



Kasumigaseki Tokyu Building



Activia Properties Inc.



(Code : 3279/API)

Supplementary Material on Press Release Announced Today
"Notice of Disposition of Asset (Tokyu Plaza Ginza (Land)) and
Acquisition of Asset and Lease Contract with New Tenants
(Kasumigaseki Tokyu Building)"

March 3, 2023



TLC REIT Management Inc.

Purpose and Effect of the Replacement

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- Strengthen portfolio with **main purpose of improving earnings** through asset replacement with **Tokyu Plaza Ginza (Land)**
- **Acquire a Tokyo office in excellent location and with high quality by leveraging sponsor support**

1. Purpose and Effect of the Replacement

- ✓ Measure to **improve underlying earning capability** capturing changing market environment following the covid-19 pandemic and other factors

TO-23 Kasumigaseki
Tokyu Building



Acquisition yield (Note)

3.5%

Anticipated
acquisition price

¥**30.6**bn

UR-16 Tokyu Plaza
Ginza (Land)
*30% co-ownership
interest



NOI yield

2.5%

Anticipated
disposition price

¥**39.0**bn



(Note) Acquisition yield is the NOI based on the direct capitalization method divided by the anticipated acquisition price.

2. Outline of the Asset to be Disposed of (anticipated disposition date: April 5, 2023)

Location	Ginza, Chuo-ku, Tokyo
Anticipated acquisition price	¥39,000 million (30%)
Appraisal value	¥39,000 million (30%)
Assumed book value	¥37,895 million (30%)
Difference between anticipated disposition price and assumed book value	¥1,104 million
Anticipated disposition date	April 5, 2023
Acquirer	SPADE HOUSE Limited Liability Company

The entire anonymous association (*tokumei kumiai*) interest in SPADE HOUSE held by sponsor will be sold to a disinterested third party

3. Use of Gain on sale and surplus

- ✓ **The capital gain will be added to our internal reserve and we will flexibly use it to secure future stable DPU**

Overview of the Anticipated Asset ~ Kasumigaseki Tokyu Building ~ 3

- The area is **the heart of the executive, legislative and judicial branches of the Japanese government** and also **highly recognized as office district**
- **A medium-scale office building equipped with the same level of specifications as large buildings**

1. Outline of the Anticipated Asset (anticipated acquisition date: March 28, 2023)

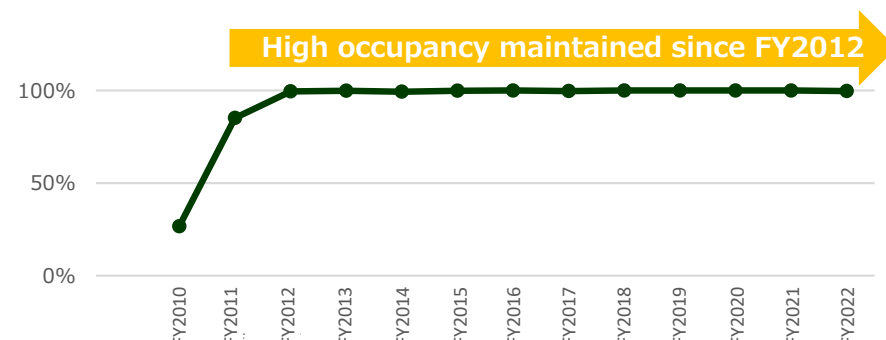
TO-23 Kasumigaseki Tokyu Building



2. Key factors in the acquisition

- **High traffic convenience** with access to 4 Tokyo metro stations and 4 lines
- **Meeting a wide range of tenants** including government agencies and general companies
- **High stability** with the average occupancy rate for last 10 years of **99% level**
- **Internal growth potential** by leveraging **rent gap**
- Already switched to **100% renewable energy-derived electricity**

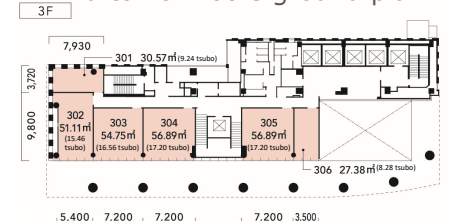
<Occupancy rate based on contracted area for entire building>



