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FOR IMMEDIATE RELEASE

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### Notice of Acquisition of Assets and Lease Contract with New Tenants

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 three properties (“the anticipated properties”) today.

In accordance with the internal regulations concerning transactions with related parties of TRM, TRM has obtained API’s approval for the above transactions at API’s board of directors meeting. Details are as follows:

#### 1. Overview of the anticipated acquisition and lease

Category	Property No. (Note 1)	Property name	Location	Anticipated acquisition price (Millions of yen)	Seller
Urban Retail Properties	UR-14	A-FLAG KITA SHINSAIBASHI (Note 2)	Osaka, Osaka	4,725	Cosmos Corporation
	UR-15	DECKS Tokyo Beach (49% co-ownership interest) (Note 3)	Minato, Tokyo	12,740	Tokyu Land Corporation
	Subtotal		-	17,465	-
Activia Account Properties	AA-12	Commercial Mall Hakata	Fukuoka, Fukuoka	6,100	Cosmos Corporation
	Subtotal		-	6,100	-
Total				23,565	-

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- (1) Date of sales contract: November 28, 2017 (anticipated)
- (2) Date of anticipated acquisition: December 1, 2017 (A-FLAG KITA SHINSAIBASHI)  
January 5, 2018 (DECKS Tokyo Beach, Commercial Mall Hakata)
- (3) Seller of property: Refer to “4. Profile of the sellers”
- (4) Funds for acquisition: Net proceeds (Note 4) from the issuance of new investment units through the domestic primary offering, the international offering and the third-party allotment, as resolved at API’s board of directors meeting held on November 28, 2017, the borrowing of funds (anticipated) and API’s own funds. Details are as follows:
- (5) Settlement method: Total amount to be paid at the time of delivery

- (Note 1) “Property No.” is numbered by categorizing properties of API into UR (Urban Retail Properties), TO (Tokyo Office Properties) and AA (Activia Account Properties). We renamed the category of our properties from “Other” properties (with property numbers beginning with “O”) to “Activia Account” properties (with property numbers beginning with “AA”) as of January 17, 2017.
- (Note 2) The current name of “A-FLAG KITA SHINSAIBASHI” is “Dplus Shinsaibashi”, “A-FLAG KITA SHINSAIBASHI” is the name that API will use after the acquisition. The same shall apply hereafter.
- (Note 3) The anticipated acquisition price of “DECKS Tokyo Beach” is described based on the *pro rata* share (49%).
- (Note 4) For further information, please refer to the “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced as of today. An announcement regarding borrowing of funds will be made as soon as the decision has been concluded.
- (Note 5) In this notice, any fraction after the decimal point is rounded down, and percentage figures are rounded to the first decimal place.

## 2. Reason for the anticipated acquisition and lease

In accordance with the subjects and policies of asset management stipulated in its bylaws, API will acquire the anticipated properties for enrichment of the portfolio. Following this acquisition, the portfolio of API will consist of 42 properties with an approximate total acquisition price of 431.5 billion yen. The acquisition of the anticipated properties will reinforce its portfolio and stabilize profitability. The features we evaluated for each of the anticipated properties are as detailed in “Investment criteria” in “3. Overview of the anticipated properties and lease” below.

Furthermore, API judges that the lessees of the anticipated properties satisfy 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 August 25, 2017.

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### 3. Overview of the anticipated properties and lease

#### (1) UR-14 A-FLAG KITA SHINSAIBASHI

Property name		A-FLAG KITA SHINSAIBASHI
Specified asset category		Trust beneficiary interest
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust establishment date		June 16, 2017
Trust maturity date		December 31, 2027
Transportation		3-minute walk from Shinsaibashi Station on the Osaka Municipal Subway Midosuji Line and Nagahori Tsurumi-ryokuchi Line
Location (address)		10-11, Minami Senba 3-chome, Chuo-ku, Osaka City, Osaka
Land	Location	2-2, Minami Senba 3-chome, Chuo-ku, Osaka City, Osaka (Note 1)
	Building to land ratio	100.0% (Note 2)
	Plot ratio	1,000.0%
	Usage restrictions	Commercial district
	Land area	627.13m <sup>2</sup> (Note 1)
	Ownership	Owned
Building	Completion date	March 25, 2008 (Note 1)
	Structure	SRC, steel framed / 7 floors above and 1 floor underground (Note 1)
	Registered usage	Retail, office, parking (Note 1)
	Gross floor area	3,096.18m <sup>2</sup> (Note 1)
	Parking facilities	2 vehicles inside of the building site / 3 vehicles outside
	Ownership	Owned
Property management company		Tokyu Land SC Management Corporation (Note 3)
Master lessee		Tokyu Land SC Management Corporation (Note 3)
Acquisition price		¥4,725 million
Appraisal value (Date of value estimate)		¥4,770 million (October 1, 2017)
Appraisal agency		Japan Valuers Co., Ltd.
Earthquake PML		5.4% (according to an earthquake PML report of Sompo Risk Management & Health Care Inc.)
Hypothecation		None
Lease overview (Note 4)		
	Total leasable area	2,536.75m <sup>2</sup>
	Total leased area	2,536.75m <sup>2</sup>
	Occupancy rate	100.0%
	Number of tenants	5
	Annual rent (Note 5)	¥192 million
	Expected NOI (Note 6)	¥203 million
	Security deposit (Note 7)	¥125 million
Remarks		Not applicable

