

August 13, 2013

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Notice Concerning Debt Financing

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

1. Rationale

Debt financing was conducted for the acquisition of trust beneficiary interest in real estate and real estate, namely KALEIDO Shibuya Miyamasuzaka, Shibuya R Sankei Building, Tokyu Toranomon Building along with expenses related to that acquisition. For details of the acquisition, please refer to the press release dated July 26, 2013, “Notice Concerning Acquisition of Properties.”

2. Details of Debt Financing

Classification	Short-Term Debt			
Lender	Sumitomo Mitsui Trust Bank, Limited	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mizuho Bank, Ltd.	Mitsubishi UFJ Trust and Banking Corporation
Debt Financing Amount	¥5,000 million	¥2,500 million	¥2,500 million	¥2,500 million
Interest Rate	0.52500% Floating interest rate (Note)	0.52500% Floating interest rate (Note)	0.52500% Floating interest rate (Note)	0.52500% Floating interest rate (Note)
Borrowing Method	Unsecured, unguaranteed	Unsecured, unguaranteed	Unsecured, unguaranteed	Unsecured, unguaranteed
Repayment Method	Lump-sum repayment on maturity			
Drawdown Date	August 15, 2013	August 15, 2013	August 15, 2013	August 15, 2013
Repayment Date	August 15, 2014	August 15, 2014	August 15, 2014	August 15, 2014
Period	1years	1years	1years	1years

(Note) The interest rates are applicable from August 15, 2013 to September 17 2013.

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

3. Total Debt After Additional Debt Financing

	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	12,500	12,500
Long-Term Debt Financing	83,500	83,500	0
Total Debt Financing	83,500	96,000	12,500
Investment Corporation Bonds	8,000	8,000	0
Interest-Bearing Debt	91,500	104,000	12,500

4. Others

Regarding the loan repayment risk, there is no change to the “Investment risks” of the Security Registration Statement submitted on July 26, 2013.

[Reference]

1. Interest-Bearing Debt Ratios after the Execution of the Subject of this Press Release and Purchase of Trust Beneficiary Interests in Real Estate and Real Estate (As of August 16, 2013)

Interest-bearing debt to total assets ratio	44.8 %
Interest-bearing debt to total appraisal value ratio	49.4 %
Long-term interest-bearing debt ratio	88.0 %

* 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 (as of January 31, 2013) + Total acquisition price of Properties which were acquired on or after February 1, 2013) × 100
Properties acquired on or after February 1, 2013 are OKI System Center (*sokochi*), KALEIDO Shibuya Miyamasuzaka, Shibuya R Sankei Building, and Tokyu Toranomon Building.
- 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 + Appraisal value on acquisition of Properties which were acquired on or after February 1, 2013 + Cash and Bank Deposits) × 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 of January 31, 2013) as announced in the most recent Financial Report.

Cash and bank deposits are calculated by deducting the balance of unappropriated 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, debt financing and repayment amounts, and the amount procured from the public offering until August 16, 2013.

- 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.

- *** The above Interest-bearing debt to total assets or appraisal value ratio is calculated assuming that the issuance of new investment units by way of third-party allotment with the application date of September 9, 2013 announced in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated July 26, 2013 will not be performed.

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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