

September 13, 2011

## FINANCIAL REPORT

### FOR THE SIXTEENTH FISCAL PERIOD ENDED July 31, 2011

TOKYU REIT, Inc. is listed on the Tokyo Stock Exchange with the securities code number 8957.

 URL: <http://www.tokyu-reit.co.jp/eng/>

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Planned start of dividend payments: October 13, 2011

This financial report has been prepared in accordance with Japanese accounting standards and Japanese law.

Figures have been rounded down to eliminate amounts of less than one million yen.

#### PERFORMANCE FOR THE SIXTEENTH FISCAL PERIOD (FEBRUARY 1, 2011 – JULY 31, 2011)

	Percentage change shows the increase and decrease ratio to the previous period.					
	Operating Revenues		Operating Income		Ordinary Income	
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)
<b>Sixteenth Fiscal Period</b>	<b>6,918</b>	<b>6.0</b>	<b>3,121</b>	<b>8.4</b>	<b>2,292</b>	<b>12.3</b>
Fifteenth Fiscal Period	6,524	-0.4	2,878	-4.1	2,041	-4.4

	Net Income		Net Income per Unit	Return on Unitholders' Equity (ROE)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	(Millions of Yen)	(%)	(Yen)	(%)	(%)	(%)
<b>Sixteenth Fiscal Period</b>	<b>2,242</b>	<b>9.9</b>	<b>13,239</b>	<b>2.2</b>	<b>1.1</b>	<b>33.1</b>
Fifteenth Fiscal Period	2,040	-4.4	12,045	2.0	1.0	31.3

#### (2) Distributions

	Distribution per Unit	Total Distributions	Distribution in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
	(Yen)	(Millions of Yen)	(Yen)	(Millions of Yen)	(%)	(%)
<b>Sixteenth Fiscal Period</b>	<b>13,239</b>	<b>2,242</b>	<b>0</b>	<b>0</b>	<b>100.0</b>	<b>2.2</b>
Fifteenth Fiscal Period	12,045	2,040	0	0	100.0	2.0

Note: The payout ratio is rounded down to the nearest first decimal place.

#### (3) Financial Position

	Total Assets	Net Assets	Unitholders' Capital to Total Assets	Net Assets per Share of Common Stock
	(Millions of Yen)	(Millions of Yen)	(%)	(Yen)
<b>Sixteenth Fiscal Period</b>	<b>207,661</b>	<b>100,262</b>	<b>48.3</b>	<b>591,936</b>
Fifteenth Fiscal Period	207,106	100,059	48.3	590,742

Reference: Unitholders' Capital for the sixteenth fiscal period: 100,262 million yen and for the fifteenth fiscal period: 100,059 million yen

**(4) Cash Flows**

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of Period
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Sixteenth Fiscal Period	3,409	-5,059	-2,040	7,064
Fifteenth Fiscal Period	3,624	-9,305	-2,139	10,756

**FORECAST OF RESULTS FOR SEVENTEENTH FISCAL PERIOD (AUGUST 1, 2011 – JANUARY 31, 2012)  
AND EIGHTEENTH FISCAL PERIOD (FEBRUARY 1, 2012 – JULY 31, 2012)**

Percentage change shows the increase and decrease ratio to the previous period.

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution Per Unit	Distribution in Excess of Earnings per Unit
	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Millions of Yen)	(%)	(Yen)	(Yen)
Seventeenth Fiscal Period	6,726	(-2.8)	2,913	(-6.7)	2,067	(-9.8)	2,066	(-7.8)	12,200	0
Eighteenth Fiscal Period	6,329	(-5.9)	2,689	(-7.7)	1,864	(-9.8)	1,863	(-9.8)	11,000	0

Reference: Estimated net income per unit for the seventeenth fiscal period: ¥12,200

Estimated net income per unit for the eighteenth fiscal period: ¥11,000

**OTHERS**

**(1) Changes in Account Policies**

Changes according to revision of account standard: No

Changes according to another reason: No

**(2) The number of investment units outstanding**

The number of investment units outstanding totaled 169,380 units as of January 31, 2011 and July 31, 2011.

No investment unit is held by TOKYU REIT itself as of January 31, 2011 and July 31, 2011.

Notes:

Forecasts presented in this document are based on “Assumptions for Forecasts for the Seventeenth Fiscal Period (from August 1, 2011 to January 31, 2012) and the Eighteenth Fiscal Period (from February 1, 2012 to July 31, 2012)” identified in the separate reference attached. Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may differ significantly from actual results due to changes in operating conditions and a variety of factors. Accordingly, TOKYU REIT does not guarantee any distribution amount.