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<p>(Note 1) The data is based on information from the property registry.</p> <p>(Note 2) The figure includes the margin since the building receives the margin due to the fire-resistant building on fire prevention districts.</p> <p>(Note 3) Tokyu Land SC Management Corporation, to which API outsources master lessee and property management, 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 a resolution at the compliance committee and the investment committee, following deliberation of each committee.</p> <p>(Note 4) The figures are as of September 30, 2017.</p> <p>(Note 5) Annual rent is equal to monthly rent multiplied by 12, based on the lease contract with the end tenants as of September 30, 2017 (limited to rent for space occupied by tenants as of such date), including common service fees and excluding fees for warehouses, advertisement, parking, revenue-based rent and others, and is rounded to the nearest million yen (excluding consumption tax). Free rent or rent holiday as of September 30, 2017 is not considered.</p> <p>(Note 6) NOI is total revenues from real estate leasing less total expenses for real estate leasing (excluding depreciation and loss on retirement of fixed assets). 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 to the nearest million yen. The occupancy rate is expected to be 98.0%.</p> <p>(Note 7) The security deposit is calculated as the total amount on each lease agreement for the property as of September 30, 2017 that was occupied by the tenant as of such date, rounded to the nearest million yen.</p>	
Investment criteria	<p>A-FLAG KITA SHINSAIBASHI is an urban retail property located in the Shinsaibashi area of Osaka, which is one of the busiest streets in western Japan. With many development plans including large hotels and commercial facilities, this area is expected to flourish further. Standing on the highly visible corner facing the arcade of Shinsaibashisuji North shopping street, surrounded by apparel shops, restaurants and drug stores, the property is a three-minute walk from the Osaka Municipal Subway Line Shinsaibashi Station. The property is seven floors above ground and one floor underground, and the first basement floor and the second floor also have direct access from the shopping arcade. With various tenants such as a cellular phone store, fitness gym, live music club and others, the property meets various needs of customers.</p>

(2) UR-15 DECKS Tokyo Beach

Property name		DECKS Tokyo Beach
Specified asset category		Trust beneficiary interest
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust establishment date		Land: July 29, 2016 Building: September 27, 2013
Trust maturity date		December 31, 2027
Transportation		2-minute walk from Odaiba-kaihinkoen Station on the Tokyo Waterfront New Transit Waterfront Line (the “New Transit Yurikamome”), 5-minute walk from Tokyo Teleport Station on Tokyo Waterfront Area Rapid Transit Rinkai Line (the “Rinkai Line”)
Location (address)		6-1, Daiba 1-chome, Minato-ku, Tokyo
Land (Note 1)	Location	5, Daiba 1-chome, Minato-ku, Tokyo (Note 2)
	Building to land ratio	100.0% (Note 3)
	Plot ratio	300.0%

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	Usage restrictions	Commercial district
	Land area	18,703.45 m <sup>2</sup> (Note 2)
	Ownership	Owned (49% co-ownership interest)
Building (Note 1)	Completion date	June 20, 1996 (Extended on November 2, 2000) (Note 2)
	Structure	Steel framed / 8 floors above (Note 2)
	Registered usage	Retail, amusement place, factory, parking (Note 2)
	Gross floor area	67,506.91 m <sup>2</sup> (Note 2)
	Parking facilities	548 vehicles
	Ownership	Owned (49% co-ownership interest)
Property management company		Tokyu Land SC Management Corporation (Note 4)
Master lessee		Tokyu Land SC Management Corporation (Note 4)
Acquisition price		¥12,740 million
Appraisal value (Date of value estimate)		¥12,887 million (Note 5) (October 1, 2017)
Appraisal agency		Morii Appraisal & Investment Consulting, Inc.
Earthquake PML		4.0% (according to the earthquake PML report of Sompo Risk Management & Health Care Inc.)
Hypothecation		None
Lease overview (Note 6)		
	Total leasable area	16,136.88 m <sup>2</sup> (Note 5)
	Total leased area	16,136.88 m <sup>2</sup> (Note 5)
	Occupancy rate	100.0%
	Number of tenants	87
	Annual rent (Note 7)	¥657 million (Note 5)
	Expected NOI (Note 8)	¥588 million (Note 5)
	Security deposit (Note 9)	¥503 million (Note 5)
Remarks		<ul style="list-style-type: none"> <li>The beneficiary interest is in the form of co-ownership, and the agreement on beneficiary interest among beneficiaries sets forth matters on preferential negotiating rights of beneficiaries concerning transferring of beneficiary interests by other parties.</li> <li>It is to be agreed with the government of Tokyo that the trustee and/or each co-owner of trust beneficiary interests can transfer to a third party the ownership of the land or the trust beneficiary interest of the property only when the case shall comply with all of the below three terms.: <ol style="list-style-type: none"> <li>The transferee should cooperate with the development in Tokyo waterfront area.</li> <li>The transferor should notify the government of Tokyo of the transfer by a written form designated by the government of Tokyo prior to the anticipated transfer date.</li> <li>The government of Tokyo, the trustee and the co-owner of trust beneficiary interests should conclude an agreement on the transfer of interest with the transferee.</li> </ol> </li> <li>API will enter into an agreement with the government of Tokyo, which places certain obligations to API such as (i) becoming a member of Tokyo Waterfront City Association, (ii) complying with its regulations and the guideline of city development and (iii) cooperating with the development in Tokyo waterfront area, etc. When API fails to comply with</li> </ul>

