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FOR IMMEDIATE RELEASE

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Notice of Acquisition of Asset (Shibuya Konnoh Building)

Activia Properties Inc. (“API”) announces that TLC Activia Investment Management Inc. (“TAIM”), to which API entrusts its asset management operations, decided to acquire a property today. Details are as follows:

1. Overview of the acquisition

- (1) Property name : Shibuya Konnoh Building
- (2) Asset to be acquired : The trust beneficiary interest in a property (Shibuya Konnoh Building) as a trust asset (hereinafter referred to as the “property”)
- (3) Acquisition price : ¥4,810 million
(excluding expenses for the acquisition and consumption Taxes, etc.)
- (4) Date of sales contract : September 25, 2015 (plan)
- (5) Date of acquisition : October 1, 2015 (plan)
- (6) Seller of property : Shunan System Sangyo Co., Ltd.
- (7) Funds for acquisition : Borrowed funds and API’s own funds (plan) (Note)
- (8) Settlement method : Total amount to be paid at the time of delivery

(Note) Please refer to “Notice Concerning Borrowing of Funds” which is released today for details on the borrowed funds.

2. Reasons of the acquisition

In accordance with the subjects and policies of asset management stipulated in its bylaws, API will acquire the property, which is categorized as its focused investment target “Tokyo Office Properties” and locates in “Shibuya” area where our sponsor Tokyu Land Corporation is based in. By acquiring the property, API will reinforce and enrich its portfolio, and it will be expanded the total number of property and acquisition price into 31 properties and 292.9 billion yen with stabilizing the profitability.

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

(1) Location

Shibuya Konnoh Building is a four-minute walk from “Shibuya” station on JR Line and locates in an area enjoying tranquil surrounding environments. “Shibuya” Station has a high level of transport convenience with nine lines, JR Yamanote Line/ Saikyo Line/ Shonan-Shinjuku Line, Tokyo Metro Ginza Line/ Hanzomon Line, Tokyu Toyoko Line/ Denen-toshi Line, and Keio Inokashira Line and it is one of the major stations in Tokyo.

“Shibuya” area functions as terminals for many transportations and it is increasingly recognized as the central hub of IT companies where new IT and internet enterprises have been collecting since the late 1990s. On the other hand, the area is also one of the most popular commercial locations in Tokyo where there are a stable demand for office by start-up companies and foreign affiliates despite the limited supply of office, so that we assessed the area as highly competitive.

We believe that “Shibuya” area will increase its competitiveness for office even further since a large-scale redevelopment of the peripheral area is planned mainly by Tokyu Group over the coming 10 years.

(2) Features of the property

Shibuya Konnoh Building is an eight-story SRC/ Steel framed structure office building. It is located in front of “Konnoh Hachimangu Shrine”, which is one block away from the main street. The property has excellent balance between convenience and quietness. The property meets the various tenant needs as the leasable area of the offices of standard floor is approximately 434 m² (app.131 tsubo) which is efficient with a side core, astylar space and regular shape that allows flexible layout, having comfortable space with the ceiling height of 2,500 mm and free access floor of 100 mm.

In addition, the property’s facilities are appealing to tenants as the building was largely renovated for air-conditioning, lighting, etc. from 2011 to 2012.

3. Overview of the property to be acquired

(1) Outline of the property

Property name		Shibuya Konnoh Building
Specified asset category		Trust beneficiary interest
Trustee		Sumitomo Mitsui Trust Bank, Limited (plan)
Trust establishment date		October 1, 2015
Trust maturity date		September 30, 2025
Transportation		4-minute walk from “Shibuya” station on JR Yamamote Line, Saikyo Line, Shonan-Shinjuku Line, and other lines
Location (address)		3-1 Shibuya 3-chome, Shibuya-ku, Tokyo
Land	Location	3-8 Shibuya 3-chome, Shibuya-ku, Tokyo and others (Note 1)
	Building to land ratio	100.00% (Note 2)
	Plot ratio	489.28%
	Usage restrictions	Commercial district
	Land area	817.68 m ² (Note 1)
	Ownership	Owned (Note 1)
Building	Completion date	March 18, 1992 (Note 1)
	Structure	SRC, Steel framed / 8 floors above and 1 floor underground (Note 1)
	Registered usage	Office, Parking
	Gross floor area	4,331.70 m ² (Note 1)
	Parking facilities	6 vehicles
	Ownership	Owned (Note 1)
Property management company		Tokyu Community Corporation (plan) (Note 3)
Master lessee		Tokyu Community Corporation (plan) (Note 3)
Acquisition price		¥4,810 million
Appraisal value		¥4,900 million

