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Notice of Acquisition of Asset (Osaka Nakanoshima Building)

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) announces today that it decided to acquire a property. Details are as follows:

1. Overview of the acquisition

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| (1) Asset to be acquired: | 50% of the trust beneficiary co-ownership interest in a property as a trust asset (Note 1) |
| (2) Property name: | Osaka Nakanoshima Building |
| (3) Acquisition price: | ¥5,250 million (excluding expenses for the acquisition and consumption taxes) |
| (4) Date of sales contract: | January 25, 2013 (plan) |
| (5) Date of acquisition: | January 25, 2013 (scheduled date of delivery and settlement) |
| (6) Seller of property: | Please refer to 3. (2) Profile of the seller. |
| (7) Funds for acquisition: | Borrowed funds and the Investment Corporation’s own funds (plan) (Note 2) |
| (8) Settlement method: | Total amount to be paid at the time of delivery |

(Note 1) A special purpose company set up by Tokyu Land Corporation will hold 50% of the trust beneficiary co-ownership interest.

(Note 2) For further information on the borrowed funds, please refer to the “Notice Concerning Borrowing of Funds” disclosed today.

2. Reason of the acquisition

The Investment Corporation will acquire the property to improve the stability and profitability of its portfolio through diversification in accordance with the subjects and policies of asset management stipulated in its bylaws.

Using the value chain of Tokyu Land Group, the Investment Corporation will acquire the property jointly with its sponsor at a price 9.5% lower than the appraisal value through a negotiated transaction.

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

(1) Location

The property is in the Nakanoshima area, flanked by Midosuji and Yotsubashisuji, and is conveniently located a one-minute walk from “Oebashi” Station on the Keihan Nakanoshima Line and a five-minute walk from “Yodoyabashi” Station on the Osaka Municipal Subway Midosuji Line. The Nakanoshima area features many office buildings, including financial institutions and government offices, such as the Bank of Japan Osaka branch and the Osaka City Hall, as well as offices of major companies such as The Asahi Shimbun Company and Kansai Electric Power. Flanked by the Dojima river to the north and the Tosaborigawa river to the south, the property is highly prominent and is in a good environment for offices.

(2) Features of the property

The property is a large office building. The leasable area on standard floors is 1,392 m², and the total leasable area is 20,429 m². Leasable spaces are easily divided by consolidating office facilities in one area. The ceiling height including the height of the free access floor, 50 mm, is 2,550 mm (on standard floors). The building has individual air-conditioning units. The parking facilities have spaces for 100 vehicles. The entrance hall and common use spaces on each floor were renovated in 2010. For these features, the Investment Corporation has determined that the property is competitive in its market. The property will have 43 tenants in different industries when it is acquired, and the Investment Corporation expects that the diversified tenants will contribute to stable revenue.

3. Overview of the property to be acquired

(1) Outline of the property

Property name		Osaka Nakanoshima Building
Specified asset category		Trust beneficiary interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		March 29, 2002
Trust maturity date		January 31, 2023
Transportation		1-minute walk from “Oebashi” station on the Keihan Nakanoshima Line 5-minute walk from “Yodoyabashi” station on the Osaka Municipal Subway Midosuji Line
Location (address)		2-2 Nakanoshima 2-chome, kita-ku, Osaka City, Osaka
Land	Location (Note1)	13-Otsu, 13-Hei, 15-2 Nakanoshima 2-chome, kita-ku, Osaka City, Osaka
	Building to land ratio (Note2)	100.00%
	Plot ratio (Note2)	1,000.00%
	Usage restrictions	Commercial district
	Land area (Note1)	3,038.20 m ²
	Ownership	Ownership (50% co-ownership of the trust beneficiary interest)
Building	Completion date (Note1)	March 5, 1984
	Structure (Note1)	SRC / 15 floors above and 3 floors underground
	Registered usage (Note1)	Office, Parking
	Gross floor area (Note1)	34,248.71 m ²
	Parking facilities	100 vehicles
	Ownership	Ownership (50% co-ownership of the trust beneficiary interest)
Property management company (Note3)		Tokyu Land Corporation(Plan)
Master lessee		Tokyu Land Corporation(Plan)
Acquisition price		¥5,250 million
Appraisal value (Date of value estimate)		¥5,800 million (Note4) (December 1, 2012)
Appraisal agency		Japan Real Estate Institute
Earthquake PML		10.6% (according to an earthquake PML report of NKSJ Risk Management, Inc.)
Hypothecation		None