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	the obligations defined in the agreement, API might receive an improvement order from the government of Tokyo, and in case where API still fails to comply with the obligations regardless of the improvement order and this agreement gets cancelled due to the violations of the obligations, API may owe a restore duty.
<p>(Note 1) The land of the property is currently subject to a repurchase agreement with the government of Tokyo as the holder of repurchase right effective through July 29, 2026. However, the registration of the repurchase agreement is scheduled to be deleted before the delivery date of the property.</p> <p>(Note 2) The data is based on information from the property registry.</p> <p>(Note 3) The figure includes the margin since the building receives the margin due to the fire-resistant building on fire prevention districts.</p> <p>(Note 4) Tokyu Land SC Management Corporation, to which API outsources master lessee and property management, 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 resolution at the compliance committee and the investment committee, following deliberation of each committee.</p> <p>(Note 5) The figures provided reflect the 49% co-ownership interest.</p> <p>(Note 6) The figures are as of September 30, 2017.</p> <p>(Note 7) The annual rent is equal to the aggregate monthly rent multiplied by 12, based on the lease contract with the end tenants as of September 30, 2017 (limited to rent for space occupied by tenants as of such date), including common service fees and excluding fees for warehouses, advertisement, parking, revenue-based rent and others, and is rounded to the nearest million yen (excluding consumption tax). Free rent or rent holiday as of September 30, 2017 is not considered.</p> <p>(Note 8) NOI is total revenues from real estate leasing less total expenses for real estate leasing (excluding depreciation and loss on retirement of fixed assets). 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 to the nearest million yen. The occupancy rate is expected to be 97.0%.</p> <p>(Note 9) The security deposit is calculated as the total amount on each lease agreement for the property as of September 30, 2017 that was occupied by the tenant as of such date, rounded to the nearest million yen.</p>	
Investment criteria	<p>DECKS Tokyo Beach is an urban retail property located in the Odaiba area, which is one of the most well-known entertainment areas in Japan attracting both overseas and domestic tourists, surrounded by a beautiful natural environment, urban resort hotels, large-scale commercial facilities, a television station, hot spring facilities and exhibition halls. Further development of infrastructure of this area is progressing in preparation for the 2020 Tokyo Olympic and Paralympic Games. The eight-story property faces a beach, with a great view of the Rainbow Bridge, illumination and central Tokyo area. The property is a five-minute walk from Tokyo Teleport Station on the Rinkai Line and a two-minute walk from Odaiba-kaihinkoen Station on the Yurikamome Line.</p> <p>Furthermore, the property has easy access to Haneda Airport via shuttle bus. A water-bus is also available from the Asakusa area. In addition, a new cruise ship pier to accept the largest cruise ships in the world is expected to be constructed in this area by 2020 in time for the Tokyo Olympic and Paralympic Games, further increasing the number of visitors.</p>

(3) AA-12 Commercial Mall Hakata

Property name	Commercial Mall Hakata
Specified asset category	Trust beneficiary interest
Trustee	Mitsubishi UFJ Trust and Banking Corporation

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Trust establishment date		August 17, 2017
Trust maturity date		August 31, 2027
Transportation		16-minute walk from Takeshita Station on the JR Kagoshima Main Line
Location (address)		6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka City, Fukuoka
Land	Location	23, Tokojimachi 2-chome, Hakata-ku, Fukuoka City, Fukuoka and others (Note 1)
	Building to land ratio	70.0% (Note 2)
	Plot ratio	200.0%
	Usage restrictions	Quasi-industrial district
	Land area	10,686.42 m <sup>2</sup> (Note 1)
	Ownership	Owned
Building	Completion date	November 3, 2005 (Note 1)
	Structure	Steel framed / 3 floors above (Note 1)
	Registered usage	Department store, parking (Note 1)
	Gross floor area	13,848.76 m <sup>2</sup> (Note 1)
	Parking facilities	325 vehicles
	Ownership	Owned
Property management company		Tokyu Community Corp. (Note 3)
Master lessee		Tokyu Community Corp. (Note 3)
Acquisition price		¥6,100 million
Appraisal value (Date of value estimate)		¥6,270 million (October 1, 2017)
Appraisal agency		Japan Valuers Co., Ltd.
Earthquake PML		1.9% (according to an earthquake PML report of Sompo Risk Management & Health Care Inc.)
Hypothecation		None
Lease overview (Note 4)		
	Total leasable area	9,612.88 m <sup>2</sup>
	Total leased area	9,612.88 m <sup>2</sup>
	Occupancy rate	100.0%
	Number of tenants	19
	Annual rent (Note 5)	¥351 million
	Expected NOI (Note 6)	¥309 million
	Security deposit (Note 7)	¥169 million
Remarks		Not applicable
<p>(Note 1) The data is based on information from the property registry.</p> <p>(Note 2) The figure includes the margin since the building receives the margin due to corner lot.</p> <p>(Note 3) Tokyu Community Corp., to which API outsources master lessee and property management, 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 a resolution at the compliance committee and the investment committee, following deliberation of each committee.</p> <p>(Note 4) The figures are as of September 30, 2017.</p> <p>(Note 5) The annual rent is equal to the aggregate monthly rent multiplied by 12, based on the lease contract with the end tenants as of September 30, 2017 (limited to rent for space occupied by tenants as of such date), including common service fees and excluding fees for warehouses, advertisement, parking, revenue-based rent and others, and is rounded to the nearest million yen (excluding consumption tax). Free rent or rent holiday as of September 30, 2017 is not considered.</p>		