(Date of estimated value)	(September 1, 2015)
Appraisal agency	Japan Valuers Co., LTD.
Earthquake PML	4.3% (According to an earthquake PML report of Sompo Japan Nipponkoa Risk Management Inc.)
Hypothecation	None
Lease overview (Note 4)	
Total leasable area	2,958.85 m ²
Occupancy rate	100.00%
Number of tenants	2
Annual rent	- (Note 5)
Expected NOI	¥208 million
Total of deposit	- (Note 5)
Remarks	Not applicable
(Note 1) The data are based on the registry. (Note 2) The figure includes the margin since the property 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 TAIM under TAIM's regulations for transactions with interested parties. Thus, under the regulations for transactions with interested parties, the board of directors of TAIM 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 API. (Note 4) The figures are estimates as of the scheduled date of acquisition (October 1, 2015). (Note 5) Undisclosed due to no consent from tenants.	

(2) Profile of the seller

Name	Shunan System Sangyo Co., Ltd
Address	1-1 Eguchi 1-chome, Shunan, Yamaguchi
Management	Osamu Nomura, President, Representative Director
Business description	Design and construction of building/ civil engineering/ landscape gardening, Building lots and buildings transaction business, Lease management of real estate
Amount of Capital	¥151 million (as of March 31, 2015)
Establishment	November 10, 1950
Net assets	¥2,888 million (as of March 31, 2015)
Total assets	¥5,381 million (as of March 31, 2015)
Major shareholder	Tokuyama Corporation (as of March 31, 2015)
Relationships with API and TAIM	
Capital relationship	Shunan System Sangyo Co., Ltd has no capital relationship to be reported with API, TAIM, any person involved in API and/or TAIM or any of their affiliated companies.
Personnel relationship	Shunan System Sangyo Co., Ltd has no personnel relationship to be reported with API, TAIM, any person involved in API and/or TAIM or any of their affiliated companies.
Business relationship	Shunan System Sangyo Co., Ltd has no business relationship to be reported with API, TAIM, any person involved in API and/or TAIM or any of their affiliated companies.
Related party	Shunan System Sangyo Co., Ltd is not a related party of API or TAIM. None of the personnel or affiliated companies are related parties of API or TAIM.

4. Condition of the seller

Omitted, because the acquisition of the property is not an acquisition from a party having a special interest with API or TAIM.

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 API and TAIM	
Capital relationship	Sumitomo Mitsui Trust Bank, Limited has no capital relationship to be reported with API, TAIM, any person involved in API and/or TAIM or any of their affiliated companies.
Personnel relationship	Sumitomo Mitsui Trust Bank, Limited has no personnel relationship to be reported with API, TAIM, any person involved in API and/or TAIM 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 API or TAIM. None of the personnel or affiliated companies are related parties of API or TAIM.

(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	September 25, 2015
Execution of acquisition contract	September 25, 2015 (plan)
Payment date	October 1, 2015 (plan)
Acquisition of the property	October 1, 2015 (plan)

7. Outlook

The impact of the acquisition of the property on the management performance of API for the fiscal period ending November 30, 2015 (The 8th fiscal period, from June 1, 2015 to November 30, 2015) and the fiscal period ending May 31, 2016 (The 9th fiscal period, from December 1, 2015 to May 31, 2016) is minimal.

8. Outline of Appraisal Report

Property name	Shibuya Konnoh Building
Appraisal value	¥4,900 million
Appraisal agency	Japan Valuers Co., LTD.
Date of value estimate	September 1, 2015

	Amount (million yen)	Remarks
Capitalization	4,900	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	5,150	
Operating revenue	269	
Potential gross income	(Note 1)	
Loss (e.g. vacancy)	(Note 1)	
Operating expense	59	
Maintenance Expenses	21	Estimated with reference to the prearranged terms of the contract.
Property management fee	(Note 2)	
Utility expenses	13	Estimated based on the past records.
Repair expenses	3	Estimated based on the annual average of the Repair expenses of the Engineering Report (ER).
Leasing expenses	2	Estimated based on the past records.
Taxes and public dues	19	Estimated based on the past records.
Insurance	0	Estimated with replacement cost of building.
Other expenses	1	Estimated based on the past records.
NOI (Net Operating Income)	210	
Investment income from temporary deposits	3	Estimated with Investment yield as 2%.
Capital expenditure	7	Estimated based on the annual average of the Capital expenditure of the Engineering Report (ER).
NCF (Net Cash Flow)	206	
Capitalization rate (%)	4.0%	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	4,810	
Discount rate (%)	3.7%	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 (%)	4.1%	Estimated with reference to the capitalization rate with the uncertainty of the future, deterioration of the building.
Multiplication value by the cost accounting method (million yen)	3,610	
Land ratio (%)	87.0%	
Building ratio (%)	13.0%	
Other facts which the appraisal agency have taken into account for the appraisal report.		Nothing in particular

