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FOR IMMEDIATE RELEASE

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Notice of Acquisition of Domestic Real Estate Trust Beneficiary Interest and Lease Contract with New Tenant (A-FLAG KYOTO SHIJO)

Activia Properties Inc. ("API") announces that TLC REIT Management Inc. ("TRM"), to which API entrusts its asset management operations, has decided to acquire and lease a property (the "Acquisition").

1. Overview of the Acquisition

(i)	Property name:	A-FLAG KYOTO SHIJO (Note 1) (the "Property")
(ii)	Asset to be acquired:	The trust beneficiary interest in a property (the "Property") as a trust asset (the "Anticipated Property")
(iii)	Acquisition price:	¥11,500 million (excluding expenses for the acquisition, consumption tax, etc.)
(iv)	Date of purchase contract:	June 24, 2026 (plan)
(v)	Date of acquisition:	September 24, 2026 (plan)
(vi)	Seller of property:	- (Note 2)
(vii)	Intermediary:	Yes
(viii)	Funds for acquisition:	Cash on hand and proceeds from borrowing (plan) * A portion of the purchase price will be paid as a deposit upon execution of the purchase contract, and the balance is scheduled to be paid upon transfer of ownership. This deposit serves solely as an earnest money deposit and does not constitute a cancellation deposit or deposit for breach of contract.
(ix)	Settlement method:	Lump-sum payment of the remaining balance, after deduction of the deposit, upon delivery

(Note 1) The name of this property is currently "Ibis Styles Kyoto Shijo", but is scheduled to be renamed to the stated name after the acquisition by API. The same applies below.

(Note 2) The seller is a special purpose company in Japan, but is not disclosed because the seller's approval was not obtained. For the details of the relationships with the seller, etc., please see "4. Overview of the seller" below.

2. Reason for the anticipated acquisition and lease contract with new tenant

In accordance with the subjects and policies of asset management stipulated in its bylaws, API will implement the Acquisition to enhance its portfolio.

Asset replacement is a pillar of our growth strategy that we continually implement. The Acquisition constitutes part of the asset replacement strategy together with the anticipated disposition of “Kobe Kyu Kyoryuchi 25Bankan” (Note 1), which has already been announced, and we believe the Acquisition will improve the profitability and growth potential as well as reinforce the competitiveness of API’s portfolio.

Following the completion of the Acquisition, API’s portfolio will consist of 47 properties with an anticipated total acquisition price of 553.6 billion yen (Note 2).

API deems that the tenant of the Anticipated Property 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” set by TRM on February 26, 2026.

For the details of the Acquisition, please see below.

(Note 1) Please refer to the “Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Interest (Kobe Kyu Kyoryuchi 25Bankan)” released as of January 16, 2026.

(Note 2) Assumes the completion of the first of four planned dispositions of “Kobe Kyu Kyoryuchi 25Bankan” on May 28, 2026.

(i) Location of the property

Kyoto City, where the Property is located, is one of Japan’s leading centers of history and culture and an area with stable and robust tourism demand from both domestic and international visitors. In particular, central Kyoto City, with its concentration of historical assets and cultural facilities, attracts a large influx of tourists throughout the year, and further expansion in demand is expected going forward as inbound demand recovers. In addition, the area is characterized by the continued prospect of business demand and education-related demand, such as school excursions, owing to the concentration of universities and companies.

The Property is located within walking distance of Shijo Station on the Kyoto Municipal Subway Karasuma Line and Karasuma Station on the Hankyu Kyoto Line, offering excellent transportation convenience with easy access to major areas within the city. In addition, the property is situated near Kyoto City’s principal arterial roads, including Shijo-dori and Karasuma-dori, providing excellent access to major tourist destinations such as Gion, Nishiki Market, and the Kawaramachi area. The area is also well served by bus routes to destinations throughout the city, enabling smooth access to key sightseeing locations, including Kiyomizu-dera Temple and the Kinkaku-ji Golden Pavilion, giving the Property strong potential as a base for tourism in Kyoto. Furthermore, with numerous commercial facilities and restaurants concentrated in the surrounding area, the property is capable of supporting both tourism-related and business accommodation needs, and benefits from a highly convenient location where stable demand can be expected.

