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FOR IMMEDIATE RELEASE

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### Notice of Acquisition of Asset (Gotanda Sankei 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 : Gotanda Sankei Building
- (2) Asset to be acquired : The trust beneficiary interest in a property (Gotanda Sankei Building) as a trust asset (the “property”)
- (3) Acquisition price : ¥7,280 million  
(excluding expenses for the acquisition and consumption tax, etc.)
- (4) Date of sales contract : March 31, 2016
- (5) Date of acquisition : July 1, 2016 (plan)
- (6) Seller of property : THE SANKEI BUILDING CO., LTD.
- (7) Funds for acquisition : Borrowings and API’s own funds (plan) (Note)
- (8) Settlement method : Total amount to be paid at the time of delivery

(Note) Further information on borrowings 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, API will acquire the property, which is categorized as its focused investment target “Tokyo Office Properties,” to enrich and reinforce its portfolio and to stabilize profitability.

Through this acquisition, API will expand the total number of property into 33 with an approximate total acquisition price of 333.9 billion yen, and the relative portion of Urban Retail and Tokyo Office Properties, in which API focuses on investigating, to 83.6% in the portfolio.

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

(1) Location

Gotanda Sankei Building is a one-minute walk from the JR Yamanote Line Gotanda Station West Exit. The property is capable of addressing a wide range of demands from tenants including retail stores, due to locational rarity with its location in the area containing many financial institutions, convenience stores and restaurants, its high visibility from the JR Gotanda Station, and excellent proximity to the station. Furthermore, the property is located within the area south of the JR Chuo Line bounded by the JR Yamanote Line loop where the Tokyu Fudosan Holdings Group and API hold a great number of buildings, and so API can leverage the group's advantages over asset management and leasing in the area.

In addition, a combined effect on seeking tenants and other leasing businesses can also be expected as API has already owned an office building "A-PLACE Gotanda" in the area.

(2) Features of the property

Gotanda Sankei Building is a SRC structure office building with nine floors above, one floor underground, and a frontage of approximately 25 m fronting the JR Yamanote Line Gotanda Station West Exit. The shape of rental space provides flexible and efficient layout options through its pillar-less structure with a side core design. The property's features include a standard office floor area of approximately 490 m<sup>2</sup> (approximately 148 tsubo) with a ceiling height of 2,600 mm, individual air conditioning units, free access floors, etc. As the rooms can be divided into two leases, the property can flexibly address the needs for space from tenants. In addition, the property's facilities are appealing to tenants since air-conditioning units had been renewed in 2014.

3. Overview of the property to be acquired

(1) Outline of the property

Property name		Gotanda Sankei Building
Specified asset category		Trust beneficiary interest
Trustee		Mitsubishi UFJ Trust and Bank, Limited
Trust establishment date		February 1, 2002
Trust maturity date		July 31, 2026 (plan)
Transportation		1-minute walk from Gotanda station on JR Yamamote Line, Toei Asakusa Line and Tokyu Ikegami Line
Location (address)		5-1 NishiGotanda 1-chome, Shinagawa-ku, Tokyo
Land	Location	5-11 NishiGotanda 1-chome, Shinagawa-ku, Tokyo and others (Note 1)
	Building to land ratio	100.00% (Note 2)
	Plot ratio	773.33%
	Usage restrictions	Commercial district
	Land area	752.59 m <sup>2</sup> (Note 1)
	Ownership	Ownership and partial leasehold (Note 3)
Building	Completion date	November 30, 1993 (Note 1)
	Structure	SRC/ 9 floors above and 1 floor underground (Note 1)
	Registered usage	Office, Parking
	Gross floor area	5,961.02 m <sup>2</sup> (Note 1)
	Parking facilities	16 vehicles
	Ownership	Ownership
Property management company		THE SANKEI BUILDING CO., LTD.
Master lessee		THE SANKEI BUILDING CO., LTD.
Acquisition price		¥7,280 million
Appraisal value (Date of estimated value)		¥7,390 million (March 1, 2016)

Appraisal agency	Japan Valuers Co., LTD.
Earthquake PML	7.65% (According to an earthquake PML report of Sompo Japan Nipponkoa Risk Management Inc.)
Hypothecation	None
Lease overview (Note 4)	
Total leasable area	4,311.57 m <sup>2</sup>
Occupancy rate	88.7%
Number of tenants	9
Annual rent	¥284 million
Expected NOI	¥311 million
Total of deposit	¥246 million
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) The partial lease hold area based on the official registry is 35.17 m <sup>2</sup> .	
(Note 4) The figures of Lease overview are estimates as of the scheduled date of acquisition (July 1, 2016).	

