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FOR IMMEDIATE RELEASE

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### Notice of Acquisition of Asset (Frontier Ebisu)

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 acquire a property. Details are as follows:

#### 1. Overview of the acquisition

- (1) Property name : Frontier Ebisu
- (2) Asset to be acquired : The trust beneficiary interest in a property (Frontier Ebisu) as a trust asset (hereinafter referred to as the “property”)
- (3) Acquisition price : ¥7,072 million (excluding expenses for the acquisition and consumption taxes)
- (4) Date of sales contract : July 6, 2015 (plan)
- (5) Date of acquisition : June 29, 2015 (plan)
- (6) Seller of property : Not disclosed because the seller approval was not obtained.
- (7) Funds for acquisition : Borrowed funds and the Investment Corporation’s own funds (plan) (Note)
- (8) Settlement method : Total amount to be paid at the time of delivery

(Note) Further information on the borrowed funds will be announced after the settlement.

#### 2. Reasons of the acquisition

In accordance with the subjects and policies of asset management stipulated in its bylaws, the Investment Corporation will acquire the property categorized as its focused investment properties, “Tokyo Office Properties”, which is defined as the priority investment target for enrichment of the portfolio. As “Notice Concerning of Transfer of Asset (icot Kongo)” which is released today mentions, by entering into the sales contracts of transferring icot Kongo and the sales contract of acquiring Frontier Ebisu on the same date, the Investment Corporation implements the replacement of the assets and strives to reinforce the portfolio and to improve its profitability.

Accordingly, 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.

We have decided to acquire the property based on the following considerations:

(1) Location

Frontier Ebisu is a six-minute walk from “Ebisu” station on JR Lines and Tokyo Metro Subway Line and it is on the Meiji-dori street. “Ebisu” Station has a high level of transport convenience with four lines, JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line, and Tokyo Metro Hibiya Line are crossing and connecting to not only the central Tokyo but also Yokohama and Saitama area, which is recognized as one of the major stations in Tokyo.

Ebisu area enjoys a stable demand by growing enterprise with its proximity to Shibuya station, the favorable location image, and great transport convenience. In addition, the office demand is highly expected in the area since newly built several middle-scale buildings in the area were inaugurated with a high level of occupancy rate in 2014.

Furthermore, the Investment Company verifies the high competitiveness of “Ebisu” area by the fact that the Investment Corporation also owns two office buildings “TLC Ebisu Building” and “A-PLACE Ebisu Minami” in the area and both the occupancy rates have remained as high as over 99% since the acquisitions.

(2) Features of the property

Frontier Ebisu is a ten-story SRC structure office building, which is at a corner lot on Meiji-dori street. The building is easily recognized and provides excellent daylight. The leasable area of the offices widely range from approximately 260 m<sup>2</sup> (app.79 tsubo) to approximately 641 m<sup>2</sup> (app.194 tsubo) and have comfortable space with the ceiling height of 2,500 mm and free access floor of 50 mm, which meets the various tenant needs.

In addition, the property’s facilities are also appealing to companies as the whole building was renovated in 2008 with individual air-conditioning units, the new entrance design and renewed restrooms.

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

(1) Outline of the property

Property name		Frontier Ebisu
Specified asset category		Trust beneficiary interest
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust establishment date		July 29, 2015
Trust maturity date		July 31, 2025
Transportation		6-minute walk from “Ebisu” station on JR Yamamote Line, Saikyo Line, Shonan-Shinjuku Line, and Tokyo Metro Hibiya Line
Location (address)		13-11 Higashi 3-chome, Shibuya-ku, Tokyo
Land	Location	25-1 Higashi 3-chome, Shibuya-ku, Tokyo and others (Note 1)
	Building to land ratio	95.39% (Note 2)
	Plot ratio	469.31%
	Usage restrictions	Commercial district, Category 1 residential district
	Land area	1,273.97 m <sup>2</sup> (Note 1)
	Ownership	Owned (Note 1)
Building	Completion date	January 10, 1992 (Note 1)
	Structure	Steel framed / 10 floors above and 2 floors underground (Note 1)
	Registered usage	Office, Parking
	Gross floor area	5,321.23 m <sup>2</sup> (Note 1)
	Parking facilities	15 vehicles
	Ownership	Owned (Note 1)