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<p>(Note 6) NOI is total revenues from real estate leasing less total expenses for real estate leasing (excluding depreciation and loss on retirement of fixed assets). 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 to the nearest million yen. The occupancy rate is expected to be 97.8%.</p> <p>(Note 7) The security deposit is calculated as the total amount on each lease agreement for the property as of September 30, 2017 that was occupied by the tenant as of such date, rounded to the nearest million yen.</p>	
Investment criteria	<p>Commercial Mall Hakata is an Activia Account retail property located in Hakata-ku, Fukuoka City, which has the largest population growth rate among Japan's Government-designated major cities (which excludes Tokyo) during the period from October 2010 to October 2015. The property is located a 16-minute walk from Takeshita Station on the JR Kagoshima Main Line and 2.2 km from Hakata Station on the JR Kyushu Lines, JR West Lines and Fukuoka City Subway Lines. Widely facing the Chikushi Street, a heavy traffic road with two lanes in each direction, the property is highly visible and easily accessible. Commercial Mall Hakata has two store floors, one parking floor and rooftop parking. Including the parking on the ground, the property has 325 parking spaces in total. The property has 19 tenants including nation-wide chains such as TSUTAYA, Starbucks and UNIQLO.</p>

#### 4. Profile of the sellers

##### (UR-14) A-FLAG KITA SHINSAIBASHI, (AA-12) Commercial Mall Hakata

Name	Cosmos Corporation
Address	Nihonbashi 1-chome Building, 4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
Management	Takanori Mishina
Amount of capital	¥3 million (as of March 31, 2017)
Establishment	April 27, 2006
Net Assets	- (Note)
Total Assets	- (Note)
Major Shareholder	- (Note)
Business Description	<ol style="list-style-type: none"> <li>1. Acquisition, possession and disposal of real estate trust beneficiary interest</li> <li>2. Acquisition, possession, disposal, leasing and management of real estate</li> <li>3. Any other related businesses to each item listed above</li> </ol>
Relationships with API and TRM	
Capital relationship	Cosmos Corporation is a SPC, in which Tokyu Land Corporation, the 100% parent company of TRM, holds anonymous association ( <i>tokumei kumiai</i> ) interests.
Personnel relationship	None
Business relationship	None
Related party status	Cosmos Corporation is not a related party of the API, but is a related party of TRM under TRM's internal policies and the Act on Investment Trusts and Investment Corporations of Japan (the "ITA").

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

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(UR-15) DECKS Tokyo Beach

Name	Tokyu Land Corporation
Address	21-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo
Management	Yuji Okuma
Amount of capital	¥57,551 million (as of March 31, 2017)
Establishment	December 17, 1953
Net Assets	¥302,496 million (as of March 31, 2017)
Total Assets	¥1,242,175 million (as of March 31, 2017)
Major Shareholder	Tokyu Fudosan Holdings Corporation (100%)
Business Description	<ol style="list-style-type: none"> <li>1. Management, lease, purchase and sale, intermediary, consulting, and appraising of land and building</li> <li>2. Financing of interest to TMK, SPC, and REIT, and purchase and sale, intermediary and management of such interests</li> <li>3. Any other related businesses to each item listed above</li> </ol>
Relationships with API and TRM	
Capital relationship	Tokyu Land Corporation, the 100% parent company of TRM, holds 61,913 units issued by API. (as of May 31, 2017)
Personnel relationship	Most employees of TRM are secondees from Tokyu Land Corporation
Business relationship	Lease and PM agreements are contracted between Tokyu Land Corporation and the trustees on trust beneficiary interest held by API.
Related party status	Tokyu Land Corporation is not a related party of API, but is a related party of TRM under TRM's internal policies. Also, Tokyu Land Corporation is a related party defined under the ITA.

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## 5. Status of the sellers

The acquisition of properties from related parties, including special purpose companies (subsidiary companies) managed by related parties, are described below. The following table indicates (1) company name, (2) relationship with the specially related parties, and (3) transaction history, reasons for acquisition.

