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FOR IMMEDIATE RELEASE

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## Notice of Acquisition and Disposition of Assets and Lease Contract with New Tenants (Tamachi East Building and Tokyu Plaza Akasaka)

Activia Properties Inc. (“API”) announces that TLC REIT Management Inc. (“TRM”), to which API entrusts its asset management operations, decided to acquire (the “Acquisition”) and lease an asset (the “Lease”), and dispose of an asset (the “Disposition”) (hereinafter the Acquisition and the Disposition are collectively referred to as the “Replacement”) today.

Under Article 201-2 of the Act on Investment Trusts and Investment Corporations (“ITA”) and the internal rules regarding transactions with related parties of TRM, TRM has obtained API’s approval for the above transactions at API’s board of directors meeting. Details are as follows.

### 1. Overview of the Replacement

#### (1) Overview of the Acquisition

- ① Property name : Tamachi East Building
- ② Asset to be acquired : The trust beneficiary interest in a property (Tamachi East Building) as a trust asset (the “Anticipated Asset”)
- ③ Acquisition price : ¥6,800 million  
(excluding expenses for the acquisition, consumption tax, etc.)
- ④ Date of purchase contract : May 21, 2021 (plan)
- ⑤ Date of acquisition : October 29, 2021 (plan)
- ⑥ Seller of property : CANAL INVESTMENT
- ⑦ Funds for acquisition : Proceed from the Disposition (plan)
- ⑧ Settlement method : Total amount to be paid at the time of delivery

## (2) Overview of the Disposition

- ① Property name : Tokyu Plaza Akasaka
  - ② Asset to be disposed of : The 50% co-ownership trust beneficiary interest in a property (Tokyu Plaza Akasaka) as a trust asset (the “Asset to be Disposed of”)
  - ③ Disposition price : ¥11,800 million  
(excluding expenses for the disposition, consumption tax, etc.)
  - ④ Book value (Note) : ¥11,537 million
  - ⑤ Difference between anticipated disposition price and book value : ¥262 million
  - ⑥ Date of sales contract : May 21, 2021 (plan)
  - ⑦ Date of delivery : October 29, 2021 (plan)
  - ⑧ Acquirer of property : Exsim Limited Liability Company
  - ⑨ Purpose of use of funds raised by the Disposition : Proceeds will be used for the Acquisition, distributions and future acquisition, etc. (plan)
  - ⑩ Settlement method : Total amount to be received at the time of delivery
- (Note) Anticipated book value as of October 29, 2021.

## 2. Reasons of the Acquisition, the Lease and the Disposition

In accordance with the subjects and policies of asset management stipulated in its bylaws, API will conduct the Replacement with aim to reinforce its portfolio. We expect that our portfolio reinforces its strength by flexibly disposing of a retail property comprised mainly of a hotel suffering decreased profitability due to the COVID-19 impact and acquiring an additional Tokyo Office property located in the target investment area to secure the profitability. Further, the remaining proceeds from the Replacement will be used to finance future acquisition, etc. with aim to improve cash distributions. The Replacement will be conducted as a part of the “asset recycling model”, enabled by leveraging the support of Tokyu Land Corporation (“TLC”), our sponsor, and we will continue to work for maximization of the unitholder value through various measures with the support from TLC.

Following the Replacement, the portfolio will consist of 44 properties with an approximate anticipated total acquisition price of ¥504.5 billion (plan).

API judges that the lessees of the Anticipated Asset satisfy the criteria for the selection of tenants stated in the “Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties” set by TRM on February 26, 2021.

For the details of the Acquisition, the Lease and the Disposition, please see below.

### (1) Acquisition and Lease of Tamachi East Building

#### ① Location

Located at a 2-minute walk from Tamachi Station on the JR Yamanote line and Keihin-Tohoku Line, and a 5-minute walk from Mita Station on the Toei Asakusa Line and Mita Line, the property enjoys great access to central Tokyo. Recently, in the Tamachi area where the property is located, redevelopment progresses and new facilities have been built including “msb Tamachi”, a mixed-purpose facility comprised of a hotel, offices and commercial facilities, and others serving to provide people working in the area with convenience, such as hotels, restaurants & bars, gyms, etc. Further increase in demand of the area as a business hub is expected in line with several urban redevelopment projects including the Tokyo Tech Tamachi Campus Redevelopment Project in which TLC takes part.

② Characteristics of the property

The property is an office building which has ten floors above ground, made of steel-framed reinforced concrete, with residential apartments from eighth to tenth floor. The office's standard floor features a total leasable area of an approximately 157 tsubo with a ceiling height of 2,700 mm and a 100 mm sub-floor cavity for OA connection, equipped with individual air conditioning units. The property offers well-appointed offices equivalent to those of the new buildings in the neighborhood.

