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FOR IMMEDIATE RELEASE

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Notice of Disposition of Asset (Luogo Shiodome)

Activia Properties Inc. (“API”) announces that TLC REIT Management Inc. (“TRM”), to which API entrusts its asset management operations, decided today to dispose of an asset (the “Disposition”).

Details are as follows.

1. Overview of the Disposition

(i)	Property name	: Luogo Shiodome		
(ii)	Asset to be disposed of	: Trust beneficiary interest in the property as a trust asset (the “Asset to be Disposed of”)		
(iii)	Disposition price	: ¥9,110 million in total (excluding expenses for the disposition, consumption tax, etc.)		
		(1) ¥1,822 million (20 % co-ownership interest)	(2) ¥2,642 million (29 % co-ownership interest)	(3) ¥4,646 million (51 % co-ownership interest)
(iv)	Book value (Note)	: ¥ 4,339 million in total		
		(1) ¥873 million (20 % co-ownership interest)	(2) ¥1,257 million (29 % co-ownership interest)	(3) ¥2,208 million (51 % co-ownership interest)
(v)	Difference between disposition price and book value	: ¥4,770 million in total		
		(1) ¥948 million	(2) ¥1,384 million	(3) ¥2,437 million
(vi)	Date of sales contract	: May 27, 2022 (plan)		

- (vii) Date of delivery (plan) : (1) November 30, 2022 (20 % co-ownership interest) (2) May 31, 2023 (29 % co-ownership interest) (3) June 1, 2023 (51 % co-ownership interest)
- (viii) Acquirer of property : Not disclosed because the acquirer approval was not obtained.
- (ix) Settlement method : Amount specified for each installment to be received at the time of each delivery method

(Note) Anticipated book value as of each date of delivery.

2. Reasons for the Disposition

API will conduct the Disposition with aim to improve the profitability of its future portfolio, as a part of the asset replacement strategy which is a pillar of its growth strategy. The portfolio after the Disposition will consist of 45 properties with the total acquisition price of 538.7 billion yen.

Luogo Shiodome, the Asset to be Disposed of, is a Tokyo office property located close to Shiodome Station and Shimbashi Station. API has managed the Asset to be Disposed of for almost 10 years since its IPO in June 2012. During the time, taking advantage of its superior location, the Asset to be Disposed of maintained a high occupancy rate while capturing relocation demand of affiliated companies and business partners of large corporate tenants having previously been in large-scale buildings near Shiodome Station. It has contributed API's internal growth during the growth period of the Tokyo office market enjoying a stable and high profitability.

Though, API determined the Disposition after having considered the underlying yield level and further stability and growth potential of the Asset to be Disposed of. This determination was based on the findings that to utilize the fund from the Disposition for future asset replacement will lead the enhancement of the unitholder value for the medium to long term.

Since the Disposition will be made at a total price significantly higher than the book value and appraisal value, we will control over the distribution amount by disposing of the Asset to be Disposed of in three installments, taking into consideration the future portfolio management situation, etc. We will utilize the proceeds from the Disposition to stabilize and increase the unitholder value over the medium to long term, while retaining a part of the capital gain as internal reserves and for other purposes.

API will continue its asset replacement strategy by leveraging the networks of both TRM and the sponsor.

3. Overview of the Asset to be Disposed of

Property name		Luogo Shiodome
Specified asset category		Trust beneficiary interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		March 18, 2011
Trust maturity date		June 30, 2022
Transportation		4-minute walk from Shiodome Station on the Toei Oedo Line and the Tokyo Waterfront New Transit Waterfront Line (Yurikamome) 5-minute walk from Shimbashi Station on the JR Tokaido, Yamanote, Keihin Tohoku and Yokosuka Lines, the Tokyo Metro Ginza Line, Toei Asakusa Line, and the Tokyo Waterfront New Transit Waterfront Line (Yurikamome)
Location (address)		3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo
Land	Location	51-6 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo and other (Note 1) (Note 2)

