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FOR IMMEDIATE RELEASE

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### Notice Concerning of Transfer of Asset (icot Kongo)

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) announces that TLC Activia Investment Management Inc. (hereinafter referred to as the “Asset Manager”), to which Investment Corporation entrusts its asset management operations, decided today that it decided to transfer an asset. Details are as follows.

#### 1. Overview of the Anticipated Transfer

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| (1) Property name                                    | : icot Kongo   |
| (2) Asset to be transferred                          | : The trust beneficiary interest in a property (icot Kongo) as a trust asset (hereinafter referred to as the “property”) |
| (3) Transfer price                                   | : ¥1,880 million   |
| (4) Book value                                       | : ¥1,611 million (Note)  |
| (5) Difference between transfer price and book value | : ¥268 million (Note)  |
| (6) Date of transfer contract                        | : July 6, 2015 (plan)  |
| (7) Date of transfer                                 | : July 8, 2015 (plan)  |
| (8) Transferee                                       | : The details are not disclosed, as approval for disclosure is not available.  |
| (9) Settlement method                                | : Total amount to be received on the transfer date   |

(Note) Numbers less than million are rounded down.

#### 2. Reason of the transfer

The investment Corporation acquired the property on June 13, 2012 and kept stable management. However, as 38 years have passed after the completion, in view of the appropriately high maintenance

cost of the building and the future sales trend of the tenant, the Investment Corporation decided to transfer the property at a price, which exceeds the appraisal value as well as the book value, under the current favorable trade market.

As “Notice of Acquisition of Asset (Frontier Ebisu)” which is released today mentions, by entering into the sales contract of acquiring Frontier Ebisu and the sales contract of transferring icot Kongo on the same date, the Investment Corporation strives to reinforce the portfolio and to improve its profitability.

By the replacement of the assets, the Investment Corporation will maintain its portfolio with 30 properties and expand the total acquisition price into 288.1 billion yen. Furthermore, the relative portion of Urban Retail and Tokyo Office, in which the Investment Corporation focuses on investigating, into 81% of the portfolio.

### 3. Overview of the property to be transferred

#### (1) Outline of the property

Property name		icot Kongo
Category		Other Properties
Specified asset category		Trust beneficiary interest
Trustee		Sumitomo Mitsui Trust Bank, Limited.
Trust establish date		January 30, 2007
Expiry date of the trust period		June 30, 2022
Transportation		5-minute walk from “Kongo” station on the Nankai Koya Line
Location (address)		35-1 Handa 1-chome, Osakasayama City, Osaka
Land (Not for transfer)	Location	35-1 Handa 1-chome, Osakasayama City, Osaka and others
	Building to land ratio	60.00%
	Plot ratio	200.00%
	Usage restrictions	Category 2 residential district
	Land area	10,821.40 m <sup>2</sup> (Note1)
	Ownership	Owned
Building	Completion date	February 1977
	Structure	Reinforced concrete /3floors above
	Registered usage	Retail
	Gross floor area	17,894,95 m <sup>2</sup>
	Parking facilities	166 vehicles
	Ownership	Owned
Property management company		Tokyu Land SC Management Corporation
Master lessee		Tokyu Land SC Management Corporation
Transfer price		¥1,880 million
Appraisal value (Date of value estimate)		¥1,860 million (May 31, 2015)
Appraisal agency		Morii Appraisal & Investment Consulting, Inc.
Lease overview		
	Total leasable area	17,884,55 m <sup>2</sup>
	Occupancy rate	100.0%
	Main tenant	The Daiei, Inc.
	Number of tenants	1
	Annual rent	-(Note 3)
	Total of deposit	-(Note 3)
Remarks		<ul style="list-style-type: none"> <li>For a part of the land of the property, servitude is established for the Kansai Electronic Power Company, Inc. Details are as follows. <ol style="list-style-type: none"> <li>An acknowledgement of entry, passing, and use of the land for maintenance management such as installing, recovering, and reinforcing the electric lines except supports of electric line.</li> <li>A prohibition of construction of a building and a structure over</li> </ol> </li> </ul>

	<p>a certain height.</p> <p>3. A prohibition of all the activities that hinder the electric lines such as manufacturing, handling, and storage of hazardous materials and raising bamboos.</p> <ul style="list-style-type: none"> <li>● The City Planning Act has been revised after the completion of the building to prohibit building a large scale commercial structure over 10,000 m<sup>2</sup> of gross floor area in the Category 2 residential district, in which the property is located. As a result, the building exceeds its currently allowed gross floor area.</li> </ul>
<p>(Note 1) Part of the site (about 82 m<sup>2</sup>) is deemed part of a road under Article 42, Paragraph 1 of the Building Standards Act.</p> <p>(Note 2) Seismic strengthening was concluded on the building of the property. The seismic performance of the building after the application obtained the report of seismic retrofit design on May 30, 2008 by Deloitte Tohmatsu Property Risk Solution Co., Ltd. , which assessed that the building is “a building having few problems on the seismic performance” as the Seismic Index of Structure (IS), which indicates the seismic performance of the building, exceeds the ISO (seismic assessment index of structure), which indicates the level of seismic performance of a building that is necessary to be evaluated as safe against an assumed earthquake motion.</p> <p>(Note 3) Not disclosed because the tenant approval was not obtained.</p>	