Located at the corner of the avenue in front of the east exit of Tamachi Station, the property has an excellent connectivity towards and a great visibility from the station. As the north and west sides of the building face the avenue while the south side is open to a river, the property is well lit and enjoys excellent views, which contributes to its competitiveness.

(2) Disposition of Tokyu Plaza Akasaka

Tokyu Plaza Akasaka is a multi-purpose building comprised of a hotel, commercial facilities and offices facing the Akasaka Mitsuke crossing. We acquired this property at IPO in June 2012 and continued the management operation since then.

With Tokyu Hotels Co., Ltd., the main tenant of the property, API has had a discussion on the lease renewal from November 1, 2021. Although, given the lowered profitability of the hotel due to the COVID-19 impact, we renewed the agreement with a reduced rent as disclosed today in the "Notice Concerning the Conclusion of a Lease Agreement on Owned Property (Tokyu Plaza Akasaka)".

In consideration of that the agreement will significantly decrease the profitability of the property and a recovery in the medium term will be uncertain, and that the 51-year aged building will require increased expenses for maintenance, etc., API decided to dispose of the property and has entered into discussion with TLC which is the other holder of the trust beneficiary co-ownership interests in the property. In consequence, API decided to conduct the Replacement as it can expect improvement in the profitability and reinforcement of the portfolio.

API plans to obtain a preferential negotiating right from the acquirer of the property for the acquisition of the new property when the building will be reconstructed, which will secure the future opportunity for external growth.

3. Overview of the Anticipated Asset and the Asset to be Disposed of

(1) Outline of the Anticipated Asset and the scheduled lease

Property name		Tamachi East Building
Specified asset category		Trust beneficiary interest
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust establishment date		January 31, 2002
Trust maturity date		October 31, 2031
Transportation		2-minute walk from Tamachi Station on the JR Yamanote Line and Keihin-Tohoku Line, 5-minute walk from Mita Station on the Toei Asakusa Line and Mita Line
Location (address)		2-16, Shibaura 3-chome, Minato-ku, Tokyo
Land	Location	12-3, 12-6, Shibaura 3-chome, Minato-ku, Tokyo (Note 1)
	Building to land ratio	88.42% (Note 2)
	Plot ratio	573.30% (Note 3)
	Use district	Commercial district, quasi-industrial district
	Land area	970.13 m <sup>2</sup> (Note 1)
	Ownership	Ownership

Building	Completion date	April 9, 2003 (Note 1)
	Structure	Steel frame, steel-framed reinforced concrete / 10 floors above and 1 floor underground (Note 1)
	Registered usage	Office, residence and parking (Note 1)
	Gross floor area	6,065.08 m <sup>2</sup> (Note 1)
	Parking facility	17 vehicles
	Ownership	Ownership
Property management company		Tokyu Community Corp. (plan) (Note 4)
Master lessee		Tokyu Community Corp. (pass-through) (plan) (Note 4)
Acquisition price		¥6,800 million
Appraisal value (Date of value estimate)		¥7,130 million (March 31, 2021)
Appraisal agency		Japan Valuers Co., Ltd.
Earthquake PML		7.2% (According to an earthquake PML report of Sompo Risk Management Inc.)
Hypothecation		None
Lease overview (Note 5)		
	Total leasable area	4,288.88 m <sup>2</sup>
	Total leased area	4,235.81 m <sup>2</sup>
	Occupancy rate	98.8%
	Number of tenants	24
	Annual rent	¥328 million
	Expected NOI	¥260 million
	Tenant leasehold and security deposits	¥310 million
Remarks		Property line of the vision clearance setback area in the western corner is not confirmed (owner: Minato-ku, Tokyo). Boundary confirmation procedure will be taken under the responsibility and at the expense of the previous owner before the acquisition date.
(Note 1) The data is based on the registry.		
(Note 2) The figure includes the margin since the building receives the margin due to the fire-resistant building on fire prevention district.		
(Note 3) The figure includes the margin since the building receives the margin due to the integrated design system.		
(Note 4) Tokyu Community Corp. to which API outsources master lessee and property management, is a related party of TRM under “Rules Regarding Related-party Transactions”, the internal rules of TRM. Therefore, in accordance with the Rules Regarding Related-party Transactions, TRM has obtained resolution at the compliance committee and the investment committee, following deliberation of each committee.		
(Note 5) The figures are estimates at the anticipated date of acquisition (October 29, 2021) as of May 21, 2021.		

