Activia Properties Inc.

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FOR IMMEDIATE RELEASE

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Notice Concerning Borrowings of Funds

Activia Properties Inc. ("API") announces today that it decided to borrow funds (the "Borrowings"). Details are as follows:

I. Borrowings①

1. Borrowings 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 Mizuho Bank, Ltd. MUFG Bank, Ltd.	4.1 billion yen	0.13% +Base rate (Note 2)	January 9, 2019	May 31, 2019	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 interest payment will be made on the last day of January 2019 and the last day of each month thereafter as well as on the due date of the principal. (If an 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 an interest payment date 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. However, if the base rate applicable to the calculation period doesn't exist, 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/english).

Disclaimer: This press release is an announcement by Activia Properties Inc. concerning the borrowings of funds, and has not been prepared for the purpose of solicitation for investment. Investors are asked to ensure that they read the prospectus for the issuance of new investment units, as well as any amendments thereto, prepared by Activia Properties Inc. before they invest and that they make decisions on investment at their own discretion.

< 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 Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc.	2.5 billion yen	To be determined (Fixed rate) (Note 2) (Note 3)	January 9, 2019	January 10, 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 borrowing will be announced upon the determination.
(Note 3) The interest payment will be made on the last day of July 2019 and the last days of January and July in each year thereafter as well as on the due date of the principal. (If an 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.)

2. Reasons for the Borrowings

API will use the Borrowings to redeem a short-term borrowing of 4.1 billion yen (the "Existing Short-term Borrowing") and a long-term borrowing of 2.5 billion yen (the "Existing Long-term Borrowing"), both with a due date of January 9, 2019. For the details of the Existing Short-term Borrowing, please refer to "Notice Concerning Borrowings of Funds" released on December 25, 2017, and for the details of the Existing Long-term Borrowing, please refer to "Notice Concerning Borrowing of Funds" released on December 10, 2014.

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

(1) Total amount
6.6 billion yen in total
(2) Specific purpose of use
Funds will be used to redeem the Existing Short-term Borrowing and the Existing Long-term Borrowing
(3) Scheduled date of disbursement
January 9, 2019

II. Borrowings②

1. Borrowings of Funds

< Short-term borrowings >

Lender	Loan amount	Interest rate	Drawdown date (plan)	Due date (Note 1)	Borrowing and repayment methods, security, and guarantee
Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. MUFG Bank, Ltd.	5.0 billion yen	0.13% +Base rate (Note 2)	January 10, 2019	May 31, 2019	Borrowing based on a borrowing agreement with the lenders shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed

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Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. MUFG Bank, Ltd.	5.0 billion yen	0.13% +Base rate (Note 2)	January 10, 2019	January 10, 2020	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 interest payment will be made on the last day of January 2019 and the last day of each month thereafter as well as on the due date of the principal. (If an 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 an interest payment date 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. However, if the base rate applicable to the calculation period doesn't exist, 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/english).

< Long-term borrowings >

Lender	Loan amount	Interest rate	Drawdown date (plan)	Due date (Note 1)	Borrowing and repayment methods, security, and guarantee
Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation	11.78 billion yen	0.145% +Base rate (Note 2)	January 10, 2019	July 12, 2021	Borrowing based on a borrowing agreement with the lenders shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
Development Bank of Japan Inc.	1.97 billion yen	To be determined (Fixed rate) (Note 3) (Note 4)	January 10, 2019	July 12, 2021	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 interest payment will be made on the last day of January 2019 and the last days of each month thereafter as well as on the due date of the principal. (If an 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 an interest payment date 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. However, if the base rate applicable to the calculation period doesn't exist, 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/english).

(Note 3) Interest rate of the fixed rate borrowing will be announced upon the determination.

(Note 4) The interest payment will be made on the last day of July 2019 and the last days of January and July in each year thereafter as well as on the due date of the principal. (If an 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.)

