

December 20, 2012

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Notice Concerning Debt Financing and Repayment

TOKYU REIT, Inc. (“TOKYU REIT”) today announced its decision to undertake debt financing and repayment. Brief details are as follows.

1. Debt Financing

(1) Rationale

TOKYU REIT undertakes debt financing for procurement of funds to repay long-term debt financing becoming due date. In an effort to ensure stability in connection with the procurement of funds, TOKYU REIT has adopted the strategies to convert its debt financing to long-term fixed interest rate borrowings and to disperse repayment dates.

(2) Details of Debt Financing

Classification	Long-Term Debt	
Lender	Mizuho Corporate Bank, Ltd.	Daido Life Insurance Company
Debt Financing Amount	¥500 million	¥500 million
Interest Rate	1.23375%(Fixed interest rate)	0.68125%(Fixed interest rate)
Borrowing Method	Unsecured, unguaranteed	
Repayment Method	Lump-sum repayment on maturity	
Drawdown Date	December 25, 2012	
Repayment Date	December 25, 2019	December 25, 2015
Period	7years	3years

(3) Use of Funds

The funds procured will be used to refinance the long-term debt financing.

2. Repayment of Debt

Debt borrowed on June 25, 2010

Classification	Long-Term Debt
Lender	Daido Life Insurance Company
Debt Financing Amount	¥1,000 million
Interest Rate	1.17125% (Fixed interest rate)
Borrowing Method	Unsecured, unguaranteed
Repayment Method	Lump-sum repayment on maturity
Drawdown Date	June 25, 2010
Repayment Date	December 25, 2012
Maturity Date	December 25, 2012

3. Total Debt After Additional Debt Financing and Repayment

	Debt Balance Prior to Additional Debt Financing and Repayment (¥ millions)	Debt Balance after Additional Debt Financing and Repayment (¥ millions)	Change (¥ millions)
Short-Term Debt Financing	0	0	0
Long-Term Debt Financing	79,000	79,000	0
Total Debt Financing	79,000	79,000	0
Investment Corporation Bonds	8,000	8,000	0
Interest-Bearing Debt	87,000	87,000	0

4. Others

Regarding the loan repayment risk, there is no change to the “Investment risks” of the latest securities report submitted on October 26, 2012.

[Reference]

1. Interest-Bearing Debt Ratios after the Execution of the Subject of this Press Release

Interest-bearing debt to total assets ratio	42.5 %
Interest-bearing debt to total appraisal value ratio	48.1 %
Long-term interest-bearing debt ratio	100.0 %

* The above interest-bearing debt ratios are calculated as of matter of convenience using the following formulas:

- Interest-bearing debt to total assets ratio (%) = Total interest-bearing debt ÷ Total assets × 100
Total assets are calculated using the figures at the end of the fiscal period as announced in the most recent Financial Report.
- Interest-bearing debt to total appraisal value ratio (%) = (Total interest-bearing debt + Security deposits and guarantee money without reserved cash) ÷ (Total estimated latest appraisal value of specified assets + Cash and Bank Deposits) × 100
Security deposits and guarantee money without reserved cash and estimated appraisal value of specified assets are calculated using the figures at the end of the fiscal period as announced in the most recent Financial Report.
Cash and bank deposits are calculated by deducting the balance of retained earnings from the figures at the end of the fiscal period as announced in the most recent Financial Report, with further considerations given to property acquisition and disposition amounts, and debt financing and repayment amounts to date.
- Long-term interest-bearing debt ratio (%) = (Long-term debt + Investment corporation bonds) ÷ Total interest-bearing debt × 100

** Percentage figures are rounded to the nearest first decimal place.

2. Timely Disclosure Relating to the Aforementioned Debt Financings

June 23, 2010 Notice Concerning Debt Financing, Repayment and Determination of Interest Rates

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. This notice is a translation of the original document in Japanese and is prepared solely for the convenience of non-Japanese speakers. There is no assurance as to the accuracy of the English translation. The original Japanese notice shall prevail in the event of any discrepancies between the translation and the Japanese original.