

FOR IMMEDIATE RELEASE

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Notice Concerning Issuance of Investment Corporation Bonds

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

1. Summary of the investment corporation bonds

- | | |
|------------------------------|---|
| (1) Name | <p>The Investment Corporation 5th unsecured bonds (with pari passu conditions among specified investment corporation bonds) (“the 5th Investment Corporation Bonds”)</p> <p>The Investment Corporation 6th unsecured bonds (with pari passu conditions among specified investment corporation bonds) (“the 6th Investment Corporation Bonds”)</p> <p>The Investment Corporation 7th unsecured bonds (with pari passu conditions among specified investment corporation bonds) (“the 7th Investment Corporation Bonds”)</p> <p>The 5th Investment Corporation bonds, the 6th Investment Corporation bonds and the 7th Investment Corporation bonds shall be hereinafter collectively referred to as the “Investment Corporation Bonds”. In the following items, matters common to each investment corporation bond are not described separately.</p> |
| (2) Total issue amount | <p>¥6 billion</p> <p>The breakdown is as follows:</p> <p>The 5th Investment Corporation Bonds ¥4 billion</p> <p>The 6th Investment Corporation Bonds ¥1 billion</p> <p>The 7th Investment Corporation Bonds ¥1 billion</p> |
| (3) Form of bond certificate | <p>Subject to the provisions of the Act on Book-Entry Transfer of Corporate Bonds, Shares etc., the investment bond certificates will not be issued for the Investment Corporation Bonds.</p> |
| (4) Issue price | ¥100 per ¥100 of each bond |
| (5) Redemption price | ¥100 per ¥100 of each bond |
| (6) Interest rate | <p>The 5th Investment Corporation Bonds 0.001% per annum</p> <p>The 6th Investment Corporation Bonds 0.480% per annum</p> <p>The 7th Investment Corporation Bonds 0.810% per annum</p> |
| (7) Denomination price | ¥100 million |
| (8) Offering method | Public Offering |

(9) Offering date	January 27, 2017 (Friday)
(10) Payment date	February 2, 2017 (Thursday)
(11) Collateral	Neither collateral nor guarantee is provided for the Investment Corporation Bonds, and no asset has been particularly secured for the Investment Corporation Bonds.
(12) Redemption method and date	<p>The total amount of bonds will be redeemed on following dates:</p> <p>The 5th Investment Corporation Bonds January 31, 2020</p> <p>The 6th Investment Corporation Bonds February 2, 2027</p> <p>The 7th Investment Corporation Bonds February 2, 2032</p> <p>Redemption by purchase of the Investment Bonds by API will be available any time on and after the following day of the payment date, unless otherwise determined by the depository.</p>
(13) Interest payment date	<p>February 2 and August 2 every year</p> <p>(For the 5th Investment Corporation Bonds' interest payment for the period commencing on and including August 3, 2019 and ending on and including January 31, 2020, the redemption date, the interest payment date will be on January 31, 2020)</p>
(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) Fiscal agent, issuing agent and paying agent	Mitsubishi UFJ Trust and Banking Corporation
(18) Underwriter	<p>The 5th Investment Corporation Bonds</p> <p>SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd., Mizuho Securities Co., Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>The 6th Investment Corporation Bonds</p> <p>SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., Daiwa Securities Co. Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>The 7th Investment Corporation Bonds</p> <p>SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd., and Nomura Securities Co., Ltd.</p>

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 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)

¥5,968 million

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

Part of the funds raised will be used for partial early repayment of the short-term borrowings (¥7.8 billion) which will be redeemed on May 31, 2017 and June 30, 2017 ("Existing Short-term Borrowings"). For further details, please refer to the "Notice Concerning Partial 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 27, 2017)	After the issuance (As of February 10, 2017) (Note 1)	Change
Short-term borrowings payable (Note 2)	7,800	1,800	Δ6,000
Long-term borrowings to be repaid within a year	26,000	26,000	0
Long-term borrowings payable (Note 2)	133,350	133,350	0
Total borrowings payable	167,150	161,150	Δ6,000
Investment corporation bonds	10,000	16,000	6,000
Total borrowings payable and investment corporation bonds	177,150	177,150	0
Other interest-bearing debt	0	0	0
Total interest-bearing debt	177,150	177,150	0

(Note 1) The figures are based on assumption that partial early repayment of part of the Existing Short-term Borrowings (¥6,000 million) will be made on February 10, 2017.

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

(2) Basic financing information after the issuance of the Investment Corporation Bonds

	Before the issuance (As of January 27, 2017)	After the issuance (As of February 10, 2017) (Note 1)	Change (point)
Long-term borrowing ratio (Note 2) (Note 5)	95.6%	99.0%	3.4
Long-term borrowing ratio (excluding long-term borrowings to be repaid within a year) (Note 3) (Note 5)	80.9%	84.3%	3.4
Fixed interest ratio (Note 4) (Note 5)	89.9%	93.3%	3.4

(Note 1) The figures are based on assumption that partial early repayment of part of the Existing Short-term Borrowings (¥6,000 million) will be made on February 10, 2017.

(Note 2) The 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) The 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) The fixed interest ratio is the ratio of the total of outstanding fixed-rate interest-bearing debt, including liabilities whose interest rates are fixed through interest rate swap agreements, to the total of outstanding interest-bearing debt.

(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 registration report submitted on November 14, 2016 in relation to the risks related to the redemption 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>