

March 8, 2016

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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	Daido Life Insurance Company
Debt Financing Amount	¥1,500 million
Interest Rate	0.57130% (Fixed interest rate)
Repayment Method	Lump-sum repayment on maturity
Drawdown Date	March 10, 2016
Maturity Date	March 10, 2023
Period	7 years
Collateral	Unsecured, unguaranteed

(3) Use of Funds

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

2. Repayment of Debt

Debt borrowed on March 10, 2008

Classification	Long-Term Debt
Lender	Daido Life Insurance Company
Debt Financing Amount	¥3,000 million
Interest Rate	1.76625% (Fixed interest rate)
Repayment Method	Lump-sum repayment on maturity
Drawdown Date	March 10, 2008
Repayment Date	March 10, 2016
Maturity Date	March 10, 2016
Repayment Source	Debt finance and cash on hand
Collateral	Unsecured, unguaranteed

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	87,500	86,000	-1,500
Total Debt Financing	87,500	86,000	-1,500
Investment Corporation Bonds	9,500	9,500	0
Interest-Bearing Debt	97,000	95,500	-1,500

4. Others

Regarding the loan repayment risk, there is no change to the “Investment risks” of the latest securities report submitted on October 30, 2015.

[Reference]

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

Interest-bearing debt to total assets ratio	42.9%
Interest-bearing debt to total appraisal value ratio	42.9%
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 (as of July 31, 2015) × 100

• Interest-bearing debt to total appraisal value ratio (%) = (Total interest-bearing debt + Security deposits and guarantee money without reserved cash) ÷ (Total latest appraisal value of specified assets + Appraisal value on acquisition of the Property which was acquired on or after August 1, 2015) × 100

Security deposits and guarantee money without reserved cash (*) and Total latest appraisal value of specified assets are calculated using the figures which is considering the subsequent changes after the end of the fiscal period (as of July 31, 2015) as announced in the most recent Financial Report.

(*)Security deposits and guarantee money without reserved cash = (Total tenant leasehold and security deposits held in trust + Total tenant leasehold and security deposits) – (Cash and deposits with banks held in trust + Cash and deposits with banks)

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, etc.

The Property acquired on or after August 1, 2015 is TOKYU REIT Shinjuku 2 Building (provisional name).

• 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
(Except concerning decision of Interest Rate)**

March 6, 2008 Notice Concerning Debt Financing, Partial Repayment of Short-Term Borrowings and Determination of Interest Rate

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.