(2) Outline of the Asset to be Disposed of

Property name		Tokyu Plaza Akasaka
Specified asset category		Trust beneficiary interest
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust establishment date		September 8, 1999
Trust maturity date		June 30, 2022
Transportation		1-minute walk from Akasaka-mitsuke Station on the Tokyo Metro Ginza Line, Marunouchi Line, 1-minute walk from Nagatacho Station on the Tokyo Metro Yurakucho Line, Hanzomon Line, and Namboku Line
Location (address)		14-3, Nagatacho 2-chome, Chiyoda-ku, Tokyo
Land	Location	20-9, Nagatacho 2-chome, Chiyoda-ku, Tokyo (Note 1)
	Building to land ratio	100.00% (Note 2)
	Plot ratio	700.00% / 500.00% (Note 3)
	Use district	Commercial district
	Land area	5,103.57 m <sup>2</sup> (Note 1, 4)
	Ownership	Ownership (50% co-ownership interest)

Building (Note 5)	Completion date	September 10, 1969 (Note 1)
	Structure	Steel-framed reinforced concrete /14 floors above and 3 floors underground (Note 1)
	Registered usage	Hotel, office, retail and parking (Note 1)
	Gross floor area	51,491.66 m <sup>2</sup> (Note 1)
	Parking facilities	146 vehicles
	Ownership	Ownership (50% co-ownership interest)
Property management company		Tokyu Land Corporation
Master lessee		Tokyu Land Corporation (pass-through)
Disposition price		¥11,800 million
Appraisal value (Date of value estimate)		¥10,800 million (March 31, 2021)
Appraisal agency		Tanizawa Sogo Appraisal Co., Ltd.
Earthquake PML		3.6% (According to an earthquake PML report of Sampo Risk Management Inc.)
Hypothecation		None
Lease overview (Note 6)		
	Total leasable area	16,609.75 m <sup>2</sup> (Note 7)
	Total leased area	16,131.57 m <sup>2</sup> (Note 7)
	Occupancy rate	97.1% (Note 7)
	Number of tenants	90
	Annual rent	¥916 million (Note 7)
	Expected NOI	¥272 million (Note 7)
	Tenant leasehold and security deposits	¥365 million (Note 7)
Remarks	<ul style="list-style-type: none"> <li>• At the time of construction of the property, building had met the standard floor area ratio, but due to the implementation of the urban planning road after the building was completed, a part of the site of the property was disposed to the government of Tokyo to be used as a road between 1979 and 1991. As a result, the floor area ratio of the building does not meet the standard floor area ratio currently.</li> <li>• Holders of the co-ownership interest in the property agreed the following: If a holder of the co-ownership interest in the property has intention to dispose of the interest, the party shall notify in advance other holders of co-ownership interest of its intention and, upon consent, may sell the interest to the holders with purchase intention.</li> </ul> <p>If there is no mutual consent and the said holder of co-ownership agrees that the disposition is held to a third party, the holder shall notice once again other holders the condition of the disposition. In the case there is a holder of the co-ownership interest who has intention to acquire the interest under the same condition, the interest is to be sold to the holder.</p> <ul style="list-style-type: none"> <li>• API plans to obtain a preferential negotiation right for the property from the acquirer of the property when the building will be reconstructed in the future.</li> </ul>	
(Note 1) The data is based on the registry.		
(Note 2) The figure includes the margin since the building receives the margin due to the fire-resistant building on fire prevention districts.		
(Note 3) The area within 20m from the street boundary of the national Route 246 and the Tokyo Route 405 is 700.00% and over 20m is 500.00%.		
(Note 4) Includes the lot of approximately 284 m <sup>2</sup> used as part of a road as stipulated in Article 42 Paragraph 1 of the Building Standards Act.		
(Note 5) A seismic retrofitting work has been carried out. In March 2009, a building diagnosis was conducted and the first-class architect office of KAJIMA CORPORATION confirmed that it complies with the seismic retrofitting regulations stipulated in the law concerning the promotion of seismic retrofit of buildings and with the notification of the Ministry of Land, Infrastructure, Transport and Tourism that it is equivalent in terms of safety against earthquake.		
(Note 6) As of November 30, 2020, except the expected NOI which reflects the information provided in the "Notice Concerning the Conclusion of a Lease Agreement on Owned Property (Tokyu Plaza Akasaka)" disclosed today.		
(Note 7) The figures provided reflect our anticipated pro rata share of the 50% co-ownership interest.		

