



# NEWS RELEASE

Mar 8, 2010

## R&I Assigns A: Tokyu Corp. Shelf Reg.

Rating and Investment Information, Inc. (R&I) has announced the following:

**ISSUER:** Tokyu Corp. (Sec. Code: 9005)  
**Preliminary Rating for the Shelf Registration (Bonds)**

**R&I RATING:** **A (Assigned)**

### **RATIONALE:**

Tokyu Corp. is the core company of the Tokyu Group and mainly operates in the southwestern part of Tokyo as well as in northern Kanagawa. Populations are rising in its local areas, and its railway lines including the Toyoko and Den-en-toshi lines have large demand for passenger traffic. As such, Tokyu has high transportation efficiency. Also, Tokyu's real estate sales business should withstand a decline in land prices as the book value of most of its for-sale lands is low. That said, the economic downturn has had a significant impact on its businesses, particularly department store and hotel operations. Backed by its favorable operational base, Tokyu will be able to maintain decent profits and cash flow in R&I's view. Attention is required, however, for its diversified businesses.

As of the end of March 2009, the net debt to EBITDA ratio was nearly 8x, remaining at a manageable level. In addition to projects aimed at beefing up its railway transport capacity, Tokyu has been working on multiple large-scale urban development projects simultaneously. As such, large investments will continue for the next 2-3 years. With cash flow being squeezed, increasing debt is a concern. Nevertheless, R&I expects Tokyu's financial profile to improve in the medium term as many of its development projects are in good locations, including Shibuya and Nagatacho.

The primary rating methodology applied to this rating is provided at "Basic Methodologies for R&I's Credit Rating". The methodology is available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/rating/rating/methodology.html>

### **R&I RATINGS:**

**ISSUER:** Tokyu Corp. (Sec. Code: 9005)  
**ISSUE:** Preliminary Rating for the Shelf Registration (Bonds)  
Issue Amount: Yen 120,000 million (Shelf Amount)  
Issue Period: Two years from Mar 8, 2010

**R&I RATING:** **A (Assigned)**

Formal rating will be assigned to individual bonds issued under the scheme on confirmation of the issuing contract and the purpose for which the funds will be used, etc.

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**ISSUER RATING:**           A  
**RATING OUTLOOK:**      Stable

In principle, an Issuer Rating is R&I's opinion on an issuer's overall capacity to repay its financial obligations as agreed and is assigned to all issuers. The rating of individual obligations includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than the Issuer Rating.

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