(2) Outline of the transferee

The transferee is a limited liability company based in Japan. The details are not disclosed, as approval for disclosure is not available. The transferee has no capital, personnel or business relationship to be reported with the Investment Corporation, the Asset Manager, any person involved in the Investment Corporation and/or the Asset Manager or any of their affiliated companies. None of the transferee, the personnel or affiliated companies are related parties of the Investment Corporation or the Asset Manager.

4. Transactions with related parties

Omitted, because the transfer of the property is not a transfer to a party having a special interest in the Investment Corporation or the Asset Manager.

5. Outline of intermediary

(1) Profile of the intermediary

Name	Sumitomo Mitsui Trust Bank, Limited
Address	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Management	Hitoshi Tsunekage, Chairman
Amount of Capital	¥342,037 million (as of March 31, 2015)
Main shareholder	Sumitomo Mitsui Trust Holdings, Inc.
Business description	Trust bank business
Relationships with the Investment Corporation and the Asset Manager	
Capital relationship	Sumitomo Mitsui Trust Bank, Limited has no capital relationship to be reported with the Investment Corporation, the Asset Manager, any person involved in the Investment Corporation and/or the Asset Manager or any of their affiliated companies.
Personnel relationship	Sumitomo Mitsui Trust Bank, Limited has no personnel relationship to be reported with the Investment Corporation, the Asset Manager, any person involved in the Investment Corporation and/or the Asset Manager or any of their affiliated companies.

Business relationship	Sumitomo Mitsui Trust Bank, Limited is one of the lenders and also the general administrator, custodian, transfer agent, and trustee for some of our properties.
Related party	Sumitomo Mitsui Trust Bank, Limited is not a related party of the Investment Corporation or the Asset Manager. None of the personnel or affiliated companies are related parties of the Investment Corporation or the Asset Manager.

(2) Breakdown and amount of intermediary fees

The breakdown and the amount of intermediary fees are not disclosed, as the intermediary has not granted approval for disclosure.

6. Schedule

Determination date	July 6, 2015
Agreement date	July 6, 2015 (plan)
Settlement date	July 8, 2015 (plan)
Transfer of building and establish leasehold	July 8, 2015 (plan)

7. Outlook

There is no effect on the management performance of the Investment Corporation for the fiscal period ending May 2015 (The 7th fiscal period, from December 1, 2014 to May 31, 2015) by the transfer of the property. As to the management performance of the Investment Corporation for the fiscal period ending November 2015 (The 8th fiscal period, from June 1, 2015 to November 30, 2015), the impact is currently under investigation. We will announce the forecast of the 8th fiscal period, which is based on the transfer of the property and “Notice of Acquisition of Asset (Frontier Ebisu)” that is released today, on July 10, 2015, the results announcement date for the period ending May 2015 (the 7th period)

## 8. Outline of Appraisal Report

Property name	icot Kongo
Appraisal value	¥1,860 million
Appraisal agency	Morii Appraisal & Investment Consulting, Inc.
Date of value estimate	May 31, 2015

	Amount (million yen)	Remarks
Capitalization	1,860	Estimated with reference to the capitalization by the DCF method and the value by direct capitalization method.
Value by direct capitalization method	1,900	
Operating revenue	Not disclosed	(Note)
Potential gross income	Not disclosed	
Loss (e.g. vacancy)	Not disclosed	
Operating expense	40	
Building maintenance costs	-	
Utilities expenses	-	
Repair expenses	12	Calculated with reference to the leveling sum of the repair expenses and the renewal fees of the Engineering Report (ER).
Property management fee	5	Estimated with reference to the achievement and the standard PM fees for the similar real estates.
Leasing expenses	-	
Tax and public dues	23	Using the actual amount as the basis, estimated with reference to the rate of variability and the aging depreciation.
Insurance	1	Estimated with reference to the replacement cost
Other expenses	-	
NOI (Net Operating Income)	Not disclosed	(Note)
Investment income from temporary deposits	Not disclosed	(Note)
Capital expenditure	29	Calculated with reference to the leveling sum of the repair expenses and the renewal fees of the Engineering Report (ER).
NCF (Net Cash Flow)	Not disclosed	(Note)
Capitalization rate (%)	6.6%	Estimated with reference to the discount rate with profitability and the fluctuation risk of principle.
Value by the DCF method	1,810	
Discount rate (%)	6.4%	Estimated comprehensively with reference to the risk relating to the locality and individuality of the real estate as well as the market trend.
Terminal capitalization rate (%)	7.1%	Estimated with reference to the uncertainty of the future, deterioration of the building, and a risk of the sale.