#### 4. Profile of the seller and acquirer

##### (1) Outline of the seller (Tamachi East Building)

Name	CANAL INVESTMENT
Address	Sakura & Co., 11, Jinbocho 1-chome, Chiyoda-ku, Tokyo
Management	Shigeru Sugimoto
Amount of capital	¥3 million
Establishment	November 2, 2001
Net assets	- (Note)
Total assets	- (Note)
Major shareholder	- (Note)
Business description	<ol style="list-style-type: none"> <li>1. Acquisition, possession and disposal of real estate trust beneficiary interest</li> <li>2. Acquisition, possession, disposal, leasing and management of real estate</li> <li>3. Any other related businesses to each item listed above</li> </ol>
Relationships with API and TRM	
Capital relationship	Canal Investment is a SPC, in which TLC, the 100% parent company of TRM, holds anonymous association ( <i>tokumei kumiai</i> ) interests.
Personnel relationship	None
Business relationship	None
Related party status	CANAL INVESTMENT is not a related party of API but is a related party of TRM under TRM's internal policies. Also, CANAL INVESTMENT is a related party defined under the ITA.

(Note) Not disclosed because the seller approval was not obtained.

##### (2) Outline of the acquirer (Tokyu Plaza Akasaka)

Name	Exsim Limited Liability Company
Address	Nihonbashi 1-chome Building, 4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
Management	Takanori Mishina
Amount of capital	¥1 million
Establishment	March 2, 2021
Net assets	- (Note)
Total assets	- (Note)
Major shareholder	- (Note)
Business description	<ol style="list-style-type: none"> <li>1. Acquisition, possession, disposal, lease and management of real estate trust beneficiary interests</li> <li>2. Acquisition, disposal, leasing, management, and possession of real estate</li> <li>3. Any other related businesses to each item listed above</li> </ol>
Relationships with API and TRM	
Capital relationship	Exsim Limited Liability Company is a SPC, in which Tokyu Land Corporation, the 100% parent company of TRM, plans to hold anonymous association ( <i>tokumei kumiai</i> ) interests.
Personnel relationship	None
Business relationship	None
Related party status	Exsim Limited Liability Company is not a related party of API but is a related party of TRM under TRM's internal policies. Also, Exsim Limited Liability Company is a related party defined under the ITA.

(Note) Not disclosed because the acquirer approval was not obtained.

## 5. Status of the sellers

Acquisition of property from related parties, including special purpose companies (subsidiary companies) managed by related parties are described below. The following table indicates (1) company name, (2) relationship with the specially related parties and (3) transaction history, reasons for acquisition.

Property name (Location)	Previous owner, etc.	Second Previous owner, etc.	Third Previous owner, etc.
	(1), (2), (3) Acquisition (disposition) price Timing of acquisition (disposition)	(1), (2), (3) Acquisition (disposition) price Timing of acquisition (disposition)	(1), (2), (3) Acquisition (disposition) price Timing of acquisition (disposition)
(TO-19) Tamachi East Building (2-16, Shibaura 3- chome, Minato-ku, Tokyo)	(1) CANAL INVESTMENT (2) CANAL INVESTMENT is a SPC owned by TLC, the parent company of TRM, and for which TLC Capital Management Inc., a related party of TRM, provides asset management services (3) Land: Acquired for the purpose of development Building: Acquired for the purpose of investment	(1) Land: Tokyu Land Corporation Building: - (2) Land: Tokyu Land Corporation is the parent company of TRM Building: - (3) Land: Acquired for the purpose of development Building: -	-
	Omitted as the holding period was longer than one year	-	-
	Land: January 2002 Building: April 2003	Land: June 2001 Building: -	-

## 6. Outline of intermediary

Not applicable

## 7. Schedule of the Replacement (plan)

### (1) Schedule of the Acquisition

Determination of acquisition	May 21, 2021
Conclusion of purchase contract	May 21, 2021
Payment date	October 29, 2021
Acquisition date	October 29, 2021

(2) Schedule of the Disposition

Determination of disposition	May 21, 2021
Conclusion of sales contract	May 21, 2021
Payment reception date	October 29, 2021
Disposition date	October 29, 2021

8. Transaction with related parties

(1) Acquisition of asset

The previous owner, etc. of the Anticipated Asset is a subsidiary or similarly related party of TLC, the parent company of TRM. Such party is a related party as provided for in Article 201 of ITA, Article 123 of the Enforcement Ordinance of ITA and the "Rules Regarding Related-party Transactions", the internal rules of TRM. Therefore, TRM carried out the appropriate procedures as provided for in the rules concerning transactions with related parties in connection with the acquisition of the Anticipated Property from the party, including obtaining API's approval for the above transaction at API's board of directors meeting.