- (Note 1) By disclosing the breakdown of operating revenue, the future relationship with tenants could be influenced. As a result, it could harm the benefit for our investors. Therefore, these items are not disclosed.
- (Note 2) 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 API 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	August 10, 2015
Short-term renovation expense (Note 1) (Note 2)	¥0 thousand
Long-term renovation expense (Note 1) (Note 3)	¥125,060 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

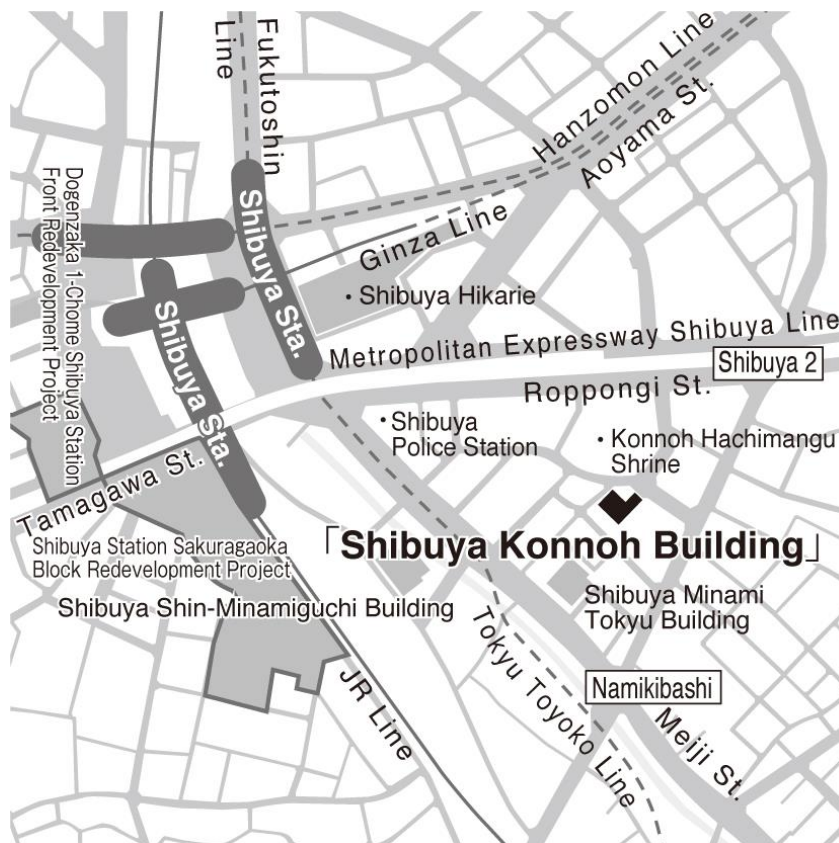


Exhibit 3 Portfolio after the Acquisition of the Property

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)	15.4%
	UR-2	Tokyu Plaza Akasaka	Chiyoda, Tokyo	June 13, 2012	11,450 (Note 2)	3.9%
	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	7.0%
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	June 13, 2012	8,860	3.0%
	UR-6	A-FLAG AKASAKA	Minato, Tokyo	August 30, 2013	3,000	1.0%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	December 19, 2013	21,330	7.3%
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	December 19, 2013	4,410	1.5%
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	December 19, 2013	6,370	2.2%
	Subtotal					129,350
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	June 13, 2012	7,400	2.5%
	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	3.0%
	TO-5	Luogo Shiodome	Minato, Tokyo	June 13, 2012	4,540	1.5%
	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	1.9%
	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	3.6%
	TO-12	Shiodome Building	Minato, Tokyo	January 9, 2015	30,300 (Note 2)	10.3%
	TO-13	Frontier Ebisu	Shibuya, Tokyo	July 29, 2015	7,072	2.4%
	TO-14	Shibuya Konnoh Building	Shibuya, Tokyo	October 1, 2015 (plan)	4,810	1.6%
	Subtotal					108,820
Subtotal of UR and TO					238,170	81.3%
Other Properties	O-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	June 13, 2012	12,000	4.1%
	O-2	icot Nakamozu	Sakai, Osaka	June 13, 2012	8,500	2.9%
	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 4)	Osaka, Osaka	January 25, 2013	11,100	3.8%
	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	1.6%
	Subtotal					54,740
Total					292,910	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 1st and 2nd Acquisition Price.