offices of Nomura Securities Co., Ltd.

Listing

Tokyo Stock Exchange (8957)

*TOKYU REIT has appointed PricewaterhouseCoopers Arata as its temporary independent auditor at its Board of Directors meeting on July 14, 2006 by resignation of ChuoAoyama PricewaterhouseCoopers (present name: MISUZU Audit Corporation) on July 14, 2006.

TOKYU REIT

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