(2) Disposition of asset

The acquirer of the Asset to be Disposed of is a SPC which will be funded by TLC. Such party is a related party as provided for in Article 201 of ITA, Article 123 of the Enforcement Ordinance of ITA and the "Rules Regarding Related-party Transactions", the internal rules of TRM. Therefore, TRM carried out the appropriate procedures as provided for in the rules concerning transactions with related parties in connection with the disposition of the Asset to be Disposed of to the party, including obtaining API's approval for the above transaction at API's board of directors meeting.

(3) Conclusion of lease agreement and property management agreement

For the Anticipated Property, the trustee and Tokyu Community Corp. will enter into lease agreement and property management agreement.

Tokyu Community Corp. is a wholly owned subsidiary of Tokyu Fudosan Holdings Corporation, which is the parent company of TLC. The entity falls under the category of an interested party, etc. as defined by Article 201 of ITA and Article 123 of Order for Enforcement of ITA as well as "Rules Regarding Related-party Transactions", the internal rules of TRM. Therefore, TRM has carried out the appropriate procedures as provided for in the rules concerning transactions with related parties in order that the trustee shall outsource the property management and master lease services to the party.

< Overview of the outsourcing contractor >

Name	Tokyu Community Corp.
Address	10-1, Yoga 4-chome, Setagaya-ku, Tokyo
Management	President, Saiga Katsuhide
Amount of capital	¥ 1,653 million
Established	April 8, 1970
Business description	1. Condominium life support 2. Building management 3. Reform business

Relationships with API and TRM	
Capital relationship	Tokyu Community Corp. is a wholly owned subsidiary of Tokyu Fudosan Holdings which is the 100% parent company of the Tokyu Land Corporation, a 100% parent company of TRM.
Personnel relationship	Certain personnel have been seconded to TRM from Tokyu Community Corp.
Business relationship	The trustee has contracted the building maintenance agreements and the lease agreements and/or the property management agreements with Tokyu Community Corp. for some properties with the trust beneficiary interests held by API.
Related party status	Tokyu Community Corp. is not a related party of API but is a related party of TRM under TRM's internal rules. Also, Tokyu Community Corp. is a related party defined under ITA.

9. Item regarding forward commitment contracts, etc.

(1) Anticipated Asset and Asset to be Disposed of under forward commitment contracts, etc. (Note)

<Anticipated Asset>

Property No.	Property name	Date of purchase contract	Scheduled acquisition date
TO-19	Tamachi East Building	May 21, 2021	October 29, 2021

<Asset to be Disposed of>

Property No.	Property name	Date of sales contract	Scheduled disposition date
UR-2	Tokyu Plaza Akasaka	May 21, 2021	October 29, 2021

(Note) A forward commitment contract is defined as "a postdated purchase and sale contract under which settlement and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto".

(2) Impact on API's finance when forward commitment contracts cannot be executed

With respect to the purchase and sale contracts pertaining to the acquisition of the Anticipated Asset and the disposition of the Asset to be Disposed of, in case there are any violations by API, a seller or an acquirer concerning the provisions which have a material adverse effect on the achievement of the purpose of the purchase and sale contract, API, the seller or the acquirer can urge the seller, the acquirer or API, as applicable, to fulfill the obligation in a fixed period of time. When the seller, the acquirer or API does not correct the violations within that time frame, API, the seller or the acquirer may cancel the contract and make a claim to the seller, the acquirer or API for the penalty equivalent to up to 5% of the sale or purchase price.

However, the purchase contract pertaining to the acquisition of the Anticipated Asset into which API has entered contain certain clauses stating that API, as the acquirer, will be able to acquire the Anticipated Asset by paying the total acquisition price, only when the financing to fund for the anticipated acquisition has been completed. If such financing is not completed as of December 31, 2021, the contract will expire, which would render the above penalty clause invalid. Thus, API does not anticipate that the failure to execute of the contract due to a lack of financing will have a material negative impact on its financial condition. Also, API does not anticipate that the conditions stipulated in the contract pertaining to the Disposition will have a material impact on its financial condition as it is a seller for the disposition of the Asset to be Disposed of and has no funding risk that the acquirer assumes for fulfillment of payment obligation.

## 10. Outlook

Due to the Replacement, there will be no impact on the API's management performance for the fiscal period ending May 31, 2021 (the 19th fiscal period, from December 1, 2020 to May 31, 2021). As to the fiscal period ending November 30, 2021 (the 20th fiscal period, from June 1, 2021 to November 30, 2021), the impact on API's management performance will be minimal, and we will announce the management status for such period in the financial report for the period ending May 30, 2021 which is planned to be disclose on July 12, 2021.

