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FOR IMMEDIATE RELEASE

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Notice Concerning Borrowing of Funds

Activia Properties Inc. (“API”) announced today that it has decided to borrow funds (the “Borrowings”). Details are as follows:

I . Borrowing ①

1. Borrowing of Funds

Long-term borrowing

Lender	Loan amount	Interest rate	Drawdown date (plan)	Due date (Note 1)	Borrowing and repayment methods, security, and guarantee
Sumitomo Mitsui Trust Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation, Mizuho Bank, Ltd., and The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6 billion yen	0.2675% + Base rate (Note 2,3)	June 13, 2016	June 17, 2024	Borrowing based on a borrowing agreement with the lenders shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
Sumitomo Mitsui Trust Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation, Mizuho Bank, Ltd., and The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6 billion yen	0.285% + Base rate (Note 2,3)	June 13, 2016	December 13, 2024	Borrowing based on a borrowing agreement with the lenders shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed

- (Note 1) If the due date is a non-business day, it shall be the following business day. If such day falls in the following month, it shall be the immediately preceding business day.
- (Note 2) The first interest payment will be made on the last day of June 2016 and the last day of each month thereafter as well as on the due date of the principal. (If the due date is a non-business day, it shall be the following business day. If such day falls in the following month, it shall be the immediately preceding business day.) The base rate applicable to the period for the calculation of the interest payable on interest payment dates is the JBA one-month Japanese Yen TIBOR as of a date two business days prior to the interest payment date immediately preceding each interest payment date. (For the first interest payment, it will be on the drawdown date.) However, if the calculation period is less than one month, the base rate will be the one corresponding to the period that will be calculated based on a method provided in the agreement. After this, API will not announce the interest rate decisions for its borrowings on a floating-rate basis. For changes in the JBA Japanese Yen TIBOR, the base rate, please check the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/>).
- (Note 3) Regarding the borrowings, in order to fix the interest rates, API will conclude interest rate swap agreements with the financial institutions on June 9, 2016.

2. Reasons for the borrowings

API will use the borrowed funds to redeem a long-term borrowing of 12 billion yen with a due date of June 13, 2016 (the “Existing Long-term Borrowing”). For the details of the Existing Long-term Borrowing, please refer to the “Notice Concerning Borrowing of Funds” on June 13, 2012.

3. Amount, use and schedule of disbursement of funds to be raised

- (1) Total amount
12 billion yen
- (2) Specific purpose of use
Redemption of the Existing Long-term Borrowing
- (3) Scheduled date of disbursement
June 13, 2016

II . Borrowing ②

1. Borrowing of Funds

Short-term borrowing

Lender	Loan amount	Interest rate	Drawdown date (plan)	Due date (Note 1)	Borrowing and repayment methods, security, and guarantee
Sumitomo Mitsui Trust Bank, Limited	3.1 billion yen	0.13% + Base rate (Note 2)	July 1, 2016	November 2, 2016	Borrowing based on a borrowing agreement with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed

Long-term borrowing

Lender	Loan amount	Interest rate	Drawdown date (plan)	Due date (Note 1)	Borrowing and repayment methods, security, and guarantee
Sumitomo Mitsui Trust Bank, Limited	4.1 billion yen	0.135% + Base rate (Note 2)	July 1, 2016	January 9, 2018	Borrowing based on a borrowing agreement with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed

(Note 1) If the due date is a non-business day, it shall be the following business day. If such day falls in the following month, it shall be the immediately preceding business day.

(Note 2) The first interest payment will be made on the last day of July 2016 and the last day of each month thereafter as well as on the due date of the principal. (If the due date is a non-business day, it shall be the following business day. If such day falls in the following month, it shall be the immediately preceding business day.) The base rate applicable to the period for the calculation of the interest payable on interest payment dates is the JBA one-month Japanese Yen TIBOR as of a date two business days prior to the interest payment date immediately preceding each interest payment date. (For the first interest payment, it will be on the drawdown date.) However, if the calculation period is less than one month, the base rate will be the one corresponding to the period that will be calculated based on a method provided in the agreement. After this, API will not announce the interest rate decisions for its borrowings on a floating-rate basis. For changes in the JBA Japanese Yen TIBOR, the base rate, please check the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/>).

