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FOR IMMEDIATE RELEASE

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### Notice Concerning the Conclusion of the Lease Agreement on Owned Property

In relation to A-FLAG SAPPORO (the "Property"), Activia Properties Inc. ("API") announces that it has concluded the lease agreement (the "Agreement") below.

Details are as follows:

#### 1. Overview of the Agreement

|  |                                    |
|--|------------------------------------|
| (1) Name of the tenant   | Tokyu Hotels Co., Ltd.             |
| (2) Type of the agreement  | Fixed term                         |
| (3) Date of conclusion   | March 31, 2020                     |
| (4) Term of the lease  | November 1, 2021 to March 31, 2027 |
| (5) Leased area  | 18,891.39 m <sup>2</sup>           |
| (6) Ratio of leased area to total leasable area of the Property    | 89.0% (Note 1)                     |
| (7) Ratio of leased area to total leasable area of API's portfolio | 4.4% (Note 2)                      |
| (8) Monthly rent   | -(Note 3)                          |
| (9) Tenant leasehold and security deposits                         | -(Note 3)                          |

(Note 1) Calculated based on the total leasable area of the Property as of the release date (21,229.16 m<sup>2</sup>).

(Note 2) Calculated based on the total leasable area of API's portfolio as of the release date (425,598.29 m<sup>2</sup>).

(Note 3) Not disclosed because the tenant approval is not obtained.

#### 2. Background of the conclusion of the Agreement

Since the current fixed term lease agreement concluded with Tokyu Hotels Co, Ltd will expire on October 31, 2021, API decided to conclude the new agreement for the continuation of the lease with the tenant.

The Agreement is based on a fixed rent which can be expected to stabilize the income with a sales-linked rent component which leaves a room for growth. API believes that the conclusion of the Agreement will contribute to reinforce its portfolio.

API judges that the above tenant satisfies 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” submitted on February 28, 2020 by TLC REIT Management Inc., the Asset Manager to which API entrusts its asset management.

### 3. Outlook

Due to the conclusion of the Agreement, there will be no material impact on API’s management performance for the fiscal period ending May 31, 2020 (the 17th fiscal period, from December 1, 2019 to May 31, 2020) and the fiscal period ending November 30, 2020 (the 18th fiscal period, from June 1, 2020 to November 30, 2020).

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