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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:

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 Mitsubishi UFJ Trust and Banking Corporation Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ Ltd.	1.5 billion yen	0.13% + Base rate (Note 2)	September 21, 2016	May 31, 2017	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. The Bank of Tokyo-Mitsubishi UFJ Ltd.	1.5 billion yen	0.13% + Base rate (Note 2)	September 21, 2016	June 30, 2017	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 September 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/>).

< 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. The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc.	6 billion yen	To be determined (fixed rate) (Note 2)	September 21, 2016	March 21, 2025	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. The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc.	10.5 billion yen	To be determined (fixed rate) (Note 2)	September 21, 2016	March 19, 2026	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. The Bank of Tokyo-Mitsubishi UFJ Ltd. Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc.	4 billion yen	To be determined (fixed rate) (Note 2)	October 6, 2016	April 6, 2023	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) Interest rate of the fixed rate borrowings will be announced upon the determination.

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 2 properties (anticipated total acquisition price of 22.93 billion yen) and the related expenses. For the details of the 2 properties, please refer to the “Notice of Acquisition of Asset and Lease Contract with New Tenants” as of September 7, 2016.

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

(1) Total amount

23.5 billion yen in total

(2) Specific purpose of use

A part of the acquisition cost of the real estate trust beneficiary interests in the 2 properties and the related expenses

(3) Scheduled date of disbursement

September 21, 2016 and October 6, 2016

4. 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 September 7, 2016)	After the Borrowings (As of October 6, 2016)	Change
Short-term borrowings (Note)	3,100	6,100	3,000
Long-term borrowings due within one year	26,400	26,400	0
Long-term borrowings (Note)	114,850	135,350	20,500
Total amount of borrowings	144,350	167,850	23,500
Investment corporation bonds	10,000	10,000	0
Total amount of borrowings and investment corporation bonds	154,350	177,850	23,500
Other interest-bearing debt	0	0	0
Total interest-bearing debt	154,350	177,850	23,500

(Note) 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.

(2) Basic financing information after the Borrowings

	Before the Borrowings (As of September 7, 2016)	After the Borrowings (As of October 6, 2016)	Change (point)
Long-term borrowing ratio (Note 1) (Note 4)	98.0%	96.6%	Δ1.4
Long-term borrowing ratio (excluding long-term borrowings due within one year) (Note 2) (Note 4)	80.9%	81.7%	0.8
Fixed interest ratio (Note 3) (Note 4)	86.0%	86.2%	0.2

(Note 1) 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 2) 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 3) 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 4) Figures are rounded 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 August 25, 2016.

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