## Assumptions for Forecasts for the Seventeenth Fiscal Period (from August 1, 2011 to January 31, 2012) and the Eighteenth Fiscal Period (from February 1, 2012 to July 31, 2012)

Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit and distributions in excess of earnings per unit for the seventeenth fiscal period (from August 1, 2011 to January 31, 2012) and the eighteenth fiscal period (from February 1, 2012 to July 31, 2012) are based on the following preconditions and assumptions. If major discrepancies between the following assumptions and initial forecast are found, and if they may cause a certain level of change in forecast figures displayed above, a revised forecast shall be drafted and announced immediately.

	Preconditions and Assumptions
Property portfolio	<ul style="list-style-type: none"> <li>It is assumed that there will be no transfers (new properties added or existing properties removed from the initial portfolio, etc.) by the end of the Eighteenth Fiscal Period (July 31, 2012) from the 26 properties as of July 31, 2011.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>Rental revenues are calculated based on lease agreements effective as of the issuance date of August 24, 2011. For tenants, announced lease cancellation by the issuance date of this document is considered as vacant during the period from the cancellation date to the end of the eighteenth fiscal period. Average leasing rates are calculated based on those for competitive properties located in the same areas and exhibiting the same market trends. Forecasts are based on the assumption that there is no payment delay or nonpayment of tenants.</li> <li>Occupancy Rates as of the end of the seventeenth fiscal period and the end of the eighteenth fiscal period are projected to be 96.8% and 94.2%, respectively.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Outsourcing expenses for the seventeenth and eighteenth fiscal periods are projected to be 428 million and 414 million, respectively.</li> <li>Repair, maintenance and renovation expenses for buildings for the seventeenth and eighteenth fiscal periods are projected to be 266 million and 118 million, respectively. Actual repair, maintenance and renovation expenses for each fiscal period may, however, differ significantly from estimated amounts due to unforeseen circumstances or emergencies.</li> <li>Property and other taxes, such as fixed property tax and city planning tax TOKYU REIT possesses are calculated based on the amount expected to be imposed in each fiscal period (seventeenth fiscal period: 603 million / eighteenth fiscal period: 631 million). Fixed property tax and other taxes paid as part of the purchase prices to the seller upon the property acquisition were not recorded as expenses but included in the relevant property acquisition costs.</li> <li>Depreciation and amortization expenses, including associated costs and additional capital expenditure in the future, are calculated based on the straight-line method (seventeenth fiscal period: 1,010 million / eighteenth fiscal period : 1,007 million).</li> <li>Rental expenses other than those listed above were calculated in consideration of fluctuation factors based on results in past fiscal periods.</li> <li>Operating expenses other than expenses from real estate operation (investment management fees and asset custodian fees, etc.) for the seventeenth and eighteenth fiscal periods are expected to be 652 million and 614 million, respectively.</li> <li>The Operating expenses those listed above don't contain the amount of reduction by continuance the time-limited reduction in investment management fees (seventeenth fiscal period: 5 % / eighteenth fiscal period: 5%). However, an amount of non-operating expenses equivalent to the amount of investment management fees will arise in view of the purpose of preparing itself for uncertainties.</li> </ul>
Debt financing	<ul style="list-style-type: none"> <li>With debt financing (long-term debt financing of 17,200 million) repayment dates approaching in the Seventeenth and eighteenth Fiscal Periods, it is assumed that the long-term debt financing of 17,200 million will be refinanced. There is no investment corporation bond maturing during the seventeenth fiscal period and the eighteenth fiscal period.</li> <li>LTVs as of the end of the seventeenth fiscal period and the end of the eighteenth fiscal period are projected to be 43.4% and 43.5%, respectively. LTV: Interest-bearing debt (forecast) / total assets (forecast)</li> <li>Interest expenses for the seventeenth and eighteenth fiscal periods are expected to be 832 million and 813 million, respectively. Interest expenses include interest expense, interest expense on investment corporation bonds, interest expense on security deposits and other financial expenses.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>TOKYU REIT has 169,380 investment units issued and outstanding as of July 31, 2012.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>Distribution per unit is calculated based on the distribution policy stipulated in the Articles of Incorporation. Calculations are based on a 100% distribution of retained earnings.</li> <li>It is possible that the distribution per unit could change due to various factors, including changes in assets under management, changes in rental revenue accompanying changes in tenants, etc., and unexpected maintenance and repairs.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>TOKYU REIT does not currently anticipate distributions in excess of earnings per unit.</li> </ul>

Other	<ul style="list-style-type: none"><li>● Forecasts are based on the assumption that any major revisions to regulatory requirements, accounting standards and taxation will not impact forecast figures.</li><li>● Forecasts are based on the assumption that there will be no major unforeseen changes to economic trends and in real estate and other markets.</li></ul>
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This notice may contain forward-looking statements, such as current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, fluctuations of the real estate market in Japan, general conditions of the Japanese economy, competitive pressures and relevant regulations.

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