Property management company		Tokyu Community Corporation (plan) (Note 3)
Master lessee		Tokyu Community Corporation (plan) (Note 3)
Acquisition price		¥7,072 million
Appraisal value (Date of estimated value)		¥7,160 million (June 1, 2015)
Appraisal agency		Japan Valuers Co., LTD.
Earthquake PML		5.2% (according to an earthquake PML report of Sompo Japan Nipponkoa Risk Management Inc.)
Hypothecation		Applied (to be removed upon acquisition)
Lease overview (Note 4)		
	Total leasable area	4,010.69 m <sup>2</sup>
	Occupancy rate	100.00%
	Number of tenants	9 (Note 5)
	Annual rent	¥291 million
	Expected NOI	¥316 million
	Total of deposit	¥197 million
Remarks		Not applicable
(Note 1) The data are based on the registry.		
(Note 2) The property is located in two usage restriction areas and it is a figure which was calculated by dividing the sum of two areas proportionally between two site areas. The figure includes the margin since the building receives the margin due to the fire-resistant building on fire prevention districts.		
(Note 3) TOKYU COMMUNITY CORP. is an interested party with respect to the Asset Manager under the Asset Manager’s regulations for transactions with interested parties. Thus, under the regulations for transactions with interested parties, the board of directors of the Asset Manager resolved to outsource property management to TOKYU COMMUNITY CORP. following the deliberation and resolution at the compliance committee and the investment committee, and reported the resolution to the Board of Directors of the Investment Corporation.		
(Note 4) The figures are estimates as of the scheduled date of acquisition (July 29, 2015).		
(Note 5) The tenant uses multiple floors for various purposes, thus the number of the tenants is counted the tenant as the separated tenants for each purposes.		

## (2) Profile of the seller

The seller is a corporation based in overseas. The details are not disclosed, as approval for disclosure is not available. The seller 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 seller, the personnel or affiliated companies are related parties of the Investment Corporation or the Asset Manager.

## 4. Condition of the seller

Omitted, because the acquisition of the property is not an acquisition from 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 of acquisition	July 6, 2015
Execution of acquisition contract	July 6, 2015 (plan)
Payment date	June 29, 2015 (plan)
Acquisition of the property	June 29, 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 concerning of Transfer of Asset (icot Kongo)” 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	Frontier Ebisu
Appraisal value	¥7,160 million
Appraisal agency	Japan Valuers Co., LTD.
Date of value estimate	June 1, 2015

	Amount (million yen)	Remarks
Capitalization	7,160	Estimated by the DCF method and direct capitalization method.
Value by direct capitalization method	7,550	
Operating revenue	393	
Potential gross income	409	Calculated with the estimation of the stably receivable rent for mid-to-long term.
Loss (e.g. vacancy)	17	Estimated with the occupancy rate level for mid-to-long term.
Operating expense	82	
Building maintenance cost	23	Estimated with reference to the prearranged terms of the contract.
Property management fee	(Note)	
Utilities expenses	22	Estimated based on the past records.
Repair expenses	4	Estimated based on the annual average of the Repair expenses of the Engineering Report (ER).
Leasing expenses	4	Estimated based on the past records.
Tax and public dues	27	Estimated based on the past records.
Insurance	0	
Other expenses	2	Estimated based on the past records.
NOI (Net Operating Income)	310	
Investment income from temporary deposits	5	Estimated with Investment yield as 2%.
Capital expenditure	6	Estimated based on the annual average of the Capital expenditure of the Engineering Report (ER).
NCF (Net Cash Flow)	262	
Capitalization rate (%)	4.1%	Using a comparison with the transaction cases of similar real estates as basis, estimated with reference to the discount rate with profitability and the fluctuation risk of principal.
Value by the DCF method	7,030	
Discount rate (%)	3.9%	Estimated with reference to a comparison with the transaction cases of similar real estates, yield/ interest (rate) of financial asset, and the result of the investor's analysis.
Terminal capitalization rate (%)	4.3%	Estimated with reference to the capitalization rate with the uncertainty of the future, deterioration of the building.