2. Reasons for the borrowings

API will use the borrowed funds for a part of the acquisition cost of the real estate trust beneficiary interests in the Gotanda Sankei Building and the related expenses. For the details of the property, please refer to the “Notice of Acquisition of Asset (Gotanda Sankei Building)” as of March 31, 2016.

3. Amount, use and schedule of disbursement of funds to be raised

(1) Total amount

7.2 billion yen

(2) Specific purpose of use

A part of the acquisition price of the Gotanda Sankei Building and the related expenses

(3) Scheduled date of disbursement

July 1, 2016

III. Status of borrowings payable, etc. after the Borrowings

1. Interest-bearing debt balance after the Borrowings

(In millions of yen)

	Before the Borrowings (As of June 6, 2016)	After the Borrowings (As of July 1, 2016) (Note 1)	Change
Short-term borrowings (Note 2)	2,400	5,500	3,100
Long-term borrowings due within one year (Note 2)	26,400	26,400	0
Long-term borrowings (Note 2)	108,350	112,450	4,100
Total amount of borrowings	137,150	144,350	7,200
Investment corporation bonds	10,000	10,000	0
Total amount of borrowings and investment corporation bonds	147,150	154,350	7,200
Other interest-bearing debt	0	0	0
Total interest-bearing debt	147,150	154,350	7,200

(Note 1) Regarding a short-term borrowing of 2.4 billion yen with a due date of June 30, 2016, API plans a refinancing on the same date as its due date. However, since it has not been fixed at this point, it is not considered in the above table.

(Note 2) Short-term borrowings refer to borrowings with a maturity period of one year or less, and long-term borrowings payable refer to borrowings with a maturity period of more than one year. A long term borrowing due within one year of 12 billion yen will be repaid simultaneously with the Borrowings of 12 billion yen on June 13, 2016. As a result, the amount will decrease in long-term borrowings due within one year of 12 billion yen and will increase in the long-term borrowings of 12 billion yen. Meanwhile, since the maturity period for a long-term borrowing of 12 billion yen with a due date of June 13, 2017 will become less than a year, the amount will increase in long-term borrowings due within one year of 12 billion yen and decrease in long-term borrowings of 12 billion yen. Consequently, as for long-term borrowings due within one year, the amounts before the Borrowings and the amount after the Borrowings are shown as the same on the above table.

2. Basic financing information after the Borrowings

	Before the Borrowings (As of June 6, 2016)	After the Borrowings (As of July 1, 2016) (Note 1)	Change (point)
Long-term borrowing ratio (Note 2) (Note 5)	98.4%	96.4%	△1.9%
Long-term borrowing ratio (excluding long-term borrowings due within one year) (Note 3) (Note 5)	80.4%	79.3%	△1.1%
Fixed interest ratio (Note 4) (Note 5)	88.6%	84.5%	△4.1%

(Note 1) As for a short-term borrowing of 2.4 billion yen with a due date of June 30, 2016, API plans a refinancing on the same date as its due date. However, since it has not been fixed at this point, it is not considered in the above table.

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

(Note 3) Long-term borrowing ratio (excluding the long-term borrowings due within one year) is the ratio of the outstanding

long-term borrowings (excluding the long-term borrowings due within one 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 with fixed interest rates to the total of outstanding interest-bearing debt. The total of outstanding interest-bearing debt with fixed interest rates includes debts whose interest rates were converted into fixed interest rates by interest rate swap agreements.

(Note 5) Figures are rounded off to one decimal place.

5. Other

Regarding the risks related to the repayment of the Borrowings, there are no significant changes in the “Investment Risk” section of the securities report submitted on February 25, 2016.

*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>