

July 3, 2019

FOR IMMEDIATE RELEASE

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Notice Concerning Issuance of Investment Corporation Bonds (Green Bonds)

Activia Properties Inc. (“API”) announces that it decided today to issue investment corporation bonds (green bonds). The investment corporation bonds will be issued as green bonds which were announced in “Notice Concerning Submission of Amendment to the Shelf Registration Statement related to Issuance of Green Bonds” released on January 17, 2019. Details are as follows.

1. Summary of the investment corporation bonds (green bonds)

- | | |
|---------------------------------|---|
| (1) Name | The 10th unsecured investment corporation bonds (green bonds) (with pari passu conditions among specified investment corporation bonds) (“the Investment Corporation Bonds”) |
| (2) Total issue amount | ¥5 billion |
| (3) Form of bond certificate | 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. |
| (4) Issue price | ¥100 per ¥100 of each bond |
| (5) Redemption price | ¥100 per ¥100 of each bond |
| (6) Interest rate | 0.220% per annum |
| (7) Denomination price | ¥100 million |
| (8) Offering method | Public Offering |
| (9) Offering date | July 3, 2019 (Wednesday) |
| (10) Payment date | July 9, 2019 (Tuesday) |
| (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 | The total amount of the Investment Corporation Bonds will be redeemed on July 9, 2024.
Redemption by purchase of the Investment Corporation Bonds by API will be available any time on and after the following day of the payment date, unless otherwise determined by the depository. |
| (13) Interest payment date | January 9 and July 9 every year |
| (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 Sumitomo Mitsui Trust Bank, Limited
- (18) Underwriter Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co. Ltd. and SMBC Nikko Securities Inc.

2. Reasons for the issuance

API has decided to issue the Investment Corporation Bonds in order to extend and balance the debt maturity and diversify the financing methods. Also, through the issuance of the Investment Corporation Bonds as green bonds in accordance with the Green Bond Framework as described in “Notice Concerning Submission of Amendment to the Shelf Registration Statement related to Issuance of Green Bonds” released on January 17, 2019, API aims to further promote its sustainability initiatives and invite new investors to its investment corporation bonds by stimulating their demand who have interest in ESG investment.

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)
¥4,978 million

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

Deducting the approximate amount of expenses for issuance of ¥22 million from the total issue amount of the Investment Corporation Bonds of ¥5 billion, the estimated net proceeds will be ¥4,978 million. ¥4 billion out of the funds raised will be used on July 18, 2019 for the funds for an early repayment of the short-term borrowing of the same amount which will become due and payable on November 24, 2019 (the “Existing Short-term Borrowing①”), and the remaining amount of the funds raised will be used on July 18, 2019 for part of the funds for a partial early repayment of the short-term borrowing of ¥5 billion which will become due and payable on June 3, 2020 (the “Existing Short-term Borrowing②”). The Existing Short-term Borrowing① was used to refinance the borrowing for part of the funds to acquire Osaka Nakanoshima Building, and the Existing Short-term Borrowing② was used to refinance the borrowing for part of the funds to acquire A-PLACE Shinagawa Higashi, both of which fall into the Eligible Green Projects aligned with the Eligibility Criteria defined in “Notice Concerning Submission of Amendment to the Shelf Registration Statement related to Issuance of Green Bonds” released on January 17, 2019.

(AA-7) Osaka Nakanoshima Building



Certification for CASBEE for Real Estate 2016



S(★★★★★)

(TO-16) A-PLACE Shinagawa Higashi



Certification for CASBEE for Real Estate 2018



S(★★★★★)

For further details, please refer to “Notice Concerning Partial Early Repayments of Funds” released as of today.

4. Investors who declared intention to invest in the Investment Corporation Bonds

Listed below in alphabetical order are investors to date who declared their intention of investment in the Investment Corporation Bonds and agreed to disclose their names.