<5th floor and above ground plan>



<2nd to 4th floors ground plan>

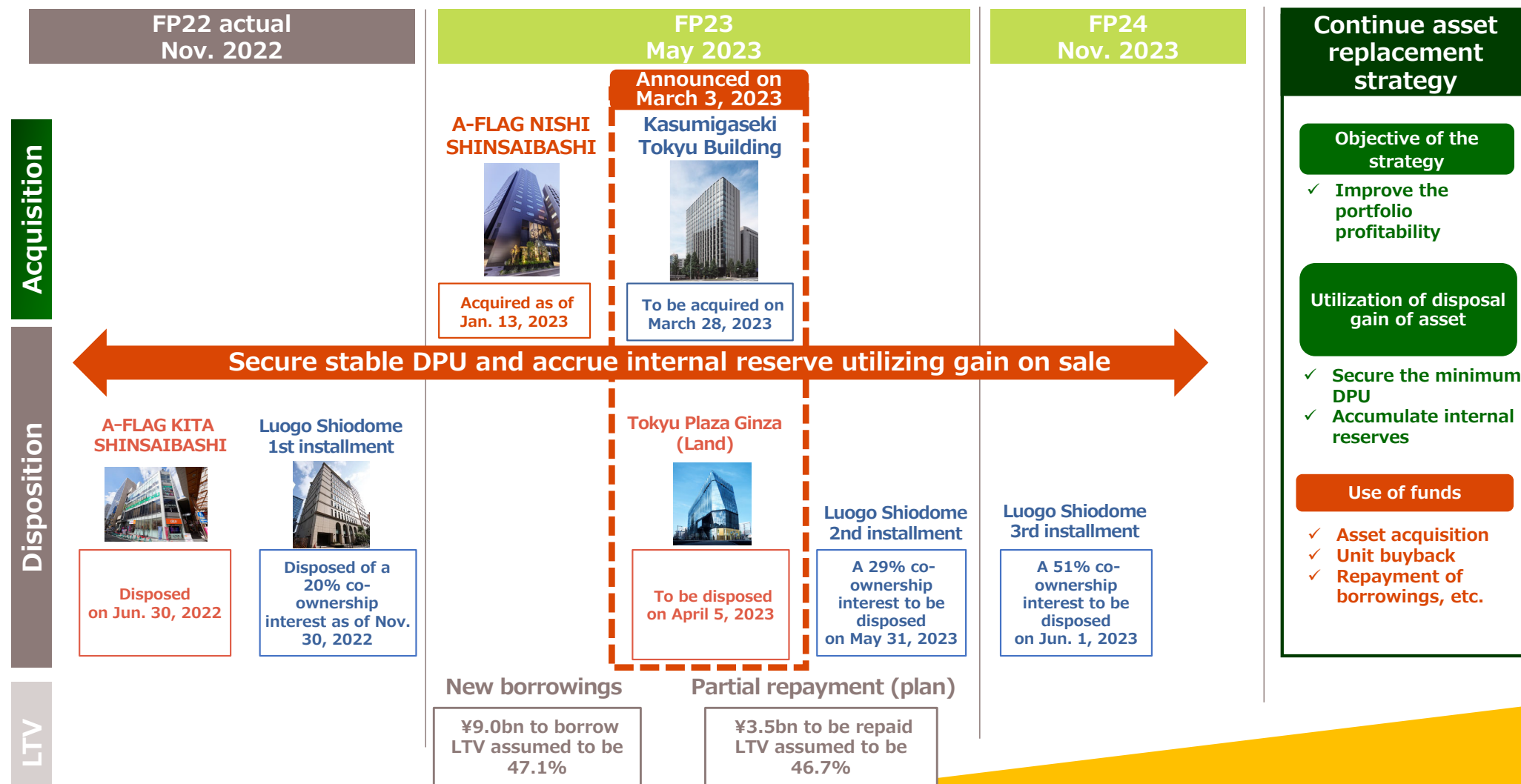


Seller	A sponsor-funded SPC	Gross floor area	18,749.04m ²
Location	Kasumigaseki, Chiyoda-ku, Tokyo	Occupancy rate	99.0%
Anticipated acquisition price	¥30,600 million	Structure	Steel frame, steel-framed concrete / 17 floors above and 1 floor underground
Appraisal value	¥31,300 million	Standard floor area	5th floor and above: approx. 250 tsubo *dividable into sections 2nd to 4th floors: 8 to 28 tsubo
Acquisition yield	3.5%	ML/PM	Tokyu Land Corporation
Building completion (Age)	October 2010 (approx. 13 years old)		

Asset Replacement Strategy for Medium- To Long-Term Growth

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- **Capital gain and cash from the asset replacement will be used in line with future asset replacement strategy**
- We will consider reshaping our long-term portfolio strategy, **continuing asset replacements to improve profitability** in the FP24 ending November 2023 and onwards



Improve profitability and financial stability through asset replacements