Multiplication value by cost accounting method (million yen)	2,120	
Land ratio (%)	74.5%	
Building ratio (%)	25.5%	

Other facts which the appraisal agency have taken into account for the appraisal report	Nothing in particular
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(Note) By disclosing the relevant items, the lease conditions could be presumed and it could be a cause of a negative influence to the Investment Corporation over competitions and harm the benefit for our investors. In addition, approval for disclosure is not available. Therefore, these relevant items are not disclosed.

#### <Exhibit>

#### Exhibit Portfolio after the Transfer of the Property

\*Distribution of this material: The Japanese translation of this material is distributed to the Kabuto Club; the press club for the Ministry of Land, Infrastructure, Transport, and Tourism; and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport, and Tourism.

\*Website of the Investment Corporation: <http://www.activia-reit.co.jp/english>

Exhibit Portfolio after the Transfer of the Property

Category	Property No.	Property name	Location	Acquisition date	Acquisition price (Millions of yen)	Investment ratio (Note1)
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku	Shibuya, Tokyo	June 13, 2012	45,000 (Note 2)	15.6
	UR-2	Tokyu Plaza Akasaka	Chiyoda, Tokyo	June 13, 2012	11,450 (Note 2)	4.0
	UR-3	Q Plaza EBISU	Shibuya, Tokyo	June 13, 2012	8,430	2.9
	UR-4	Shinbashi Place	Minato, Tokyo	June 13, 2012	20,500	7.1
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	June 13, 2012	8,860	3.1
	UR-6	Hitotsugi LIP	Minato, Tokyo	August 30, 2013	3,000	1.0
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	December 19, 2013	21,330	7.4
	UR-8	Tokyu Plaza Sapporo	Sapporo, Hokkaido	December 19, 2013	4,410	1.5
	UR-9	Kamata Kosan Building	Shibuya, Tokyo	December 19, 2013	6,370	2.2
	Subtotal				129,350	44.9
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	June 13, 2012	7,400	2.6
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	June 13, 2012	9,640	3.3
	TO-3	A-PLACE Yoyogi	Shibuya, Tokyo	June 13, 2012	4,070	1.4
	TO-4	A-PLACE Aoyama	Minato, Tokyo	June 13, 2012	8,790	3.1
	TO-5	Luogo Shiodome	Minato, Tokyo	June 13, 2012	4,540	1.6
	TO-6	TAMACHI SQUARE (Land)	Minato, Tokyo	June 13, 2012	2,338 (Note 3)	0.8
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	June 13, 2012	3,990	1.4
	TO-8	A-PLACE Shinbashi	Minato, Tokyo	April 19, 2013	5,650	2.0
	TO-9	A-PLACE Gotanda	Shinagawa, Tokyo	January 10, 2014	5,730	2.0
	TO-10	A-PLACE Shinagawa	Minato, Tokyo	January 10, 2014	3,800	1.3
	TO-11	OSAKI WIZTOWER	Shinagawa, Tokyo	June 24, 2014	10,690	3.7
	TO-12	Shiodome Building	Minato, Tokyo	January 9, 2015	30,300 (Note 2)	10.5
	TO-13	Frontier Ebisu (Note 4)	Shibuya, Tokyo	July 29, 2015 (plan)	7,072	2.5
	Subtotal				104,010	36.1
Subtotal of UR and TO					233,360	71.0
Other Properties	O-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	June 13, 2012	12,000	4.2
	O-2	icot Nakamozu	Sakai, Osaka	June 13, 2012	8,500	3.0
	O-4	icot Mizonokuchi	Kawasaki, Kanagawa	June 13, 2012	2,710	0.9
	O-5	icot Tama Center	Tama, Tokyo	June 13, 2012	2,840	1.0
	O-6	A-PLACE Kanayama	Nagoya, Aichi	June 13, 2012	6,980	2.4
	O-7	Osaka Nakanoshima Building (Note 5)	Osaka, Osaka	January 25, 2013	11,100	3.9
	O-8	A-PLACE Omori	Ota, Tokyo	December 19, 2013	5,790	2.0
	O-9	Market Square Sagamihara	Sagamihara, Kanagawa	January 9, 2015	4,820	1.7
	Subtotal				54,740	19.0
Total					288,100	100.0

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

(Note 2) Acquisition prices of "Tokyu Plaza Omotesando Harajuku", "Tokyu Plaza Akasaka", and "Shiodome Building" are described based on the pro rata share (75%, 50% and 15% 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), deducting the acquisition price of the building of ¥732 million from the total acquisition price of the property.

(Note 4) “Frontier Ebisu” is listed on the premise that the Investment Corporation acquire the property just as mentioned in “Notice of Acquisition of Asset (Frontier Ebisu)”, which is disclosed today.

(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 a total amount of 1<sup>st</sup> and 2<sup>nd</sup> Acquisition Price.