- Daitokyo Shinyokumiai
- IZAWA METAL Co., Ltd.
- Mitsubishi UFJ Trust and Banking Corporation
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- THE OITA BANK, LTD.
- The Miyazaki Taiyo Bank, Ltd.
- The Sugamo Shinkin Bank
- Wakayamaken Ishi Shinyokumiai

5. 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 July 3, 2019)	After the issuance (As of July 18, 2019) (Note 1)	Change
Short-term borrowings (Note 2)	14,000	9,000	(5,000)
Long-term borrowings to be repaid within one year (Note 2)	12,000	10,300	(1,700)
Long-term borrowings (Note 2)	194,350	196,050	1,700
Total amount of borrowings	220,350	215,350	(5,000)
Investment corporation bonds to be redeemed within one year	6,000	6,000	0
Investment corporation bonds (Note 2)	8,000	13,000	5,000
Total amount of borrowing and investment corporation bonds	234,350	234,350	0

(Note 1) The figures are based on assumption that the early repayment of part of the Existing Short-term Borrowings (5 billion yen) will be made on July 18, 2019.

(Note 2) Short-term borrowings refer to borrowings with a maturity period of one year or less, and long-term borrowings refer to borrowings with a maturity period of more than one year. Investment corporation bonds of 5 billion yen will be issued as of July 9, 2019, and an early repayment of 4 billion yen and a partial early repayment of 1 billion yen will be executed as of July 18, 2019, as stated in “3. Amount of funds to be raised, use of proceeds and scheduled timing of expenditure”. As a result, the amount of short-term borrowings will decrease by 5 billion yen and the amount of investment corporation bonds will increase by 5 billion yen. In addition, a long-term borrowing due within one year will be repaid, to the same extent as the amount of, and simultaneously with, a long-term borrowing scheduled to be made as of July 9, 2019. As a result, the amount of long-term borrowings to be repaid within one year will decrease by 1.7 billion yen and the amount of long-term borrowings will increase by 1.7 billion yen. For details of the said borrowing, please refer to the “Notice Concerning Borrowings of Funds” announced on June 20, 2019. Consequently, the amount of short-term borrowings will decrease by 5 billion yen, the amount of long-term borrowings to be repaid within one year will decrease by 1.7 billion yen, the amount of long-term borrowings will increase by 1.7 billion yen, and the amount of investment corporation bonds will increase by 5 billion yen, after the issuance as shown on the above table.

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

	Before the issuance (As of July 3, 2019)	After the issuance (As of July 18, 2019) (Note 1)	Change (point)
Long-term borrowing ratio (Note 2) (Note 5)	94.0%	96.2%	2.1
Long-term borrowing ratio (excluding the long-term borrowings to be repaid and investment corporation bonds to be redeemed within one year) (Note 3) (Note 5)	86.3%	89.2%	2.9
Fixed interest ratio (Note 4) (Note 5)	89.0%	91.1%	2.1

- (Note 1) The figures are based on assumption that the early repayment of the Existing Short-term Borrowings (¥5 billion) will be made on July 18, 2019.
- (Note 2) Long-term borrowing ratio is the ratio of the outstanding long-term borrowings (including the portion of long-term borrowings to be repaid within one year) and investment corporation bonds (including the investment corporation bonds to be redeemed within one year) to the total of outstanding interest-bearing debt.
- (Note 3) Long-term borrowing ratio (excluding the long-term borrowings to be repaid and investment corporation bonds to be redeemed within one year) is the ratio of the outstanding long-term borrowings (excluding the long-term borrowings to be repaid within one year) and investment corporation bonds (excluding the investment corporation bonds to be redeemed within one year) to the total of outstanding interest-bearing debt.
- (Note 4) 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 5) Figures are rounded to the first decimal place.

6. Other

Regarding the risks related to the redemption of the Investment Corporation Bonds, there are no significant changes in the “Investment Risk” section of the securities report submitted on February 26, 2019.

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