Property name (Location)	Previous owner/ Trust beneficiary	Second Previous owner/ Trust beneficiary	Third Previous owner/ Trust beneficiary
	(1), (2), (3) Acquisition (transfer) price Timing of acquisition (transfer)	(1), (2), (3) Acquisition (transfer) price Timing of acquisition (transfer)	(1), (2), (3) Acquisition (transfer) price Timing of acquisition (transfer)
(UR-14) A-FLAG KITA SHINSAIBASHI (10-11, Minami Senba 3-chome, Chuo-ku, Osaka)	(1) Cosmos Corporation (2) Cosmos Corporation is a SPC owned by Tokyu Land Corporation, the parent company of TRM, and for which TLC Capital Management Inc., a related party of TRM, provides asset management services (3) Acquired for the purpose of warehousing	Persons other than specially related parties	-
	¥ 4,725 million	-	-
	June 2017	-	-
(UR -15) DECKS Tokyo Beach (6-1, Daiba 1- chome, Minato-ku, Tokyo)	(1) Tokyu Land Corporation (2) The parent company of TRM (3) Acquired for the purpose of investment	Persons other than specially related parties	-
	Omitted as the holding period was longer than one year	-	-
	September 2013 (building) July 2016 (land)	-	-
(AA-12) Commercial Mall Hakata (6-40, Tokojimachi 2- chome, Hakata-ku, Fukuoka City, Fukuoka)	(1) Cosmos Corporation (2) Cosmos Corporation is a SPC owned by Tokyu Land Corporation, the parent company of TRM, and for which TLC Capital Management Inc., a related party of TRM, provides asset management services (3) Acquired for the purpose of warehousing	Persons other than specially related parties	-
	¥ 6,100 million	-	-
	August 2017	-	-

(Note) The location indicates the residential address.

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## 6. Outline of intermediary

Not applicable

## 7. Schedule (plan)

Property No.	Property name	Determination of acquisition	Conclusion of acquisition contract	Payment date	Scheduled acquisition date
UR-14	A-FLAG KITA SHINSAIBASHI	November 28, 2017	November 28, 2017	December 1, 2017	December 1, 2017
UR-15	DECKS Tokyo Beach			January 5, 2018	January 5, 2018
AA-12	Commercial Mall Hakata				

## 8. Transaction with related parties

### (1) Acquisition of assets

The previous owners and trust beneficiaries of the assets to be acquired are Tokyu Land Corporation, the parent company of TRM or subsidiaries or similarly related parties of Tokyu Land Corporation. Such parties are related parties as provided for in Article 201 of the ITA and Article 123 of the Enforcement Ordinance of the ITA, and every seller is a related party as provided for in the regulations concerning transactions with related parties in the internal regulations of TRM. Therefore, TRM carried out the appropriate procedures as provided for in the regulations concerning transactions with related parties in connection with outsourcing property management services for each anticipated property from these parties, including obtaining API's approval for the above transactions at API's board of directors meeting.

### (2) Conclusion of Lease Agreement and Property Management Agreement

For A-FLAG KITA SHINSAIBASHI and DECKS Tokyo Beach, two of the anticipated properties, API will retain the Lease Agreement and Property Management Agreement, currently in effect, with the trustee and Tokyu Land SC Management Corporation. As for Commercial Mall Hakata, API will retain the Lease Agreement and Property Management Agreement, currently in effect, with the trustee and Tokyu Community Corp.

Tokyu Land SC Management Corporation is a subsidiary of Tokyu Land Corporation, the parent of TRM. In addition, Tokyu Community Corp. is a 100% subsidiary of Tokyu Fudosan Holdings Corporation, the parent of Tokyu Land Corporation which is the parent of TRM. The entities fall into interested party as defined by Article 201 of the ITA and Article 123 of Order for Enforcement of the ITA as well as "Rules Regarding Related-party Transactions", the internal rules of TRM. Therefore, TRM has completed procedures based on "Rules Regarding Related-party Transactions" for outsourcing the property management and master lease services to these parties.

### Overview of outsourcing contractors

Name	Tokyu Land SC Management Corporation
Address	2-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo
Management	Kazushi Sato

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Amount of Capital	¥ 100 million (as of March 31, 2017)
Established	January 19, 2009
Business Description	<ol style="list-style-type: none"> <li>1. Management and operation of retail facility and complex facility</li> <li>2. Planning and consulting of retail facility and complex facility</li> <li>3. Lease and intermediary of real estate</li> <li>4. Planning and design of retail store</li> <li>5. Any other related businesses to each item listed above</li> </ol>
Relationships with API and TRM	
Capital relationship	None
Personnel relationship	None
Business relationship	The trustee has contracted the lease agreement and property management agreement with Tokyu Land SC Management Corporation on the buildings with the trust beneficiary interest held by API.
Related party status	Tokyu Land SC Management Corporation is not a related party of API, but is a related party of TRM under TRM's internal policies. Also, Tokyu Land SC Management Corporation is a related party under the ITA.

Name	Tokyu Community Corp.
Address	10-1, Yoga 4-chome, Setagaya-ku, Tokyo
Management	Katsuhide Saiga
Amount of Capital	¥ 165 million (as of March 31, 2017)
Established	April 8, 1970
Business Description	<ol style="list-style-type: none"> <li>1. Management, lease, purchase and sale, intermediary of land and building and management of condominium</li> <li>2. Design, supervision, construction and contract of building and auxiliary equipment</li> <li>3. Consulting related to management of land and building</li> <li>4. Any other related businesses to each item listed above</li> </ol>
Relationships with API and TRM	
Capital relationship	None
Personnel relationship	Some employees of TRM are secondees from Tokyu Community Corp.
Business relationship	The trustee has contracted the lease agreement and property management agreement with Tokyu Community Corp. on the buildings with the trust beneficiary interest held by API.
Related party status	Tokyu Community Corp. is not a related party of API, but is a related party of TRM under TRM's internal policies. Also, Tokyu Community Corp. is a related party under the ITA.