	Building to land ratio	100.00% (Note 3)
	Plot ratio	700.00%
	Use district	Commercial district
	Land area	1,134.44 m ² (Note 1)
	Ownership	Owned
Building	Completion date	July 30, 2004 (Note 1)
	Structure	Steel frame, steel framed reinforced concrete; 11 floors above and one floor underground (Note 1)
	Registered usage	Office (Note 1)
	Gross floor area	8,242.61 m ² (Note 1)
	Parking facility	28
	Ownership	Owned
Property management company		Tokyu Community Corp.
Master lessee		Tokyu Community Corp. (pass-through)
Anticipated disposition price		¥9,110 million in total
Appraisal value (Date of value estimate)		¥6,350 million (November 30, 2021)
Appraisal agency		Daiwa Real Estate Appraisal Co., Ltd.
Earthquake PML		0.3% (According to an earthquake PML report of Sompo Risk Management Inc.)
Hypothecation		None
Lease overview (Note 4)		
	Total leasable area	4,476.35 m ²
	Total leased area	3,540.65 m ²
	Occupancy rate	79.1%
	Number of tenants	5
	Annual rent	¥279 million
	Expected NOI	¥176 million
	Tenant leasehold and security deposits	¥254million
Remarks	<p>The property is anticipated to be co-owned by API and the acquirer for a period of time from November 30, 2022 to June 1, 2023 (plan). API will conclude with the acquirer an agreement on trust beneficiary co-ownership interest when the property will be co-owned.</p> <p>Under the agreement, the co-owner will be required not to dispose of the whole or a part of the trust beneficiary interests except as agreed in the sales contract pertaining to the Disposition and to have prior agreement in a written form by other parties for the creation of pledge or security interest, or disposition other than sale.</p>	
<p>(Note 1) The data is based on the registry.</p> <p>(Note 2) The lot numbers are reflected the disposal of the converted land.</p> <p>(Note 3) The figure includes the margin since the building receives the margin due to the fire-resistant building on fire prevention district.</p> <p>(Note 4) The figures are as of November 30, 2021. The expected NOI is the amount equivalent to two times the actual NOI for the period ended November 30, 2021.</p>		

4. Profile of the acquirer

As an unavoidable case, the name shall not be disclosed because the approval from the acquirer was not obtained. There is no capital, personnel or business relationship required to be stated between the acquirer and API, TRM, and the related parties or affiliates of API and TRM. Further, none of the relevant person or affiliate of the acquirer or the acquirer itself is a related party of API or TRM.

5. Outline of intermediary

(1) Outline of intermediary

Name	Tokyu Livable, Inc.		
Address	1-9-5 Dogenzaka, Shibuya-ku, Tokyo		
Management	Yoichi Ota, Representative Director and President		
Amount of capital	¥1,396 million		
Establishment	March 10, 1972		
Business Description	<ol style="list-style-type: none"> 1. Real estate brokerage (purchase/sale and leasing brokerage) 2. Seller agency (sales representation for new condominiums/houses built for sale, etc.) 3. Property sales (new condominium lots, renovation services, etc.) 		
Relationships with API and TRM			
	Capital relationship	Wholly-owned subsidiary of Tokyu Fudosan Holdings Corporation, the 100% parent of Tokyu Land Corporation, the 100% parent of TRM	
	Personnel relationship	None	
	Business relationship	None	
	Related party status	Tokyu Livable, Inc. is not a related party of API, but is a related party of TRM under TRM's internal rules and the Act on Investment Trusts and Investment Corporations ("ITA").	

(2) Breakdown and amount of intermediary fees

¥273 million in total (excluding consumption tax, etc.).