(ii) Characteristics of the property

Although compact, the guest rooms in the Property are efficiently designed, and with a room composition centered primarily on double and twin rooms, the property is able to accommodate a broad range of guests, from individual travelers to couples and foreign tourists. In addition, the property is equipped with ancillary facilities such as a breakfast venue and common spaces, enhancing its convenience for long-term stays and as a base for sightseeing.

Based on these characteristics, the Property is regarded as a highly competitive mid-scale hotel in Kyoto, an international tourist city, with the potential to secure a stable revenue base and capture demand as inbound demand recovers.

Based on the above, after comprehensively considering the Property’s locational advantages, and competitiveness of building specifications, etc., as well as the impact on the overall portfolio, we determined that the Acquisition will contribute to the enhancement of unitholder value and therefore decided to proceed with the Acquisition.

3. Overview of the Anticipated Property

Property name		A-FLAG KYOTO SHIJO
Specified asset category		Trust beneficiary interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		September 24, 2026 (plan)
Trust maturity date		September 30, 2036 (plan)
Transportation		4-minute walk from Shijo Station on the Kyoto Municipal Subway Karasuma Line 4-minute walk from Karasuma Station on the Hankyu Kyoto Line
Location (address)		8 Katsukyoyamacho, Shimogyo-ku, Kyoto-shi, Kyoto
Land	Location	8 Katsukyoyamacho, Shimogyo-ku, Kyoto-shi 723-1 and 723-2 Ayanokojidori Nishinotoin Higashi Iru Shinkamanzacho, Shimogyo-ku, Kyoto-shi (Note 1)
	Building to land ratio	100.00% (Note 2)
	Plot ratio	700.00%
	Usage restrictions	Commercial district
	Land area	916.00 m² (Note 1)
	Ownership	Owned
Building	Completion date	July 2014 (Note 1)
	Structure	Steel frame, reinforced concrete / 10 floors above ground and 1 floor underground
	Registered usage	Hotel, retail
	Gross floor area	6,193.16 m² (Note 1)
	Parking facilities	-
	Ownership	Owned
Property management company		Tokyu Community Corp. (Note 3) (plan)
Master lessee		Tokyu Community Corp. (Note 3) (plan)
Type of master lease		Pass-through (Note 3)
Acquisition price		¥11,500 million
Appraisal value (Date of value estimate)		¥11,700 million (May 31, 2026)
Appraisal agency		Japan Real Estate Institute
Earthquake PML		0.1% (according to the earthquake PML report of SOMPO Risk Management Inc.)
Hypothecation		None
Lease overview (Note 4)		
	Total leasable area	6,193.16 m²
	Total leased area	6,193.16 m²
	Occupancy rate	100.0%
	Number of tenants	2
	Annual rent (Note 5)	¥518 million Retail tenant rent (fixed rent and variable rent): - (Note 6) Hotel variable rent: GOP (Note 7) x 90%
	Expected NOI (Note 8)	¥480 million
	Security deposit (Note 9)	¥70 million
Remarks		None

(Note 1) The data is based on information from the property registry. “Gross floor area” represents the total floor area of the entire building.

(Note 2) The figure includes the margin since the building receives the margin based on Article 53, paragraph (5), item (i) of the Building Standards Act.

(Note 3) Tokyu Community Corp. is a related party of TRM under “Rules Regarding Related-party Transactions”, the internal rules of TRM. Therefore, in accordance with the Rules Regarding Related-party Transactions, TRM has obtained resolutions at the compliance committee and the investment committee regarding the lease of the Property and the outsourcing of property management for the Property to such party.

(Note 4) The figures are estimates at the anticipated date of acquisition (September 24, 2026) as of June 24, 2026.

(Note 5) “Annual rent” represents the expected annual revenue excluding special factors for the fiscal year when the property will be acquired (and is not a forecast for the current period) based on assumptions made at the time of the calculation, excluding consumption tax and rounded down to the nearest million yen. The occupancy rate is expected to be 100.0%. Usage fees for warehouses, signboards, etc. are excluded.

(Note 6) Not disclosed because the seller’s approval was not obtained.

