

March 15, 2016

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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

TOKYU REIT undertakes debt financing for the acquisition of quasi-co-ownership of trust beneficiary interest in domestic real estate, namely Tokyu Bancho Building along with expenses related to that acquisition. For details of the acquisition, please refer to the press release dated February 26, 2016, “Notice Concerning Acquisition and Disposition of Properties(Tokyu Bancho Building, Tokyu Saginuma Building and Tokyu Saginuma 2 Building)”

2. Details of Debt Financing

Classification	Short-Term Debt (Commitment Line Agreement)			
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	Yet to be determined (Fixed interest date)			
Borrowing Method	Commitment Line Agreement			
Repayment Method	Lump-sum repayment on maturity			
Drawdown Date	March 23, 2016			
Maturity Date	June 23, 2016			
Period	3 months			
Collateral	Unsecured, unguaranteed			

The interest rate for the debt financing above is scheduled to be determined on March 18, 2016, and will be announced at that time.

3. Use of Funds

TOKYU REIT undertakes debt financing for the acquisition of trust beneficiary interest in domestic real estate (Tokyu Bancho Building) along with expenses related to that acquisition.

4. Total Debt After Additional Debt Financing

	Debt Balance Prior to Additional Debt Financing (¥ millions)	Debt Balance after Additional Debt Financing (¥ millions)	Change (¥ millions)
Short-Term Debt Financing	0	4,000	4,000
Long-Term Debt Financing	86,000	86,000	0
Total Debt Financing	86,000	90,000	4,000
Investment Corporation Bonds	9,500	9,500	0
Interest-Bearing Debt	95,500	99,500	4,000

5. 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	44.7%
Interest-bearing debt to total appraisal value ratio	44.1%
Long-term interest-bearing debt ratio	96.0%

* 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, 2016) × 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 and disposition of the Properties which were acquired and disposed of on or after February 1, 2016) × 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 January 31, 2016) 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, etc.

The Properties acquired and disposed of on or after February 1, 2016 are Tokyu Bancho Building, which is to be acquired March 24, 2016 and Tokyu Saginuma Building, which is to be disposed of March 24, 2016.

• 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

July 11, 2011	Notice Concerning Commitment Line
July 11, 2012	Notice Concerning Amendment and Establishment of Commitment Line Agreement
July 11, 2013	Notice Concerning Amendment and Establishment of Commitment Line Agreement
July 11, 2014	Notice Concerning Amendment to Commitment Line Agreement
July 10, 2015	Notice Concerning Amendment to Commitment Line Agreement