9. Item regarding forward commitment contracts, etc.

(1) Properties to be acquired under forward commitment contracts, etc. (Note)

Property No.	Property name	Sales contract conclusion date	Scheduled acquisition date
UR-15	DECKS Tokyo Beach	November 28, 2017	January 5, 2018
AA-12	Commercial Mall Hakata		

(Note) A forward commitment contract is defined as “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

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contract similar thereto”.

(2) Impact on API’s finance when forward commitment contracts cannot be executed

In case there are any violations by API or a seller concerning the provisions which have a material adverse effect on the achievement of the purpose of the agreement, API or the seller can urge the seller or API, as applicable, to fulfill the obligation in a fixed period of time. When the seller or API does not correct the violations within that time frame, API or the seller may cancel the agreement and make a claim to the seller or API for the penalty equivalent to up to 5% of the sales price to the seller or API.

However, the forward commitment contracts into which API has entered contain certain clauses stating that API, as the purchaser, will be able to acquire the anticipated properties by paying the total acquisition price, only when the financing to fund for the anticipated acquisition has been completed. If such financing is not completed as of March 31, 2018, the agreement will expire, which would render the above penalty clause invalid. Thus, API does not anticipate that the failure to execute of the agreement due to a lack of financing will have a material negative impact on its results.

10. Outlook

For the effect of the acquisition of the anticipated properties on the management performance of API for the fiscal period ending May 2018 (the 13th fiscal period, from December 1, 2017 to May 31, 2018) and the fiscal period ending November 2018 (the 14th fiscal period, from June 1, 2018 to November 30, 2018), please refer to the “Notice Concerning Revision to Forecast of Management Performance for the Period Ending May 31, 2018 and Forecast of Management Performance for the Period Ending November 30, 2018” announced as of today.

11. Outline of Appraisal Reports

Property name	A-FLAG KITA SHINSAIBASHI
Appraisal value	¥4,770 million
Appraisal agency	Japan Valuers Co., Ltd.
Date of value estimate	October 1, 2017

	Amount (million yen)	Remarks
Capitalization	4,770	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	4,990	
Operating revenue	249	
Potential gross income	254	Estimated based on receivable rent, etc. for mid-to-long term.
Loss (e.g. vacancy)	5	Estimated based on operation level for mid-to-long term.
Operating expense	47	
Maintenance Expenses	11	Assessed based on estimates.
Property management fee	(Note)	
Utility expenses	18	Estimated based on the past records.
Repair expenses	2	Estimated based on the annual average of Repair expenses on Engineering Report (ER).
Leasing expenses	2	Assessed based on estimates.

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	Taxes and public dues	11	Estimated based on the past records.
	Insurance	0	Estimated with replacement cost of building.
	Other expenses	3	Estimated based on the past records.
	NOI (Net Operating Income)	202	
	Investment income from temporary deposits	1	Estimated with Investment yield as 1%.
	Capital expenditure	3	Estimated based on the annual average of capital expenditure on Engineering Report (ER).
	NCF (Net Cash Flow)	200	
	Capitalization rate	4.0%	Estimated based on transaction cases of similar real estates, with reference to discount rate with profitability and the fluctuation risk of principal.
Value by the DCF method		4,700	
	Discount rate	3.7%	Estimated with reference to a comparison with transaction cases of similar real estates, yield/ interest (rate) of financial asset, and the result of investor's analysis.
	Terminal capitalization rate	4.1%	Estimated with reference to capitalization rate with uncertainty of the future, and deterioration of the building.
Value by the cost method		3,240	
	Land ratio	92.9%	
	Building ratio	7.1%	
Other facts which the appraisal agency have taken into account for the appraisal report.			Nothing in particular

(Note 1) By disclosing maintenance expenses and property management fee separately, the other business of the entrusted companies with operations for both building management and property management could be influenced. As a result, it could impede API's efficient outsourcing and harm the value for API's investors. Thus, the above shows the sum of maintenance expenses and property management fee.

(Note 2) The figures are rounded to the nearest million yen unless otherwise specified. The same shall apply hereafter in the "Outline of Appraisal Reports".

Property name	DECKS Tokyo Beach
Appraisal value	¥12,887 million
Appraisal agency	Morii Appraisal & Investment Consulting, Inc.
Date of value estimate	October 1, 2017

	Amount (million yen) (Note 1)	Remarks
Capitalization	12,887	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	13,083	
Operating revenue	1,216	
Potential gross income	1,230	Estimated based on receivable rent, etc. for medium to long term.
Loss (e.g. vacancy)	14	Estimated based on operation level for medium to long term.
Operating expense	651	
Maintenance Expenses	265	Assessed based on estimates.
Property management fee	(Note 2)	
Utility expenses	217	Estimated based on the past records.