## 11. Outline of appraisal reports

### (1) The Anticipated Asset

Property name	Tamachi East Building
Appraisal value	¥ 7,130 million
Appraisal agency	Japan Valuers Co., Ltd.
Date of value estimate	March 31, 2021

	Amount (million yen)	Remarks
Capitalization	7,130	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	7,280	
Operating revenue	350	
Potential gross income	365	Estimated based on receivable rent, etc. for mid-to-long term.
Loss (e.g. vacancy)	15	Estimated based on operational level for mid-to-long term.
Operating expense	86	
Maintenance expenses	25	Assessed based on the past records, etc.
Property management fee	(Note)	
Utility expenses	15	Estimated based on the past records, etc.
Repair expenses	5	Estimated based on the annual average of repair expenses on the Engineering Report (ER).
Leasing expenses	4	Recorded the amount equivalent to one month rent revenue.
Taxes and public dues	29	Estimated based on the past records, etc.
Insurance	1	Estimated with replacement cost of building.
Other expenses	5	Estimated based on the past records, etc.
NOI (Net Operating Income)	263	
Investment income from temporary deposits	3	Estimated with investment yield as 1.0%.
Capital expenditure	18	Estimated based on the annual average of capital expenditure on the Engineering Report (ER).
NCF (Net Cash Flow)	247	
Capitalization rate	3.4%	Estimated with reference to discount rate with profitability and the fluctuation risk of principal.
Value by the DCF method	6,970	
Discount rate	3.2%	Estimated with reference to a comparison with transaction cases of similar real estates, yield/interest (rate) of financial asset and the result of investor's analysis.

Terminal capitalization rate	3.6%	Estimated with reference to capitalization rate with uncertainty of the future, deterioration risk of the building, etc.
Value by the cost method	6,650	
Land ratio	93.2%	
Building ratio	6.8%	

Other facts which the appraisal agency has taken into account for the appraisal report	Nothing in particular
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(Note) By disclosing maintenance expenses and property management fee separately, the other businesses of the entrusted companies with operations for both building management and property management could be influenced. As a result, it could impede API's efficient outsourcing and harm the value for API's investors. Thus, the above shows the sum of maintenance expenses and property management fee.

(2) The Asset to be Disposed of

Property name	Tokyu Plaza Akasaka
Appraisal value	¥10,800 million
Appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.
Date of value estimate	March 31, 2021

	Amount (Note 1) (million yen)	Remarks
Capitalization	10,800	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	11,000	
Operating revenue	1,094	
Potential gross income	1,128	Estimated based on receivable rent, etc. for mid-to-long term.
Loss (e.g. vacancy)	33	Estimated based on operational level for mid-to-long term.
Operating expense	515	
Maintenance expenses	152	Estimated based on the past records, etc.
Property management fee	(Note 2)	
Utility expenses	139	Estimated based on the past records, etc.
Repair expenses	47	Estimated based on the annual average of repair expenses on the Engineering Report (ER) and similar cases.
Leasing expenses	3	Recorded the amount equivalent to one month rent revenue.
Taxes and public dues	162	Estimated based on the past records, etc.
Insurance	1	Estimated with replacement cost of building.
Other expenses	8	Estimated based on the past records, etc.
NOI (Net Operating Income)	578	
Investment income from temporary deposits	3	Estimated with investment yield as 1.0%.
Capital expenditure	111	Estimated based on the annual average of capital expenditure on the Engineering Report (ER).
NCF (Net Cash Flow)	471	
Capitalization rate	4.3%	Estimated based on transaction cases of similar real estates, with reference to discount rate with profitability and the fluctuation risk of net cash flow.

Value by the DCF method	10,700	
Discount rate	4.2%	Estimated based on return yield of offices and hotel of the property calculated with yield/interest (rate) on financial assets with reference to individual risk of the property.
Terminal capitalization rate	4.3%	Estimated based on capitalization rate with reference to marketability when the holding period by API terminates.
Value by the cost method	10,400	
Land ratio	97.0%	
Building ratio	3.0%	

Other facts which the appraisal agency has taken into account for the appraisal report	Nothing in particular
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(Note 1) Based on our anticipated *pro rata* share of the co-ownership interest (50%).

(Note 2) By disclosing maintenance expenses and property management fee separately, the other businesses of the entrusted companies with operations for both building management and property management could be influenced. As a result, it could impede API's efficient outsourcing and harm the value for API's investors. Thus, the above shows the sum of maintenance expenses and property management fee.

