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FOR IMMEDIATE RELEASE

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## Notice Concerning Concluding Interest Rate Swap Agreement

Activia Properties Inc. (“API”) announced today that it concluded interest rate swap agreements. Details are as follows.

### 1. Reason for conclusion of interest rate swap agreement

API has executed interest swap agreements to hedge the risks associated with interest rate fluctuations by converting the interest rates payable into fixed interest rates for the long-term borrowings disclosed in the “Notice Concerning Borrowing of Funds” on June 6, 2016 (the “Borrowings”).

#### <Long-term borrowing ①>

| Lender  | Loan amount   | Interest rate                | Drawdown date (plan) | Due date (Note 1) | Borrowing and repayment methods, security, and guarantee   |
|---|---------------|------------------------------|----------------------|-------------------|--|
| Sumitomo Mitsui Trust Bank, Limited,<br>Mitsubishi UFJ Trust and Banking Corporation,<br>Mizuho Bank, Ltd., and<br>The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 6 billion yen | 0.2675% + Base rate (Note 2) | 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 |

<Long-term borrowing ②>

| Lender  | Loan amount   | Interest rate               | Drawdown date (plan) | Due date (Note 1) | Borrowing and repayment methods, security, and guarantee   |
|---|---------------|-----------------------------|----------------------|-------------------|--|
| Sumitomo Mitsui Trust Bank, Limited,<br>Mitsubishi UFJ Trust and Banking Corporation,<br>Mizuho Bank, Ltd., and<br>The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 6 billion yen | 0.285% + Base rate (Note 2) | 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 interest payment 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. Details of the interest rate swap agreement

<Long-term borrowing ①>

- |                               |  |
|-------------------------------|--|
| (1) Counterparty              | Mizuho Bank, Ltd.  |
| (2) Notional principal amount | 6 billion yen  |
| (3) Interest rate             | Fixed interest rate payable at 0.06400%<br>Floating interest rate receivable will be the JBA one-month Japanese Yen TIBOR  |
| (4) Date of the agreement     | June 9, 2016   |
| (5) Commencement date         | June 13, 2016  |
| (6) Termination date          | June 17, 2024  |
| (7) Interest payment date     | 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 termination date. (If the interest payment 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) The interest rate for the long-term borrowing ① will be, in effect, fixed at 0.33150% by the conclusion of the interest rate swap agreement.

<Long-term borrowing ②>

- |                               |   |
|-------------------------------|---|
| (1) Counterparty              | Mizuho Bank, Ltd.   |
| (2) Notional principal amount | 6 billion yen   |
| (3) Interest rate             | Fixed interest rate payable at 0.08400%<br>Floating interest rate receivable will be the JBA one-month Japanese Yen TIBOR |
| (4) Date of the agreement     | June 9, 2016  |

|                           |  |
|---------------------------|--|
| (5) Commencement date     | June 13, 2016  |
| (6) Termination date      | December 13, 2024  |
| (7) Interest payment date | 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 termination date. (If the interest payment 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) The interest rate for the long-term borrowing ② will be, in effect, fixed at 0.36900% by the conclusion of the interest rate swap agreement.

### 3. Other

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

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