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	Repair expenses	20	Estimated based on the annual average of Repair expenses on Engineering Report (ER).
	Leasing expenses	11	Recorded the amount equivalent to 1.5 months rent revenue.
	Advertising expenses	49	Estimated with reference to similar real estates.
	Taxes and public dues	88	Estimated based on the past records.
	Insurance	1	Estimated with replacement cost of building.
	Other expenses	0	Estimated based on the past records.
	NOI (Net Operating Income)	565	
	Investment income from temporary deposits	4	Estimated with Investment yield as 1%.
	Capital expenditure	46	Estimated based on the annual average of capital expenditure on Engineering Report (ER).
	NCF (Net Cash Flow)	523	
	Capitalization rate	4.0%	Estimated based on transaction cases of similar real estates, with reference to discount rate with profitability and the fluctuation risk of principal.
Value by the DCF method		12,642	
	Discount rate	3.8%	Estimated with reference to a comparison with transaction cases of similar real estates, yield/ interest (rate) of financial asset, and the result of investor's analysis.
	Terminal capitalization rate	4.2%	Estimated with reference to capitalization rate with uncertainty of the future, and deterioration of the building.
Value by the cost method		19,061	
	Land ratio	90.2%	
	Building ratio	9.8%	
Other facts which the appraisal agency have taken into account for the appraisal report.			Nothing in particular

(Note1) The figures provided reflect the 49% co-ownership interest to be acquired.

(Note 2) By disclosing maintenance expenses and property management fee separately, the other business of the entrusted companies with operations for both building management and property management could be influenced. As a result, it could impede API's efficient outsourcing and harm the value for API's investors. Thus, the above shows the sum of maintenance expenses and property management fee.

Property name	Commercial Mall Hakata
Appraisal value	¥6,270 million
Appraisal agency	Japan Valuers Co., Ltd.
Date of value estimate	October 1, 2017

	Amount (million yen)	Remarks
Capitalization	6,270	Estimated by the DCF method and the direct capitalization method.
Value by the direct capitalization method	6,300	
Operating revenue	446	
Potential gross income	455	Estimated based on receivable rent, etc. for medium to long term.
Loss (e.g. vacancy)	9	Estimated based on operation level for medium to long term.
Operating expense	140	
Maintenance Expenses	42	Assessed based on estimates.

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	Property management fee	(Note)	
	Utility expenses	62	Estimated based on the past records.
	Repair expenses	3	Estimated based on the annual average of Repair expenses on Engineering Report (ER).
	Leasing expenses	3	Assessed based on estimates.
	Taxes and public dues	24	Estimated based on the past records.
	Insurance	1	Estimated with replacement cost of building.
	Other expenses	5	Estimated based on the past records.
	NOI (Net Operating Income)	306	
	Investment income from temporary deposits	2	Estimated with Investment yield as 1%.
	Capital expenditure	5	Estimated based on the annual average of Capital expenditure on Engineering Report (ER).
	NCF (Net Cash Flow)	303	
	Capitalization rate	4.8%	Estimated based on transaction cases of similar real estates, with reference to discount rate with profitability and the fluctuation risk of principal.
Value by the DCF method		6,240	
	Discount rate	4.5%	Estimated with reference to a comparison with transaction cases of similar real estates, yield/ interest (rate) of financial asset, and the result of investor's analysis.
	Terminal capitalization rate	4.9%	Estimated with reference to capitalization rate with uncertainty of the future, deterioration of the building.
Value by the cost method		3,330	
	Land ratio	83.3%	
	Building ratio	16.7%	
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 business of the entrusted companies with operations for both building management and property management could be influenced. As a result, it could impede API's efficient outsourcing and harm the value for API's investors. Thus, the above shows the sum of maintenance expenses and property management fee.

#### <Exhibits>

Exhibit 1 Outline of Building Condition Assessment Report

Exhibit 2 Photographs of the Exterior, Maps of the Area

Exhibit 3 Portfolio after the Acquisition of the Anticipated Properties

\*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: <https://www.activia-reit.co.jp/en/>

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## Exhibit 1 Outline of Building Condition Assessment Report

Property name	A-FLAG KITA SHINSAIBASHI	DECKS Tokyo Beach (Note 1)	Commercial Mall Hakata
Assessment company	HI International Consultant Co., LTD		
Date of estimate	September 6, 2017	August 7, 2017	September 13, 2017
Short-term renovation expense (thousand yen) (Note 2) (Note 3)	850	13,656	1,120
Long-term renovation expense (thousand yen) (Note 2) (Note 4)	65,460	794,339	99,070

(Note 1) The figures provided reflect the 49% co-ownership interest to be acquired.

(Note 2) The short-term renovation expense and long-term renovation expense are based on the building condition assessment report.

(Note 3) 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 4) The long-term renovation expense is the total expense for renovations needed within 12 years of the date of the building condition assessment report.