Multiplication value by cost accounting method (million yen)	4,200	
Land ratio (%)	82.9%	
Building ratio (%)	17.1%	

Other facts which the appraisal agency have taken into account for the appraisal report.	Nothing in particular
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(Note 1) By disclosing the building maintenance cost and the property management fee separately, the other businesses of the intended companies which are entrusted with operations for both the building management and the property management could be influenced. As a result, it could hinder the efficient business outsourcing of the Investment Corporation and harm the benefit for our investors. Therefore, it shows the sum of the building maintenance cost and the property management fee.

<Exhibits>

Exhibit 1 Outline of Engineering Report

Exhibit 2 Photo of the Exterior, Map of the Area

Exhibit 3 Portfolio after the Acquisition of the Property

\*Distribution of this material: 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 1 Outline of Engineering Report (Note 1)

Appraisal company	HI International Consultant Co., LTD
Date of value estimate	May 19, 2015
Short-term renovation expense (Note 1) (Note 2)	¥1,910 thousand
Long-term renovation expense (Note 1) (Note 3)	¥123,870 thousand

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

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

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



Exhibit 3 Photo of the Exterior, Map of the Area

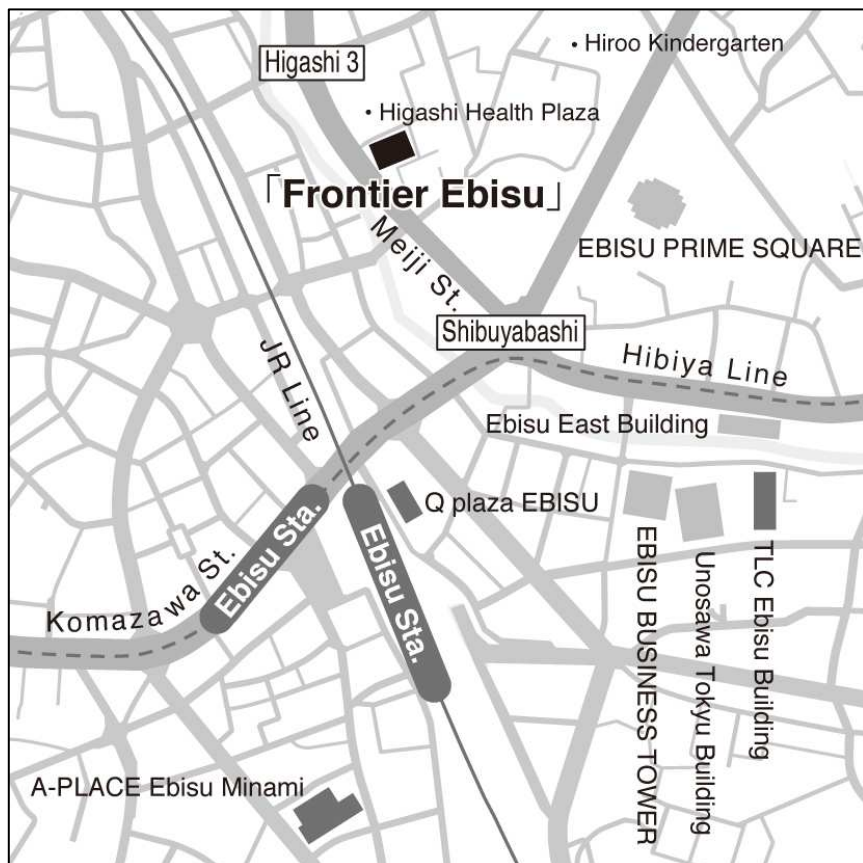


Exhibit 3 Portfolio after the Acquisition of the Property

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) 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.

(Note 5) “icot Kongo” is not listed on the premise that the Investment Corporation transfer the property just as mentioned in “Notice concerning of Transfer of Asset (icot Kongo)”, which is disclosed today.