(Note 7) “GOP” stands for Gross Operating Profit and refers to the amount remaining after deducting expenses related to hotel operations (such as personnel expenses, utilities expenses, and advertising expenses) from hotel operating revenue.

(Note 8) NOI is total real estate leasing revenues less total real estate leasing expenses. The expected NOI is expected earnings excluding special factors for the fiscal year when the property will be acquired (and is not a forecast for the current period) based on assumptions made at the time of the calculation, rounded down to the nearest million yen. The occupancy rate is expected to be 100.0%.

(Note 9) The tenant’s leasehold and security deposit is calculated based on current assumptions at the time of the calculation, rounded down to the nearest million yen.

4. Overview of the seller

Information on the seller is omitted because the seller’s approval was not obtained. The seller has no capital, personnel or business relationship with API or TRM, and is not a related party.

5. Condition of the seller

Omitted, because the Acquisition of the property is not an acquisition from a party having a special interest in API or TRM.

6. Outline of intermediary

Name		CBRE K.K.
Address		2-1-1 Marunouchi, Chiyoda-ku, Tokyo
Management		Takashi Tsuji, Representative Director, President & COO
Amount of capital		¥771 million
Establishment		February 21, 1970
Net assets for the latest fiscal year		- (Note)
Total assets for the latest fiscal year		- (Note)
Major shareholders and shareholding ratio		- (Note)
Business description		Providing comprehensive commercial real estate services to domestic and international clients
Relationships with API and TRM		
	Capital relationship	None
	Personnel relationship	None
	Business relationship	None
	Related party status	None

(Note) Not disclosed because the intermediary’s approval was not obtained.

7. Schedule of the Acquisition (anticipated)

Determination of acquisition	June 24, 2026
Conclusion of purchase contract	June 24, 2026
Settlement date	September 24, 2026
Scheduled acquisition date	September 24, 2026

8. Transaction with related parties

With respect to the Property, pursuant to the real estate lease contract and the property management agreement to be entered into between the trustee and Tokyu Community Corp., the Property will be leased to such company, and property management for the Property will be outsourced to it.

Tokyu Community Corp. is a wholly owned subsidiary of Tokyu Fudosan Holdings Corporation, which is the parent company of Tokyu Fudosan Co., Ltd., the parent company of TRM. As such, the company is a related party of TRM under “Rules Regarding Related-party Transactions,” the internal rules of TRM. Therefore, TRM has conducted the review procedures stipulated in the Rules Regarding Related-party Transactions in connection with the leasing of the Property and the outsourcing of property management by the trustee to such company.

<Overview of the lessee and property management service provider>

Name		Tokyu Community Corp.
Head office address		10-1 Yoga 4-chome, Setagaya-ku, Tokyo
Management		Tomoyuki Hayakawa, President & CEO
Amount of capital		¥1,653 million (as of March 31, 2026)
Establishment		April 8, 1970
Business description		1. Condominium life support 2. Building management 3. Renovation
Relationships with API and TRM		
	Capital relationship	Tokyu Community Corp. is a wholly owned subsidiary of Tokyu Fudosan Holdings Corporation, which is the 100% parent company of Tokyu Land Corporation, the 100% parent company of TRM.
	Personnel relationship	None
	Business relationship	With respect to the trust properties owned by API, the building maintenance agreement, the real estate lease contract, and the property management agreement have been concluded with the trustee.
	Related party status	Tokyu Community Corp. is not a related party of API, but constitutes an interested party, etc., as defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) and a related party under “Rules Regarding Related-party Transactions”, the internal rules of TRM.

9. Matters related to forward commitments, etc.

(1) Assets to be acquired that fall under forward commitments, etc. (Note)

Property No.	Property name	Conclusion of purchase contract	Anticipated date of acquisition
UR-20	A-FLAG KYOTO SHIJO	June 24, 2026	September 24, 2026

(Note) "Forward commitments, etc." refers to purchase contracts entered into on a future settlement basis, under which settlement and property delivery are to take place more than one month after the execution of the contract, as well as other similar contracts.

(2) Impact on API's financial position in the event it is unable to fulfill forward commitments, etc.

