



Activia Properties Inc.

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FOR IMMEDIATE RELEASE

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Notice Concerning Acquisition of Silent Partnership Interests in Domestic Real Estate

Activia Properties Inc. (the “Investment Corporation”) has today decided to acquire the assets (silent partnership interests) through TLC REIT Management Inc. (the “Asset Management Company”), which is entrusted with managing its assets, as outlined below and hereby announces this decision.

1. Overview of the Acquisition

Acquired Asset	Silent partnership interests (real estate-related assets) with beneficiary rights of a trust that holds real estate as trust assets
Name of the acquired asset	Silent Partnership Interests in Godo Kaisha Kyoto Investment
Acquisition Price (Amount of investment)	¥300,000,000(4.9%(Note) of total silent partnership interest)
Seller(investee)	Godo Kaisha Kyoto Investment
Presence of Brokerage	No
Acquisition Decision Date	10/18/2024
Contract Signing Date	10/25/2024(planned)
Acquisition Date	10/28/2024(planned)
Payment Date	10/28/2024(planned)
Acquisition funds	Cash on hand
Settlement method	Lump-sum payment upon delivery

(Note) The figures are rounded to the first decimal place. The same applies hereafter.

2. Purpose of the Acquisition

The Investment Corporation will secure external growth opportunities to enhance future distributions by investing in the aforementioned silent partnership interests. Through this investment, it will acquire priority negotiation rights over the underlying assets mentioned below. During the investment period, the Investment Corporation will receive dividend income and, within the framework of its medium- to long-term strategy, carefully assess the timing of considering acquiring the underlying assets. By securing a stable pipeline over the medium- to long-term, the Investment Corporation aims to expand its assets under management in the future, improve the quality of its portfolio through asset replacement, and enhance distributions.

*For details, please refer to the supplementary explanatory materials released on the same day.

3. Details of the Acquired Asset

(1) Details of the Silent Partnership Interest

Name of the acquired asset	Silent Partnership Interests in Godo Kaisha Kyoto Investment	
Specified asset type	Silent Partnership Interest	
Effective Period	Until October 31, 2029	
Name of the Operator	Godo Kaisha Kyoto Investment	
Details of the Silent Partnership	(After acquisition on October 28, 2024)	
	Godo Kaisha Kyoto Investment (Note 1)	
	(Assets) Real estate trust beneficiary rights, etc.: ¥23,900 million (Note 2)	(Liabilities) Senior loan: ¥13,300 million Junior loan: ¥2,000 million Mezzanine loan: ¥2,500 million
		(Net Assets) Silent partnership interest: ¥6,100 million (Note 3)
(Note 1) The asset manager of this Godo Kaisha is CBRE K.K. (Note 2) The real estate trust beneficiary rights, etc., include acquisition expenses for the underlying assets and the costs associated with the formation of the silent partnership. The real estate appraisal value by Japan Valuers Co., Ltd. is ¥24,300 million. (Note 3) Of this silent partnership interest, the Investment Corporation holds ¥300 million (4.9%). The remaining ¥5,800 million (95.1%) is expected to be invested by multiple domestic business corporations. The names of the domestic business corporations will not be disclosed as their consent has yet to be obtained. However, there are no special interests between these domestic business corporations and the Investment Corporation or the Asset Management Company. Calculation Period: Each calculation period refers to the period from February 1 to the end of April, May 1 to the end of July, August 1 to the end of October, and November 1 to the end of January of the following year (the first and last dates of each period are included in their respective periods). However, the initial calculation period will be from the initial investment date to the end of January 2025, and the final calculation period will be from the day following the end of the preceding calculation period to the termination date of this agreement (each date is included in their respective periods). If, after the start of a calculation period, the operator's business year under the Corporation Tax Act ends or is deemed to have ended before the termination date of this agreement, the calculation period will also be considered to have ended on that day. Profit and Loss Distribution: The operator's profits or losses generated during each calculation period will be allocated to the silent partners in proportion to their contribution ratio as of the calculation date. However, the silent partners will not bear any losses exceeding their investment amount, and if losses exceed those borne by the silent partners and other silent partners under this agreement or other silent partnership agreements occur, the operator will bear such losses.		
Overview of the Preferential Negotiation Rights	• Period for Exercising Preferential Negotiation Rights From October 28, 2024 (planned) to April 30, 2029 • Content of the Rights The right to negotiate for the preferential purchase of the real estate trust beneficiary rights acquired by Godo Kaisha Kyoto Investment • Other This preferential negotiation right is held by the Investment Corporation and does not obligate the Investment Corporation to acquire the trust-targeted real estate in the future.	

(2) Details of the Real Estate Trust Beneficiary Rights Constituting Partnership Property

