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FOR IMMEDIATE RELEASE

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Notice Concerning Issuance of Investment Corporation Bonds

Activia Properties Inc. (“API”) announces today that it decided to issue the investment corporation bonds. Details are as follows.

1. Summary of investment corporation bonds

- | | |
|---|---|
| (1) Name | The Investment Corporation 4th unsecured bonds (with pari passu conditions among specified investment corporation bonds) |
| (2) Total issue amount | ¥2 billion |
| (3) Form of bond certificate | Subject to the provisions of the Act on Book-Entry Transfer of Corporate Bonds, Shares etc., bond certificates will not be issued. |
| (4) Issue price | 100 yen per 100 yen of each bond |
| (5) Redemption price | 100 yen per 100 yen of each bond |
| (6) Interest rate | 0.770% per annum |
| (7) Denomination price | ¥100 million |
| (8) Offering method | Public Offering |
| (9) Offering date | January 28, 2016 (Thursday) |
| (10) Payment date | February 3, 2016 (Wednesday) |
| (11) Collateral | Neither collateral nor guarantee is provided for bonds, and no asset has been particularly secured for bonds. |
| (12) Redemption method and date | The total amount of bonds will be redeemed on February 3, 2026. Redemption by purchase will be available any time on and after the following day of the payment date except for the case separately determined by the depository. |
| (13) Interest payment date | February 3 and August 3 every year |
| (14) Financial covenant | Negative pledge among unsecured bonds |
| (15) Credit rating | AA- (Japan Credit Rating Agency, Ltd.) |
| (16) Depository | Japan Securities Depository Center, Inc. |
| (17) Financial agent, issuing agent and payment agent | Mitsubishi UFJ Trust and Banking Corporation |
| (18) Underwriter | Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. |

2. Reasons for the issuance

In order to extend and balance the debt maturity and diversify the financing methods, API has decided to issue the Investment Corporation 4th unsecured bonds (with pari passu conditions among specified investment corporation bonds) (“the Investment Corporation bonds”).

3. Amount of funds to be raised, use of proceeds and scheduled timing of expenditure

(1) Amount of funds to be raised (estimated amount of net proceeds)

¥1,988 million

(2) Specific use of proceeds and scheduled timing of expenditure

The partial repayment of the short-term borrowings (¥2.25 billion) which will be redeemed on May 31, 2016. For further details, please refer to the “Notice Concerning Early Repayment of Funds” announced as of today.

4. Status of borrowings payable, etc. after the issuance of the Investment Corporation bonds

(1) Interest-bearing debt after the issuance of the Investment Corporation bonds

(In millions of yen)

	Before the issuance (As of January 28, 2016)	After the issuance (As of February 12, 2016) (Note 1)	Change
Short-term borrowings payable (Note 2)	4,650	2,400	Δ2,250
Long-term borrowings to be repaid within a year	20,400	20,400	0
Long-term borrowings payable (Note 2)	114,350	114,350	0
Total borrowings payable	139,400	137,150	Δ2,250
Investment corporation bonds	8,000	10,000	2,000
Total borrowings payable and investment corporation bonds	147,400	147,150	Δ250
Other interest-bearing debt	0	0	0
Total interest-bearing debt	147,400	147,150	Δ250

(Note 1) The calculation is based on the early repayment of the short-term borrowings (¥2.25 billion) on February 12, 2016.

(Note 2) Short-term borrowings payable refer to the borrowings with a maturity period of one year or less, and long-term borrowings payable refer to the borrowings with a maturity period of more than one year.

(2) Basic financing information after the issuance of investment corporation bonds

	Before the issuance (As of January 28, 2016)	After the issuance (As of February 12, 2016) (Note 1)	Change (point)
Long-term borrowing ratio (Note 2) (Note 5)	96.8%	98.4%	1.5%
Long-term borrowing ratio (excluding long-term borrowings to be repaid within a year) (Note 3) (Note 5)	83.0%	84.5%	1.5%
Fixed interest ratio (Note 4) (Note 5)	87.1%	88.6%	1.5%

(Note 1) The calculation is based on the early repayment of the short-term borrowings (¥2.25 billion) on February 12, 2016.

(Note 2) Long-term borrowing ratio is the ratio of the outstanding long-term borrowings including the portion of long-term borrowings to be repaid within a year and investment corporation bonds to the total of outstanding interest-bearing debt.

(Note 3) Long-term borrowing ratio (excluding long-term borrowings to be repaid within a year) is the ratio of the outstanding long-term borrowings (excluding the portion of long-term borrowings to be repaid within a year) and investment corporation bonds to the total of outstanding interest-bearing debt.

(Note 4) Fixed interest ratio is the ratio of the total of outstanding interest-bearing debt of fixed interest ratio to the total of outstanding interest-bearing debt and calculated after fixing the interest rate by interest rate swap agreement.

(Note 5) Figures are rounded to the first decimal place.

5. Other

There are no significant changes in the “Investment Risk” section of the securities report submitted on November 26, 2015 in relation to the risks related to the repayment of the investment corporation bonds.

*Distribution of this material: This material is distributed to the Kabuto Club; the press club for the Ministry of Land, Infrastructure, Transport and Tourism; and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

*Website of API: <http://www.activia-reit.co.jp/english>