Under the purchase contract relating to the acquisition of the Anticipated Property, API or the seller may terminate the contract after specifying a reasonable period and making a demand for cure if the other party breaches the agreement and such breach causes a material hindrance to the achievement of the purpose of the agreement. The party exercising the right of termination may claim from the breaching party liquidated damages arising from the termination of the agreement, up to an amount equivalent to 10% of the purchase price.

10. Outlook

The impact of the Acquisition on API's operating results for the fiscal period ending November 30, 2026 (the 30th Period, from June 1, 2026 to November 30, 2026) is expected to be minimal. A forecast of the operating results for the fiscal period ending May 31, 2027 will be announced together with the financial results for the fiscal period ended May 31, 2026, which are scheduled to be announced on July 16, 2026.

11. Outline of appraisal report

Property name	A-FLAG KYOTO SHIJO
Appraisal value	¥11,700 million
Appraisal agency	Japan Real Estate Institute
Date of value estimate	May 31, 2026

	Amount (Millions of yen)	Remarks
Capitalization	11,700	Estimated by the DCF method and the direct capitalization method
Value by the direct capitalization method	11,800	
Operating revenue	525	
Potential gross income	525	Estimated based on receivable rent, etc. for medium to long term
Loss (e.g. vacancy)	0	
Operating expense	41	
Maintenance expenses	0	
Property management fee	3	Calculated with consideration of specific characteristics of the subject property, the fee rates for similar properties, etc.
Utility expenses	0	No amount recorded because borne by the tenant
Repair expenses	5	Assessed based on the annual average of repair expenses on Engineering Report (ER)
Leasing expenses	0	
Taxes and public dues	30	Estimated based on related documents
Insurance	1	Calculated with consideration of insurance premium rates for similar properties
Other expenses	1	Recorded rent and other expenses for the employees' break room
NOI (Net Operating Income)	484	
Investment income from temporary deposits	0	Estimated with investment yield as 1.0%
Capital expenditure	13	Estimated based on the annual average of capital expenditure on Engineering Report (ER)
FF&E reserve	13	Calculated with reference to FF&E reserve levels for similar properties
NCF (Net Cash Flow)	458	
Capitalization rate	3.9%	Estimated based on the standard yield by adjusting the spread that attributes to the subject property's location, building conditions, the anticipated lease contract terms and other conditions, taking into account future uncertainties and transaction yields on similar properties, etc.
Value by the DCF method	11,500	
Discount rate	3.6%	Estimated comprehensively based on specific characteristics of the subject property with reference to a comparison with investment yields of similar properties, etc.
Terminal capitalization rate	3.9%	Estimated comprehensively based on the trends in investment yield, investment risk of the subject property, future outlook of economic growth, and the trends in real estate price and rent, with

		Amount (Millions of yen)	Remarks
			reference to a comparison with transaction yields of similar properties, etc.
Value by the cost method		9,530	
	Land ratio	84.8%	
	Building ratio	15.0%	
	FF&E ratio	0.2%	
Other facts which the appraisal agency has taken into account for the appraisal report			None

<Exhibits>

Exhibit 1 Outline of Building Condition Assessment Report
Exhibit 2 Photographs of the Property, Map of the Area
Exhibit 3 Portfolio after the Acquisition

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

Exhibit 1 Outline of Building Condition Assessment Report

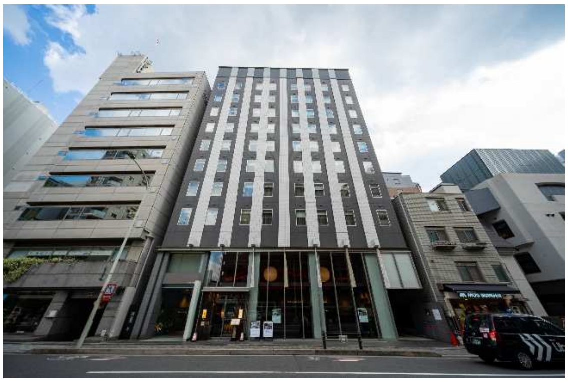
Assessment company	Tokio Marine dR Co., Ltd.
Date of estimate	April 28, 2026
Short-term renovation expense (thousand yen) (Note 1) (Note 2)	¥0
Long-term renovation expense (thousand yen) (Note 1) (Note 3)	¥216,517 thousand

(Note 1) The short-term renovation expense and long-term renovation expense are based on the building condition assessment report.