Property name		Onyado Nono Kyoto Shichijo
Specified asset category		Trust beneficiary interest
Trustee		SMBC Trust Bank Ltd.
Trust beneficiary		Godo Kaisha Kyoto Investment
Trust establishment date		October 31, 2024(planned)
Trust maturity date		October 31, 2034(planned)
Transportation		4-minute walk from Kyoto station on the Subway Karasuma line, 7-minute walk from Kyoto station on JR lines
Location (address)		491 Zaimokucho, Shimogyo Ward, Kyoto City, Kyoto Prefecture
Land	Location	491 Zaimokucho, Shimogyo Ward, Kyoto City, Kyoto Prefecture, etc. (Note1)
	Building to land ratio	100%(Note2)
	Plot ratio	700%
	Usage restrictions	Commercial district
	Land area	2,433.99 m ² (Note1)
	Ownership	Owned
Building	Completion date	January 18, 2020(Note1)
	Structure	Steel frame, steel-framed reinforced concrete / 9 floors above and 1 floor underground (Note 1)
	Registered usage	Hotel, parking (Note1)
	Gross floor area	16,574.93 m ² (Note1)
	Ownership	Owned
Property management company		Tokyu Community Corp.
Master lessee		-
Appraisal value (Date of value estimate)		¥24,300million (Note3) (August 31, 2024)
Appraisal agency		Japan Valuers Co., Ltd.
Earthquake PML		0.8%(according to the earthquake PML report of SOMPO Risk Management Inc.)
Collateral Status		- A pledge is scheduled to be established, with the non-recourse loan lender to Godo Kaisha Kyoto Investment (the operator) as the pledgee. - A conditional mortgage is scheduled to be established in favor of the lender of a non-recourse loan to Godo Kaisha Kyoto Investment (the operator) with the condition that it becomes effective upon the termination of the trust agreement (excluding termination due to the disposition of real estate or similar events).
Lease overview		
	Total leasable area	16,831.82 m ²
	Total leased area	16,831.82 m ²
	Occupancy rate	100.0%
	Number of tenants	1
	Annual rent	-(Fixed rent contract) (Note4)
	Expected NOI	-(Note4)
	Security deposit	-(Note4)
Remarks		Not applicable.
(Note1)		The data is based on information from the property registry.
(Note2)		The figure includes the margin since the building receives the margin due to the fire-resistant building on fire prevention districts.
(Note3)		Godo Kaisha Kyoto Investment has entrusted a real estate appraisal agency with valuing the underlying real estate assets, and the appraisal value and date of valuation are stated in the real estate appraisal report that was prepared.
(Note4)		Not disclosed because the tenant approval is not obtained

4. Overview of the Operator of the Silent Partnership Contribution

(1)	Name	Godo Kaisha Kyoto Investment	
(2)	Location	1-6-15 Hirakawacho, Chiyoda City, Tokyo	
(3)	Representative	Representative Partner: SH Kyoto Investment Executing person: Takafumi Inaba	
(4)	Business Description	1.Acquisition, holding, disposition and management of trust beneficiary rights 2.Buying, selling, holding, managing and leasing real estate	
(5)	Capital	¥100,000 (as of October 18, 2024)	
(6)	Formation Date	September 6, 2024	
(7)	Total Assets	- (Note)	
(8)	Net assets	- (Note)	
(9)	Relationship Between the Investment Corporation / Asset Management Company and This Company	Capital Relationship	There is no noteworthy capital relationship between the Investment Corporation / Asset Management Company and this company. Additionally, there are no notable relationships between the Investment Corporation / Asset Management Company's stakeholders and affiliated companies and this company's stakeholders and affiliated companies.
		Personnel Relationship	
		Business Relationship	
		Status as a Related Party	This company is not considered a related party of the Investment Corporation or the Asset Management Company. Furthermore, the stakeholders and affiliated companies of this company are not considered related parties of the Investment Corporation or the Asset Management Company.

(Note) Not disclosed because the seller approval is not obtained

5. Status of the Asset Acquirer, etc.

This real estate trust beneficiary rights constituting partnership property is not being acquired from a party with any special interests related to the Investment Corporation or the Asset Management Company.

6. Overview of Brokerage

Not applicable.

7. Settlement Method, etc.

Lump-sum payment upon delivery.

8. Outlook

The impact of this acquisition on the Investment Corporation's operational performance for the fiscal periods ending November 2024 (26th fiscal period, from June 1, 2024, to November 30, 2024) and May 2025 (27th fiscal period, from December 1, 2024, to May 31, 2025) is minimal. The operational performance forecasts will not be revised.

9. Outline of appraisal report

The overview of the real estate appraisal report, prepared by the appraisal agency upon the request of Godo Kaisha Kyoto Investment for the underlying assets, is provided here. The real estate appraisal reflects the appraiser's judgment and opinion at a specific time, and it does not guarantee the validity, accuracy, or possibility of transactions at the appraised value.

Unless otherwise specified, amounts are rounded down to the nearest million yen.

Property name	Onyado Nono Kyoto Shichijo
Appraisal value	¥24,300 million
Appraisal agency	Japan Valuers Co., Ltd.
Date of value estimate	August 31, 2024

	Amount (Million yen)	Remarks
Capitalization	24,300	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	24,500	
Operating revenue		
Potential gross income		
Loss (e.g. vacancy)		
Operating expense		
Maintenance expenses		
Property management fee		
Utility expenses		
Repair expenses		
Leasing expenses		
Taxes and public dues		
Insurance		
Other expenses		
Maintenance expenses		
NOI (Net Operating Income)	862	
Investment income from temporary deposits	-	(Note)
Capital expenditure		
NCF (Net Cash Flow)	857	
Capitalization rate	3.5%	
Value by the DCF method	24,100	
Discount rate	3.3%	Estimated based on specific characteristics of the subject property with reference to a comparison with transaction cases of similar real estates, etc.
Terminal capitalization rate	3.7%	Estimated with the investment risk of the subject property, outlook of economic growth and trends in investment yield, real-estate price and rent, and a comparison with transaction cases of similar real estates, etc.
Value by the cost method	12,600	
Land ratio	73.1%	
Building ratio	26.9%	

Other facts which the appraisal agency has taken into account for the appraisal report.	Nothing in particular
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(Note) Certain information provided to Godo Kaisha Kyoto Investment's asset manager is subject to confidentiality obligations, and disclosing such information or related data could result in a breach of confidentiality, causing disadvantages to the Investment Corporation and potentially harming the interests of its investors. Therefore, such information is not disclosed.

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