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Exhibit 2 Photographs of the Exterior, Maps of the Area  
(UR-14) A-FLAG KITA SHINSAIBASHI



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(UR -15) DECKS Tokyo Beach



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(AA-12) Commercial Mall Hakata



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## Exhibit 3 Portfolio after the Anticipated Acquisition of the Properties

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)	10.4%	
	UR-2	Tokyu Plaza Akasaka	Chiyoda, Tokyo	June 13, 2012	11,450 (Note 2)	2.7%	
	UR-3	Q plaza EBISU	Shibuya, Tokyo	June 13, 2012	8,430	2.0%	
	UR-4	Shinbashi Place	Minato, Tokyo	June 13, 2012	20,500	4.8%	
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	June 13, 2012	8,860	2.1%	
	UR-6	A-FLAG AKASAKA	Minato, Tokyo	August 30, 2013	3,000	0.7%	
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	December 19, 2013	21,330	4.9%	
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	December 19, 2013	4,410	1.0%	
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	December 19, 2013	6,370	1.5%	
	UR-10	Q plaza SHINSAIBASHI	Osaka, Osaka	December 16, 2015	13,350	3.1%	
	UR-11	A-FLAG KOTTO DORI	Minato, Tokyo	December 20, 2016	4,370	1.0%	
	UR-12	A-FLAG BIJUTSUKAN DORI	Minato, Tokyo	December 2, 2016	4,700	1.1%	
	UR-13	A-FLAG DAIKANYAMA WEST	Shibuya, Tokyo	January 6, 2017	2,280	0.5%	
	UR-14	A-FLAG KITA SHINSAIBASHI	Osaka, Osaka	December 1, 2017 (plan)	4,725	1.1%	
	UR-15	DECKS Tokyo Beach	Minato, Tokyo	January 5, 2018 (plan)	12,740 (Note 2)	3.0%	
	Subtotal					171,515	39.7%
	Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	June 13, 2012	7,400	1.7%
TO-2		A-PLACE Ebisu Minami	Shibuya, Tokyo	June 13, 2012	9,640	2.2%	
TO-3		A-PLACE Yoyogi	Shibuya, Tokyo	June 13, 2012	4,070	0.9%	
TO-4		A-PLACE Aoyama	Minato, Tokyo	June 13, 2012	8,790	2.0%	
TO-5		Luogo Shiodome	Minato, Tokyo	June 13, 2012	4,540	1.1%	
TO-6		TAMACHI SQUARE (Land)	Minato, Tokyo	June 13, 2012	2,338 (Note 3)	0.5%	
TO-7		A-PLACE Ikebukuro	Toshima, Tokyo	June 13, 2012	3,990	0.9%	
TO-8		A-PLACE Shinbashi	Minato, Tokyo	April 19, 2013	5,650	1.3%	
TO-9		A-PLACE Gotanda	Shinagawa, Tokyo	January 10, 2014	5,730	1.3%	
TO-10		A-PLACE Shinagawa	Minato, Tokyo	January 10, 2014	3,800	0.9%	
TO-11		OSAKI WIZTOWER	Shinagawa, Tokyo	June 24, 2014	10,690	2.5%	
TO-12		Shiodome Building (Note 2) (Note 4)	Minato, Tokyo	December 2, 2016	71,600	16.6%	
TO-13		A-PLACE Ebisu Higashi	Shibuya, Tokyo	July 29, 2015	7,072	1.6%	
TO-14		A-PLACE Shibuya Konnoh	Shibuya, Tokyo	October 1, 2015	4,810	1.1%	
TO-15		A-PLACE Gotanda Ekimae	Shinagawa, Tokyo	July 1, 2016	7,280	1.7%	
TO-16		A-PLACE Shinagawa Higashi	Minato, Tokyo	March 16, 2017	18,800	4.4%	
Subtotal					176,200	40.8%	
Subtotal of UR and TO					347,715	80.6%	
	AA-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	June 13, 2012	12,000	2.8%	
	AA-2	icot Nakamozu	Sakai, Osaka	June 13, 2012	8,500	2.0%	
	AA-4	icot Mizonokuchi	Kawasaki,	June 13, 2012	2,710	0.6%	

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Activia Account Properties			Kanagawa			
	AA-5	icot Tama Center	Tama, Tokyo	June 13, 2012	2,840	0.7%
	AA-6	A-PLACE Kanayama	Nagoya, Aichi	June 13, 2012	6,980	1.6%
	AA-7	Osaka Nakanoshima Building (Note 5)	Osaka, Osaka	December 19, 2014	11,100	2.6%
	AA-8	icot Omori	Ota, Tokyo	December 19, 2013	5,790	1.3%
	AA-9	Market Square Sagamihara	Sagamihara, Kanagawa	January 9, 2015	4,820	1.1%
	AA-10	Umeda Gate Tower	Osaka, Osaka	September 21, 2016	19,000	4.4%
	AA-11	A-PLACE Bashamichi	Yokohama, Kanagawa	October 6, 2016	3,930	0.9%
	AA-12	Commercial Mall Hakata	Fukuoka, Fukuoka	January 5, 2018 (plan)	6,100	1.4%
	Subtotal				83,770	19.4%
Total				431,485	100.0%	

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

(Note 2) The acquisition prices of "Tokyu Plaza Omotesando Harajuku", "Tokyu Plaza Akasaka", "DECKS Tokyo Beach" and "Shiodome Building" are described based on their respective *pro rata* share (75%, 50%, 49% and 35%, respectively).

(Note 3) The 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 "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 of "Shiodome Building" is the total amount of the first, second and third acquisition prices.

(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 first and second acquisition prices.

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