

June 25, 2013

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## Notice Concerning Debt Financing, Partial Repayment of Short-Term Debt and Determination of Interest Rate

TOKYU REIT, Inc. (“TOKYU REIT”) today announced its decision to undertake debt financing and to partially repay short-term debt. In addition to the aforementioned, TOKYU REIT provides details of interest rate determination applicable to short-term debt.

### 1. Debt Financing

#### (1) Rationale

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	Long-Term Debt	Long-Term Debt	Long-Term Debt
Lender	Mizuho Trust & Banking co., Ltd.	Development Bank of Japan Inc.	The Norinchukin Bank	Mitsui Sumitomo Insurance Company, Limited
Debt Financing Amount	¥1,500 million	¥1,000 million	¥500 million	¥500 million
Interest Rate	1.91375% (Fixed interest rate)	1.91375% (Fixed interest rate)	1.47250% (Fixed interest rate)	1.47250% (Fixed interest rate)
Borrowing Method	Unsecured, unguaranteed	Unsecured, unguaranteed	Unsecured, unguaranteed	Unsecured, unguaranteed
Repayment Method	Lump-sum repayment on maturity	Lump-sum repayment on maturity	Lump-sum repayment on maturity	Lump-sum repayment on maturity
Drawdown Date	June 27, 2013	June 27, 2013	June 27, 2013	June 27, 2013
Repayment Date	June 27, 2023	June 27, 2023	June 27, 2020	June 27, 2020
Period	10years	10years	7years	7years

### (3) Use of Funds

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

## 2. Repayment of Debt

Partial Advanced Repayment of Short-Term Debt Procured on March 27, 2013

Classification	Short-Term Debt
Lender	Mitsubishi UFJ Trust and Banking Corporation
Principal amount outstanding prior to Repayment (Initial Amount Borrowed)	¥4,500 million (¥4,500 million)
Amount to be Repaid	¥3,500 million
Interest Rate	0.52500% (Floating interest rate )
Borrowing Method	Unsecured, unguaranteed
Repayment Method	Lump-sum repayment on maturity
Drawdown Date	March 27, 2013
Repayment Date	June 27, 2013
Maturity Date	March 27, 2014

## 3. Determination of Interest Rate

Short-Term Debt Procured on March 27, 2013

Lender	Debt Financing Amount (Millions of Yen)	Interest Rate	Borrowing Method; Repayment Method	Drawdown Date; Repayment Date
Mitsubishi UFJ Trust and Banking Corporation	1,000	0.52500% Floating interest rate (Note 1)	Unsecured, unguaranteed; Lump-sum repayment on maturity	March 27, 2013 March 27, 2014
Total	1,000	—	—	—

(Note 1) Applicable from June 27, 2013 to July 29, 2013.

The interest rate after the aforementioned interest period will be announced when determined.

## 4. Total Debt After Additional Debt Financing and Repayment

As of June 27, 2013

	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	4,500	1,000	-3,500
Long-Term Debt Financing	79,400	82,900	3,500
Total Debt Financing	83,900	83,900	0
Investment Corporation Bonds	8,000	8,000	0
Interest-Bearing Debt	91,900	91,900	0

TOKYU REIT will repay a Long-Term Debt of ¥400 million on June 28, 2013 as announced in the press release “Notice Concerning Debt Financing and Repayment” dated June 21, 2013

**As of June 28, 2013**

	Debt Balance Prior to Additional Debt Repayment (¥ millions)	Debt Balance after Additional Debt Repayment (¥ millions)	Change (¥ millions)
Short-Term Debt Financing	1,000	1,000	0
Long-Term Debt Financing	82,900	82,500	-400
Total Debt Financing	83,900	83,500	-400
Investment Corporation Bonds	8,000	8,000	0
Interest-Bearing Debt	91,900	91,500	-400

**5. Others**

Regarding the loan repayment risk, there is no change to the “Investment risks” of the latest securities report submitted on April 26, 2013.

## [Reference]

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

Interest-bearing debt to total assets ratio	44.3 %
Interest-bearing debt to total appraisal value ratio	49.5 %
Long-term interest-bearing debt ratio	98.9 %

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

- Interest-bearing debt to total assets ratio (%) =  $\frac{\text{Total interest-bearing debt}}{(\text{Total assets} + \text{Acquisition price of Properties which were acquired in this period})} \times 100$

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 (%) =  $\frac{(\text{Total interest-bearing debt} + \text{Security deposits and guarantee money without reserved cash})}{(\text{Total estimated latest appraisal value of specified assets} + \text{Appraisal value on acquisition of Properties which were acquired in this period} + \text{Cash and Bank Deposits})} \times 100$

Security deposits and guarantee money without reserved cash and Total estimated latest 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 (%) =  $\frac{(\text{Long-term debt} + \text{Investment corporation bonds})}{\text{Total interest-bearing debt}} \times 100$

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

### 2. Timely Disclosure Relating to the Aforementioned Debt Financings (Except concerning decision of Interest Rate)

March 25, 2013 Notice Concerning Debt Financing

[http://www.tokyu-reit.co.jp/eng/material/pdf/kaiji/2013/2013.03.25\\_01\\_E.pdf](http://www.tokyu-reit.co.jp/eng/material/pdf/kaiji/2013/2013.03.25_01_E.pdf)

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