

October 20, 2014

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Notice Concerning Debt Financing and Redemption of Investment Corporation Bonds

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

TOKYU REIT also announced that investment corporation bonds will be redeemed on October 24, 2014 by using the proceeds from the above mentioned debt financing as part of the funds and cash on hand.

1. Debt Financing

(1) Rationale

TOKYU REIT undertakes debt financing for procurement of funds to redeem investment corporation bonds 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	Long-Term Debt	Long-Term Debt	Long-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	¥1,600 million	¥800 million	¥800 million	¥800 million
Interest Rate	0.96875% (Fixed interest rate)	0.96875% (Fixed interest rate)	0.96875% (Fixed interest rate)	0.96875% (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	October 22, 2014	October 22, 2014	October 22, 2014	October 22, 2014
Repayment Date	October 22, 2021	October 22, 2021	October 22, 2021	October 22, 2021
Period	7 years	7 years	7 years	7 years

(3) Use of Funds

To repay the Investment Corporation's 2nd Series Unsecured Investment Corporation Bonds (¥5,000 million in total), which will mature on October 24, 2014.

2. Redemption of the Investment Corporation Bonds

TOKYU REIT will redeem the investment corporation bonds on October 24, 2014.

Name of investment corporation bonds	2 nd Series Unsecured Investment Corporation Bond (Ranks <i>pari passu</i> in right of payment with certain investment corporation bonds)
Total issue amount	¥5,000 million
Annual interest rates	1.89% (Fixed interest rate)
Collateral	Unsecured, unguaranteed
Repayment Method	Lump-sum repayment on maturity
Payment Date	October 24, 2007
Maturity Date	October 24, 2014
Redemption Date	October 24, 2014

3. Total Debt After Debt financing and Redemption of Investment Corporation Bonds

	Debt Balance Prior to Issue and Redemption of Investment Corporation Bonds (¥ millions)	Debt Balance after Issue and Redemption of Investment Corporation Bonds (¥ millions)	Change (¥ millions)
Short-Term Debt Financing	0	0	0
Long-Term Debt Financing	83,500	87,500	4,000
Total Debt Financing	83,500	87,500	4,000
Investment Corporation Bonds	14,500	9,500	-5,000
Interest-Bearing Debt	98,000	97,000	-1,000

4. Others

Regarding the loan repayment risk and redemption of investment corporation bond risk, there is no change to the “Investment risks” of the latest securities report submitted on April 25, 2014.

[Reference]

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

Interest-bearing debt to total assets ratio	43.5 %
Interest-bearing debt to total appraisal value ratio	46.1%
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 (%) = $\frac{\text{Total interest-bearing debt}}{\text{(Total assets (as of July 31, 2014) - Book value (expected value as of the transfer date) of Properties which were disposed on or after August 1, 2014)}} \times 100$

Property disposed on or after August 1, 2014 is Beacon Hill Plaza (Ito-Yokado Noukendai Store)

- Interest-bearing debt to total appraisal value ratio (%) = $\frac{\text{(Total interest-bearing debt + Security deposits and guarantee money without reserved cash)}}{\text{(Total estimated latest appraisal value of specified assets - Appraisal value at end of 22nd fiscal period of Properties which were disposed on or after August 1, 2014+ Cash and Bank Deposits)}} \times 100$

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 of July 31, 2014) 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 issuance and redemption of investment corporation bond amounts until October 24, 2014.

- Long-term interest-bearing debt ratio (%) = $\frac{\text{(Long-term debt + Investment corporation bonds)}}{\text{Total interest-bearing debt}} \times 100$

** 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)

October 16, 2007 Notice Concerning Issue of Investment Corporation Bonds
http://www.tokyu-reit.co.jp/eng/material/pdf/kaiji/2007/2007.10.16_01_E.pdf

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