(Note 2) The short-term renovation expense is the total expense for renovations needed within one year of the date of the building condition assessment report.

(Note 3) The long-term renovation expense is the total expense for renovations needed within 12 years of the date of the building condition assessment report.

Exhibit 2 Photographs of the Property, Map of the Area



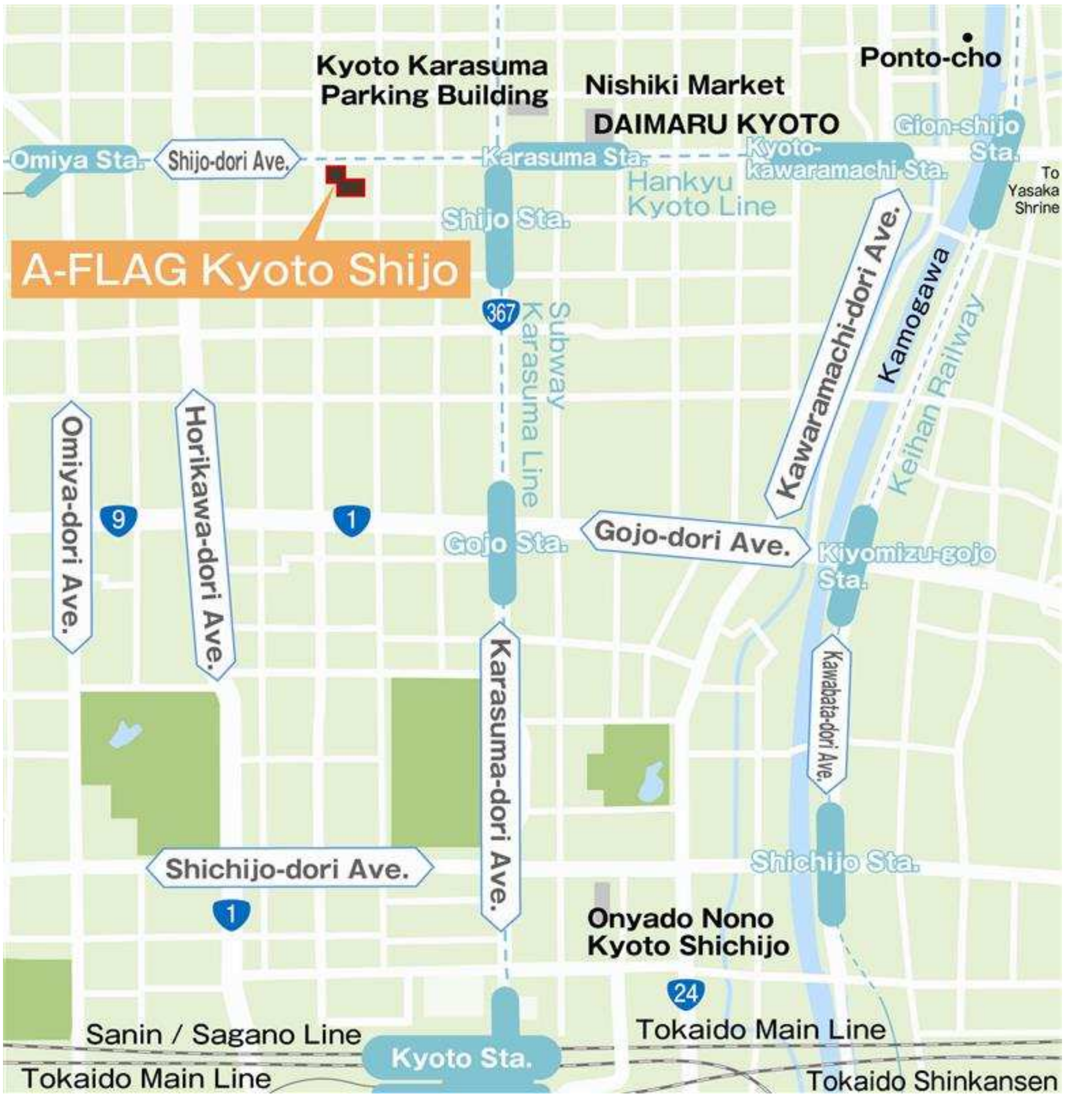


Exhibit 3 Portfolio after the Acquisition

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 "Omokado"	Shibuya, Tokyo	June 13, 2012	45,000 (Note 3)	8.1
	UR-3	Q plaza EBISU	Shibuya, Tokyo	June 13, 2012	8,430	1.5
	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	16,210 (Note 2)	2.9
	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	2.4
	UR-12	A-FLAG BIJUTSUKAN DORI	Minato, Tokyo	December 2, 2016	4,700	0.8
	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 3)	2.3
	UR-17	Q plaza HARAJUKU	Shibuya, Tokyo	January 10, 2019	13,200 (Note 3)	2.4
	UR-18	A-FLAG NISHI SHINSAIBASHI	Osaka, Osaka	January 13, 2023	14,300	2.6
	UR-19	Nest Hotel Naha Kumoji	Naha, Okinawa	May 29, 2026	5,490	1.0
	UR-20	A-FLAG KYOTO SHIJO	Kyoto, Kyoto	September 24, 2026	11,500	2.1
	Subtotal				166,840	30.1
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	June 13, 2012	7,400	1.3
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	June 13, 2012	9,640	1.7
	TO-3	A-PLACE Yoyogi	Shibuya, Tokyo	June 13, 2012	4,070	0.7
	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 4)	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	1.0
	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	1.9
	TO-12	Shiodome Building (Note 5)	Minato, Tokyo	December 2, 2016	71,600 (Note 3)	12.9
	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	1.3

	TO-16	A-PLACE Shinagawa Higashi	Minato, Tokyo	March 16, 2017	18,800	3.4
	TO-18	Ebisu Prime Square	Shibuya, Tokyo	January 10, 2020	30,700 (Note 3)	5.5
	TO-19	A-PLACE Tamachi East	Minato, Tokyo	October 29, 2021	6,800	1.2