(2) Profile of the seller

Name	THE SANKEI BUILDING CO., LTD.
Address	7-2 Otemachi 1-chome, Chiyoda-ku, Tokyo
Management	Kazunobu Iijima, President
Business description	Real Estate Business
Amount of Capital	¥28,120 million (as of February 16, 2016)
Establishment	June 11, 1951
Net assets	¥75,119 million (as of March 31, 2015)
Total assets	¥223,415 million (as of March 31, 2015)
Major shareholder	Fuji Media Holdings, Inc. (100%) (as of March 31, 2015)
Relationships with API and TAIM	
Capital relationship	THE SANKEI BUILDING 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	THE SANKEI BUILDING 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	THE SANKEI BUILDING 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	THE SANKEI BUILDING 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. Items regarding forward commitment contracts, etc.

The acquisition comes under a “forward commitment, etc. by investment corporations (Note)” as provided in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by Financial Service Agency.

API plans to purchase the property using API’s own funds and Borrowings. However, in the case that the forward commitment can not be carried out, we shall pay 20 % of the anticipated acquisition price as a penalty for breach of sales contract.

(Note) Forward commitment, etc. refers to a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto.

## 7. Schedule

Determination of acquisition	March 31, 2016
Execution of acquisition contract	March 31, 2016 (plan)
Payment date	July 1, 2016 (plan)
Acquisition of the property	July 1, 2016 (plan)

## 8. Outlook

The impact of the acquisition of the property on the management performance of API for the fiscal period ending May 31, 2016 (The 9th fiscal period, from December 1, 2015 to May 31, 2016) and the fiscal period ending November 30, 2016 (The 10th fiscal period, from June 1, 2016 to November 30, 2016) is minimal. Therefore, the forecast of financial results for these periods remain unchanged.

## 9. Outline of Appraisal Report

Property name	Gotanda Sankei Building
Appraisal value	¥7,390 million
Appraisal agency	Japan Valuers Co., LTD.
Date of value estimate	March 1, 2016

	Amount (million yen)	Remarks
Capitalization	7,390	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	7,550	
Operating revenue	411	
Potential gross income	429	Calculated with Assessment based on appropriate rent, etc. that are acknowledged as stable over the medium to long term.
Loss (e.g. vacancy)	17	Calculated with Assessment based on appropriate occupancy ratio that is acknowledged as stable over the medium to long term.
Operating expense	101	
Maintenance Expenses	27	Assessed based on past records.
Property management fee	(Note)	
Utility expenses	25	Assessed based on past records.
Repair expenses	4	Assessed based on the annual average of repair expenses on the engineering report.
Leasing expenses	2	Assessed based on past records.
Taxes and public dues	34	Assessed based on past records.
Insurance	0	Assessed with taking into account the replacement value of the building.
Other expenses	7	Assessed based on the past records.
NOI (Net Operating Income)	310	
Investment income from temporary deposits	6	Assessed with investment yield at 2%.
Capital expenditure	7	Assessed based on the annual average of capital expenditure on the engineering report.
NCF (Net Cash Flow)	309	
Capitalization rate (%)	4.1%	Assessed based on discount rate, which takes into account the fluctuation risk in profitability and principal, with reference to the transaction cases of similar real estates.

Value by the DCF method	7,220	
Discount rate (%)	3.8%	Assessed with reference to a comparison with the transaction cases of similar real estates, the yield of financial asset, and investor analysis.
Terminal capitalization rate (%)	4.2%	Assessed based on the capitalization rate with taking into account the uncertainty of the future and the deterioration of building, etc.
Multiplication value by the cost accounting method (million yen)	3,880	
Land ratio (%)	92.1%	
Building ratio (%)	7.9%	
Other facts which the appraisal agency have taken into account for the appraisal report.		Nothing in particular

(Note) By disclosing maintenance expenses and property management fee separately, the other businesses of the entrusted companies for building management and property management could be influenced. Consequently, it could interfere with API's efficient outsourcing and harm our unitholders' profitability. Thus, the sum of maintenance expenses and property management fee is stated.