6. Schedule of the Disposition (plan)

Determination of disposition	May 27, 2022		
Conclusion of sales contract	May 27, 2022		
Payment reception date	November 30, 2022	May 31, 2023	June 1, 2023
Disposition date	November 30, 2022	May 31, 2023	June 1, 2023

7. Transaction with related parties

The intermediary for the Disposition is a wholly-owned subsidiary of Tokyu Fudosan Holdings Corporation, which is the parent of Tokyu Land Corporation, the parent company of TRM.

The intermediary is a related party as provided for in Article 201 of the ITA and Article 123 of the Enforcement Ordinance of the ITA as well as "Rules Regarding Related-party Transactions", the internal rules of TRM. Therefore, TRM carried out the appropriate procedures as provided for in the rules regarding transactions with a related party for entrusting the intermediary to that party.

8. Items regarding forward commitment contracts, etc.

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

Property No.	Property name	Date of sales contract	Scheduled disposition date
TO-5	Luogo Shiodome	May 27, 2022	November 30, 2022
			May 31, 2023
			June 1, 2023

(Note) Forward commitment contracts, etc. are 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, etc. cannot be executed

With respect to the sales contract pertaining to the disposition of the Asset to be Disposed of, in case there are any violations by API or the acquirer concerning the provisions which have a material adverse effect on the achievement of the purpose of the sales contract, API or the acquirer can urge the acquirer or API, as applicable, to fulfill the obligation in a fixed period of time. When the acquirer or API does not correct the violations within that time frame, API or the acquirer may cancel the contract and make a claim to the acquirer or API as damages, an amount equivalent to 20% of the sales price.

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.

9. Outlook

There will be no impact of the Disposition on the API’s management performance for the fiscal period ending May 31, 2022 (the 21st fiscal period, from December 1, 2021 to May 31, 2022) as the Disposition is scheduled to be made on November 30, 2022, May 31, 2023, and June 1, 2023. As to the fiscal period ending November 30, 2022 (the 22nd fiscal period, from June 1, 2022 to November 30, 2022), we may not revise the forecast of management performance as we plan to retain a part of the capital gain from the Disposition as internal reserves.

The updated forecast of management performance for the fiscal period ending November 30, 2022 (the 22nd fiscal period, from June 1, 2022 to November 30, 2022) will be announced in the Financial Report for the Fiscal Period Ending May 31, 2022, which is scheduled to be released on July 14, 2022.

10. Outline of appraisal report

Property name	Luogo Shiodome
Appraisal value	¥6,350 million
Appraisal agency	Daiwa Real Estate Appraisal Co., Ltd.
Date of value estimate	November 30, 2021

	Amount (million yen)	Remarks
Capitalization	6,350	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	6,470	
Operating revenue	346	
Potential gross income	366	Estimated based on receivable rent, etc. for a medium to long term.
Loss (e.g. vacancy)	19	Estimated based on operational level for a medium to long term.
Operating expense	109	
Maintenance expenses	26	Estimated based on the past records, etc.
Property management fee	(Note)	
Utility expenses	25	Estimated based on the past records, etc.
Repair expenses	7	Estimated based on the annual average of repair expenses on the Engineering Report (ER).
Leasing expenses	2	Estimated based on the past records, etc.
Taxes and public dues	44	Estimated based on the past records, etc.
Insurance	0	Estimated with replacement cost of building.
Other expenses	2	Estimated based on the past records, etc.
NOI (Net Operating Income)	237	
Investment income from temporary deposits	2	Estimated with investment yield as 1.0%.
Capital expenditure	13	Estimated based on the annual average of capital expenditure on the Engineering Report (ER).
NCF (Net Cash Flow)	226	
Capitalization rate	3.5%	Estimated based on transaction cases of similar real estates with reference to discount rate with profitability and the fluctuation risk of principal.
Value by the DCF method	6,300	
Discount rate	3.3%	Estimated with reference to a comparison with transaction cases of similar real estates, yield/ interest (rate) of financial assets.
Terminal capitalization rate	3.7%	Estimated based on capitalization rate with reference to marketability when the holding period by API terminates.
Value by the cost method	6,020	
Land ratio	79.6%	
Building ratio	20.4%	

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.