<Exhibits>

Exhibit 1 Outline of building condition assessment report

Exhibit 2 Photographs of the anticipated asset, a map of the area

Exhibit 3 Portfolio after the Replacement

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

Exhibit 1 Outline of a building condition assessment report

Assessment company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Date of estimate	January 13, 2021
Short-term renovation expense (thousand yen) (Note 1) (Note 2)	¥0
Long-term renovation expense (thousand yen) (Note 1) (Note 3)	¥286,840 thousand

(Note 1) The short-term renovation expense and long-term renovation expense are based on the building condition assessment report.

(Note 2) The short-term renovation expense is the total expense for renovations needed within 1 year of the date of the building condition assessment report.

(Note 3) The long-term renovation expense is the total expense for renovations needed within 12 years of the date of the building condition assessment report.

Exhibit 2 Photographs of the anticipated asset, a map of the area

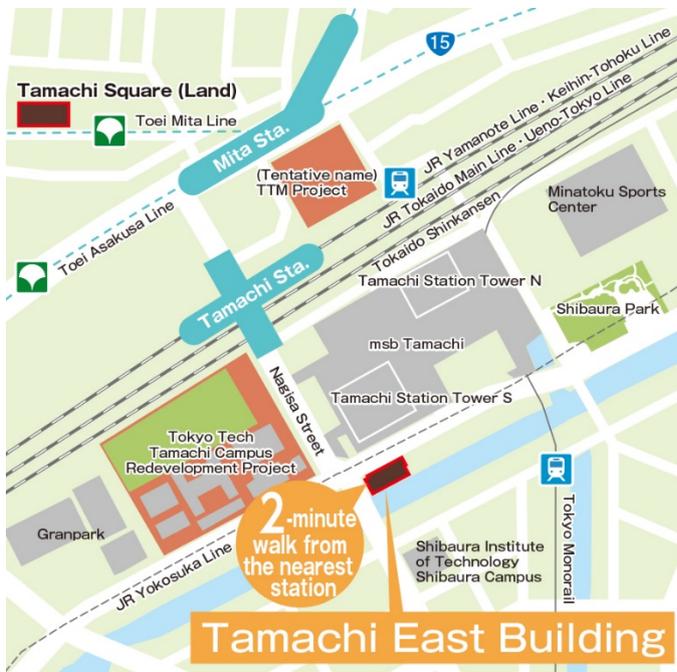


Exhibit 3 Portfolio after the Replacement

Category	Property No.	Property name	Location	(Anticipated) Acquisition date	(Anticipated) Acquisition price (Millions of yen)	Investment ratio (%) (Note 1)	
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku	Shibuya, Tokyo	June 13, 2012	45,000 (Note 2)	8.9	
	UR-3	Q plaza EBISU	Shibuya, Tokyo	June 13, 2012	8,430	1.7	
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	June 13, 2012	8,860	1.8	
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	December 19, 2013	21,330	4.2	
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	December 19, 2013	4,410	0.9	
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	December 19, 2013	6,370	1.3	
	UR-10	Q plaza SHINSAIBASHI	Osaka, Osaka	December 16, 2015	13,350	2.6	
	UR-11	A-FLAG KOTTO DORI	Minato, Tokyo	December 20, 2016	4,370	0.9	
	UR-12	A-FLAG BIJUTSUKAN DORI	Minato, Tokyo	December 2, 2016	4,700	0.9	
	UR-13	A-FLAG DAIKANYAMA WEST	Shibuya, Tokyo	January 6, 2017	2,280	0.5	
	UR-14	A-FLAG KITA SHINSAIBASHI	Osaka, Osaka	December 1, 2017	4,725	0.9	
	UR-15	DECKS Tokyo Beach	Minato, Tokyo	January 5, 2018	12,740 (Note 2)	2.5	
	UR-16	Tokyu Plaza Ginza (Land)	Chuo, Tokyo	January 10, 2019	37,500 (Note 2)	7.4	
	UR-17	Q plaza HARAJUKU	Shibuya, Tokyo	January 10, 2019	13,200 (Note 2)	2.6	
	Subtotal					187,265	37.1
	Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	June 13, 2012	7,400	1.5
		TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	June 13, 2012	9,640	1.9
TO-3		A-PLACE Yoyogi	Shibuya, Tokyo	June 13, 2012	4,070	0.8	
TO-4		A-PLACE Aoyama	Minato, Tokyo	June 13, 2012	8,790	1.7	
TO-5		Luogo Shiodome	Minato, Tokyo	June 13, 2012	4,540	0.9	
TO-6		TAMACHI SQUARE (Land)	Minato, Tokyo	June 13, 2012	2,338 (Note 3)	0.5	
TO-7		A-PLACE Ikebukuro	Toshima, Tokyo	June 13, 2012	3,990	0.8	
TO-8		A-PLACE Shinbashi	Minato, Tokyo	April 19, 2013	5,650	1.1	
TO-9		A-PLACE Gotanda	Shinagawa, Tokyo	January 10, 2014	5,730	1.1	
TO-10		A-PLACE Shinagawa	Minato, Tokyo	January 10, 2014	3,800	0.8	
TO-11		OSAKI WIZTOWER	Shinagawa, Tokyo	June 24, 2014	10,690	2.1	
TO-12		Shiodome Building (Note 4)	Minato, Tokyo	December 2, 2016	71,600 (Note 2)	14.2	
TO-13		A-PLACE Ebisu Higashi	Shibuya, Tokyo	July 29, 2015	7,072	1.4	
TO-14		A-PLACE Shibuya Konnoh	Shibuya, Tokyo	October 1, 2015	4,810	1.0	
TO-15		A-PLACE Gotanda Ekimae	Shinagawa, Tokyo	July 1, 2016	7,280	1.4	
TO-16		A-PLACE Shinagawa Higashi	Minato, Tokyo	March 16, 2017	18,800	3.7	
TO-18		Ebisu Prime Square	Shibuya, Tokyo	January 10, 2020	30,700 (Note 2)	6.1	
TO-19		Tamachi East Building	Minato, Tokyo	October 29, 2021(plan)	6,800	1.3	
Subtotal					213,700	42.4	
Subtotal of UR and TO					400,965	79.5	