<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 API: <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	February 26, 2016
Short-term renovation expense (Note 1) (Note 2)	¥770 thousand
Long-term renovation expense (Note 1) (Note 3)	¥137,360 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 2 Photo of the Exterior, Map of the Area



Exhibit 3 Portfolio after the Acquisition of the Property

Category	Property No.	Property name	Location	(Anticipated) Acquisition date	(Anticipated) 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)	13.5
	UR-2	Tokyu Plaza Akasaka	Chiyoda, Tokyo	June 13, 2012	11,450 (Note 2)	3.4
	UR-3	Q plaza EBISU	Shibuya, Tokyo	June 13, 2012	8,430	2.5
	UR-4	Shinbashi Place	Minato, Tokyo	June 13, 2012	20,500	6.1
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	June 13, 2012	8,860	2.7
	UR-6	A-FLAG AKASAKA	Minato, Tokyo	August 30, 2013	3,000	0.9
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	December 19, 2013	21,330	6.4
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	December 19, 2013	4,410	1.3
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	December 19, 2013	6,370	1.9
	UR-10	Q plaza SHINSAIBASHI	Osaka, Osaka	December 16, 2015	13,350	4.0
	Subtotal				142,700	42.7
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	June 13, 2012	7,400	2.2
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	June 13, 2012	9,640	2.9
	TO-3	A-PLACE Yoyogi	Shibuya, Tokyo	June 13, 2012	4,070	1.2
	TO-4	A-PLACE Aoyama	Minato, Tokyo	June 13, 2012	8,790	2.6
	TO-5	Luogo Shiodome	Minato, Tokyo	June 13, 2012	4,540	1.4
	TO-6	TAMACHI SQUARE (Land)	Minato, Tokyo	June 13, 2012	2,338 (Note 3)	0.7
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	June 13, 2012	3,990	1.2
	TO-8	A-PLACE Shinbashi	Minato, Tokyo	April 19, 2013	5,650	1.7
	TO-9	A-PLACE Gotanda	Shinagawa, Tokyo	January 10, 2014	5,730	1.7
	TO-10	A-PLACE Shinagawa	Minato, Tokyo	January 10, 2014	3,800	1.1
	TO-11	OSAKI WIZTOWER	Shinagawa, Tokyo	June 24, 2014	10,690	3.2
	TO-12	Shiodome Building	Minato, Tokyo	December 16, 2015	50,700 (Note 2)	15.2
	TO-13	Frontier Ebisu	Shibuya, Tokyo	July 29, 2015	7,072	2.1
	TO-14	Shibuya Konnoh Building	Shibuya, Tokyo	October 1, 2015	4,810	1.4
	TO-15	Gotanda Sankei Building	Shinagawa, Tokyo	July 1, 2016 (plan)	7,280	2.2
	Subtotal				136,500	40.9
Subtotal of UR and TO					279,200	83.6
Other Properties	O-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	June 13, 2012	12,000	3.6
	O-2	icot Nakamozu	Sakai, Osaka	June 13, 2012	8,500	2.5
	O-4	icot Mizonokuchi	Kawasaki, Kanagawa	June 13, 2012	2,710	0.8
	O-5	icot Tama Center	Tama, Tokyo	June 13, 2012	2,840	0.9
	O-6	A-PLACE Kanayama	Nagoya, Aichi	June 13, 2012	6,980	2.1
	O-7	Osaka Nakanoshima Building (Note 5)	Osaka, Osaka	December 19, 2014	11,100	3.3
	O-8	icot Omori	Ota, Tokyo	December 19, 2013	5,790	1.7
	O-9	Market Square Sagamihara	Sagamihara, Kanagawa	January 9, 2015	4,820	1.4
	Subtotal				54,740	16.4
Total					333,940	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 25% 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.