	TO-20	Meguro Tokyu Building	Shinagawa, Tokyo	September 10, 2021	16,300	2.9
	TO-21	Q plaza Shinjuku-3chome	Shinjuku, Tokyo	September 10, 2021	18,400	3.3
	TO-22	A-PLACE Shibuya Nampeidai	Shibuya, Tokyo	September 10, 2021	8,800	1.6
	TO-23	Kasumigaseki Tokyu Building	Chiyoda, Tokyo	March 28, 2023	30,600	5.5
	Subtotal				283,260	51.2
Subtotal of UR and TO					450,100	81.3
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	1.5
	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 6)	Osaka, Osaka	December 19, 2014	11,100	2.0
	AA-8	icot Omori	Ota, Tokyo	December 19, 2013	5,790	1.0
	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	3.4
	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	A-PLACE Shinsaibashi	Osaka, Osaka	January 10, 2019	19,800	3.6
	Subtotal				103,570	18.7
Total					**553,670**	**100.0**

(Note 1) "Investment ratio" is the ratio of the acquisition price for each property to the (anticipated) total acquisition price, rounded to the first decimal place.

(Note 2) The acquisition price of "Kobe Kyu Kyoryuchi 25Bankan" reflects the ownership interest ratio (76%) after completion of the first disposition (May 28, 2026).

(Note 3) The acquisition prices of "Tokyu Plaza Omotesando 'Omokado'", "DECKS Tokyo Beach", "Q plaza HARAJUKU", "Shiodome Building", and "Ebisu Prime Square" are described based on their respective pro rata share (75%, 49%, 60%, 35%, and 51%, respectively).

(Note 4) The acquisition price of "TAMACHI SQUARE (Land)" is based on the acquisition price of the land as of acquisition date (June 13, 2012).

(Note 5) 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 the total of the three acquisitions (first: ¥30,300 million, second: ¥20,400 million, third: ¥20,900 million), and the investment ratio is based on this total.

(Note 6) 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 is the total of the two acquisitions (first: ¥5,250 million, second: ¥5,850 million), and the investment ratio is based on this total.