Activia Account Properties	AA-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	June 13, 2012	12,000	2.4
	AA-2	icot Nakamozu	Sakai, Osaka	June 13, 2012	8,500	1.7
	AA-4	icot Mizonokuchi	Kawasaki, Kanagawa	June 13, 2012	2,710	0.5
	AA-5	icot Tama Center	Tama, Tokyo	June 13, 2012	2,840	0.6
	AA-6	A-PLACE Kanayama	Nagoya, Aichi	June 13, 2012	6,980	1.4
	AA-7	Osaka Nakanoshima Building (Note 5)	Osaka, Osaka	December 19, 2014	11,100	2.2
	AA-8	icot Omori	Ota, Tokyo	December 19, 2013	5,790	1.1
	AA-9	Market Square Sagamihara	Sagamihara, Kanagawa	January 9, 2015	4,820	1.0
	AA-10	Umeda Gate Tower	Osaka, Osaka	September 21, 2016	19,000	3.8
	AA-11	A-PLACE Bashamichi	Yokohama, Kanagawa	October 6, 2016	3,930	0.8
	AA-12	Commercial Mall Hakata	Fukuoka, Fukuoka	January 5, 2018	6,100	1.2
	AA-13	EDGE Shinsaibashi	Osaka, Osaka	January 10, 2019	19,800	3.9
	Subtotal					103,570
<b>Total</b>					<b>504,535</b>	<b>100.0</b>

(Note 1) "Investment ratio" is ratio of (anticipated) acquisition price for each property to total acquisition price rounded to the first decimal place.

(Note 2) Acquisition prices of "Tokyu Plaza Omotesando Harajuku", "DECKS Tokyo Beach", "Tokyu Plaza Ginza (Land)", "Q plaza HARAJUKU", "Shiodome Building" and "Ebisu Prime Building" are described based on their *pro rata* share of the co-ownership interests (75%, 49%, 30%, 60%, 35% and 51%, respectively).

(Note 3) Acquisition price of "TAMACHI SQUARE (Land)" is based on the acquisition price of the land as of acquisition date (June 13, 2012).

(Note 4) The acquisition date of "Shiodome Building" is the date of the third acquisition. The first acquisition date was January 9, 2015, and the second acquisition date was December 16, 2016. The acquisition price is total amount of the first, the second and the third acquisition prices (¥30,300 million, ¥20,400 million and ¥20,900 million) and the investment ratio reflects total acquisition price.

(Note 5) The Acquisition date of "Osaka Nakanoshima Building" is the date of the second acquisition. The first acquisition date was January 25, 2013. The acquisition price of "Osaka Nakanoshima Building" is total amount of the first and the second acquisition prices (¥5,250 million and ¥5,850 million) and the investment ratio reflects the total acquisition price.