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< Long-term borrowings >

Lender	Loan amount	Interest rate	Drawdown date (plan)	Due date (Note 1)	Borrowing and repayment methods, security, and guarantee
Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation	9.64 billion yen (Note 2)	0.2725% +Base rate (Note 3)	January 10, 2019	January 11, 2028	Borrowing based on a borrowing agreement with the lenders shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
Development Bank of Japan Inc.	1.61 billion yen	To be determined (Fixed rate) (Note 4) (Note 5)	January 10, 2019	January 11, 2028	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) API will enter into an interest rate swap agreement in order to fix the interest rate as of January 8, 2019.
(Note 3) The interest payment will be made on the last day of January 2019 and the last days of each month thereafter as well as on the due date of the principal. (If an 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 an interest payment date 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. However, if the base rate applicable to the calculation period doesn't exist, 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/english).
(Note 4) Interest rate of the fixed rate borrowing will be announced upon the determination.
(Note 5) The interest payment will be made on the last day of July 2019 and the last days of January and July in each year thereafter as well as on the due date of the principal. (If an 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.)

2. Reasons for the Borrowings

API will use the Borrowings for a part of the purchase price and the related expenses of the real estate trust beneficiary interests in the three anticipated properties announced in "Notice of Acquisition and Disposition of Assets and Lease Contract with New Tenants" released on November 30, 2018.

For the details of the anticipated properties, please refer to "Notice of Acquisition and Disposition of Assets and Lease Contact with New Tenants" released on November 30, 2018.

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

(1) Total amount
35 billion yen in total
(2) Specific purpose of use
A part of the purchase price and the related expenses of the real estate beneficiary interests in the anticipated properties
(3) Scheduled date of disbursement
January 10, 2019

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III. 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 December 25, 2018)	After the Borrowings (As of January 10, 2019)	Change
Short-term borrowings (Note)	9,100	19,100	10,000
Long-term borrowings due within one year (Note)	19,600	20,900	1,300
Long-term borrowings (Note)	152,650	176,350	23,700
Total amount of borrowings	181,350	216,350	35,000
Investment corporation bonds due within one year	4,000	4,000	0
Investment corporation bonds	14,000	14,000	0
Total amount of borrowings and investment corporation bonds	199,350	234,350	35,000
Other interest-bearing debt	0	0	0
Total interest-bearing debt	199,350	234,350	35,000

(Note) "Short-term borrowings" refers to borrowings with a maturity period of one year or less, and "long-term borrowings" refers to borrowings with a maturity period greater than one year. A long term borrowing due within one year will be repaid, to the same extent as the amount of, and simultaneously with, the borrowings described in "I. Borrowings①" on January 9, 2019. As a result, the amount of long-term borrowings due within one year will decrease by 2.5 billion yen and the amount of long-term borrowings will increase by 2.5 billion yen. In addition, the amount of both short-term borrowings and long-term borrowings will increase by 10 billion yen and 25 billion yen, respectively, with the borrowings described in "II. Borrowings②" on January 10, 2019. Meanwhile, since the maturity period for a long-term borrowing of 3.8 billion yen with a due date on January 10, 2020 will become due in less than one year, the amount of long-term borrowings due within one year will increase by 3.8 billion yen and the amount of long-term borrowings will decrease by 3.8 billion yen. Consequently, the change in the amount of short-term borrowings will be 10 billion yen, the change in the amount of long-term borrowings due within one year will be 1.3 billion yen, and the change in the amount of long-term borrowings will be 23.7 billion yen, after the Borrowings as shown on the above table.

2. Basic financing information after the Borrowings

	Before the Borrowings (As of December 25, 2018)	After the Borrowings (As of January 10, 2019)	Change (point)
Long-term borrowing ratio (Note 1) (Note 4)	95.4%	91.8%	(3.6)
Long-term borrowing ratio (excluding the long-term borrowings due within one year and the investment corporation bonds due within one year) (Note 2) (Note 4)	83.6%	81.2%	(2.4)
Fixed interest ratio (Note 3) (Note 4)	95.4%	86.8%	(8.6)

(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 the investment corporation bonds (including the investment corporation

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bonds due within one year) to the total of outstanding interest-bearing debt.

(Note 2) Long-term borrowing ratio (excluding the long-term borrowings due within one year and the investment corporation bonds 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 (excluding the investment corporation bonds due within one year) 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) The figures are rounded to the first decimal place.

IV. Other

Regarding the risks related to the repayment of the Borrowings, there are no significant changes in the "Investment Risk" section of the securities registration statement submitted on November 30, 2018.

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

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