<Exhibit>

Portfolio after the Disposition

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

Exhibit Portfolio after the Disposition

Category	Property No.	Property name	Location	Acquisition date	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)	8.4
	UR-3	Q plaza EBISU	Shibuya, Tokyo	June 13, 2012	8,430	1.6
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	June 13, 2012	8,860	1.6
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	December 19, 2013	21,330	4.0
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	December 19, 2013	4,410	0.8
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	December 19, 2013	6,370	1.2
	UR-10	Q plaza SHINSAIBASHI	Osaka, Osaka	December 16, 2015	13,350	2.5
	UR-11	A-FLAG KOTTO DORI	Minato, Tokyo	December 20, 2016	4,370	0.8
	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	0.4
	UR-15	DECKS Tokyo Beach	Minato, Tokyo	January 5, 2018	12,740 (Note 2)	2.4
	UR-16	Tokyu Plaza Ginza (Land)	Chuo, Tokyo	January 10, 2019	37,500 (Note 2)	7.0
	UR-17	Q plaza HARAJUKU	Shibuya, Tokyo	January 10, 2019	13,200 (Note 2)	2.5
Subtotal					182,540	33.9
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	June 13, 2012	7,400	1.4
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	June 13, 2012	9,640	1.8
	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	1.6
	TO-6	TAMACHI SQUARE (Land)	Minato, Tokyo	June 13, 2012	2,338 (Note 3)	0.4
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	June 13, 2012	3,990	0.7
	TO-8	A-PLACE Shinbashi	Minato, Tokyo	April 19, 2013	5,650	1.0
	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	0.7
	TO-11	OSAKI WIZTOWER	Shinagawa, Tokyo	June 24, 2014	10,690	2.0
	TO-12	Shiodome Building (Note 4)	Minato, Tokyo	December 2, 2016	71,600 (Note 2)	13.3
	TO-13	A-PLACE Ebisu Higashi	Shibuya, Tokyo	July 29, 2015	7,072	1.3
	TO-14	A-PLACE Shibuya Konnoh	Shibuya, Tokyo	October 1, 2015	4,810	0.9
	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	3.5
TO-18	Ebisu Prime Square	Shibuya, Tokyo	January 10, 2020	30,700 (Note 2)	5.7	

	TO-19	A-PLACE Tamachi East	Minato, Tokyo	October 29, 2021	6,800	1.3
	TO-20	Meguro Tokyu Building	Shinagawa, Tokyo	September 10, 2021	16,300	3.0
	TO-21	Q plaza Shinjuku-3chome	Shinjuku, Tokyo	September 10, 2021	18,400	3.4
	TO-22	A-PLACE Shibuya Nampeidai	Shibuya, Tokyo	September 10, 2021	8,800	1.6
	Subtotal					252,660
Subtotal of UR and TO					435,200	80.8
Activia Account Properties	AA-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	June 13, 2012	12,000	2.2
	AA-2	icot Nakamozu	Sakai, Osaka	June 13, 2012	8,500	1.6
	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	0.5
	AA-6	A-PLACE Kanayama	Nagoya, Aichi	June 13, 2012	6,980	1.3
	AA-7	Osaka Nakanoshima Building (Note 5)	Osaka, Osaka	December 19, 2014	11,100	2.1
	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	0.9
	AA-10	Umeda Gate Tower	Osaka, Osaka	September 21, 2016	19,000	3.5
	AA-11	A-PLACE Bashamichi	Yokohama, Kanagawa	October 6, 2016	3,930	0.7
	AA-12	Commercial Mall Hakata	Fukuoka, Fukuoka	January 5, 2018	6,100	1.1
	AA-13	EDGE Shinsaibashi	Osaka, Osaka	January 10, 2019	19,800	3.7
	Subtotal					103,570
Total					538,770	100.0

(Note 1) "Investment ratio" is ratio of 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, 2015. 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.