Lease overview (Note 5)	
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Total leasable area	10,214.88 m ² (Note4)
Occupancy rate	99.6%
Number of tenants	43
Annual rent	¥479 million (Note4)
Expected NOI (Note 6)	¥303 million (Note4)
Total of deposit	¥335 million (Note4)
Remarks	<p>The Investment Corporation will become a quasi co-owner of the property, owning it jointly with a special purpose company set up by Tokyu Land Corporation. When acquiring the property, the Investment Corporation will conclude an agreement between quasi co-owners of beneficiary interest. The main points of the agreement are as follows:</p> <ul style="list-style-type: none"> - If either quasi co-owner sells its interest, it shall notify the other quasi co-owner of the sale in advance and shall consult with the other quasi co-owner if the other quasi co-owner wants to buy the interest. If agreement is reached, it shall sell the interest to the other quasi co-owner. If the quasi co-owner has not reached any agreement with the other quasi co-owner, and if it has agreed to sell its interest to a third party, it shall agree with the other quasi co-owner to notify the other quasi co-owner of the sale and to ask whether the other quasi co-owner wishes to buy the interest under the same sales conditions, and if the other quasi co-owner wishes to buy the interest, to sell the interest to the other quasi co-owner.
<p>(Note1) The data are those of the entire property to be acquired based on the registry. According to the registry, the structure is a “steel construction, reinforced concrete structure.” In fact, the structure of the part above ground is steel construction, and the structure of the underground part is steel construction, reinforced concrete structure.</p> <p>(Note2) The data are calculated under relevant laws, including the Building Standards Act (Law No. 201 of 1950, including subsequent revisions) and the City Planning Act (Law No. 100 of 1968, including subsequent revisions).</p> <p>(Note3) Tokyu Land Corporation is an interested party with respect to the Asset Manager (TLC Activia Investment Management Inc., the asset management company of the Investment Corporation, is referred to as “the Asset Manager” hereinafter) 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 Land Corporation 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.</p> <p>(Note4) The appraisal value is calculated in proportion to the co-ownership interest (50%).</p> <p>(Note5) The figures are estimates as of the scheduled date of acquisition (January 25, 2013). Certain tenants have issued notices of cancellations, and the occupancy rate is 99.0% if the notices of cancellations are taken into account.</p> <p>(Note6) 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. The occupancy rate is expected to be 94.0%.</p>	

(2) Profile of the seller

Business name	Rabbit Nakanoshima Tokutei Mokuteki Kaisha
Home office	Tokyo Kyodo Accounting Office, Marunouchi 3-1-1, Chiyoda-ku, Tokyo
Representative	Takeshi Morita
Capital	¥11,908 million
Major shareholders	– (Note)
Business	1. Acquisition of specified assets, and management and disposal of them 2. All businesses incidental to the securitization of the specified assets mentioned above
Relationships with the Investment Corporation and the Asset Manager	
Capital relationship	None
Personnel relationship	None
Business relationship	None
Related party or not	Rabbit Nakanoshima Tokutei Mokuteki Kaisha is not a related party of the Investment Corporation or the Asset Manager.

(Note) Not disclosed at the request of the seller

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

Not applicable

6. Schedule

Determination of acquisition	January 18, 2013
Conclusion of acquisition contract	January 25, 2013 (plan)
Payment	January 25, 2013 (plan)
Acquisition of property	January 25, 2013 (plan)

7. Outlook

For the effect of the acquisition of the property on the management performance of the Investment Corporation for the fiscal period ending May 2013 (The 3rd fiscal period, from December 1, 2012 to May 31, 2013) and the fiscal period ending November 2013 (The 4th fiscal period, from June 1, 2013 to November 30, 2013), please refer to the “Notice of Revision to Forecast Management Performance for the Period Ending May 2013 and the Period Ending November 2013 “announced today.

<Exhibits>

Exhibit 1 Outline of Appraisal Report

Exhibit 2 Outline of Building Appraisal Report

Exhibit 3 Photo of the Exterior, Map of the Area

Exhibit 4 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 Appraisal Report

Property name	Osaka Nakanoshima Building
Appraisal value (Note1)	¥5,800 million
Appraisal agency	Japan Real Estate Institute
Date of value estimate	December 1, 2012

Capitalization		
Value by direct capitalization method (million yen) (Note1)		5,850
	NOI (million yen) (Note1) (Note2)	325
	Capitalization rate (%)	5.0
Value by the DCF method (million yen) (Note1)		5,750
	Discount rate (%)	4.8
	Terminal capitalization rate (%)	5.2
Multiplication value by cost accounting method (million yen)		5,500
Land ratio (%)		70.4
Building ratio (%)		29.6

(Note 1) The appraisal value, the value by direct capitalization method, the value by the DCF method, and NOI are calculated in proportion to the co-ownership interest (50%).

(Note 2) NOI is net operating income, that is, operating revenue less operating expense stated on the appraisal report, and income before depreciation is deducted. NOI is different from NCF (Net Cash Flow), which is NOI plus revenue from management, including a security deposit, less capital expenditure. The NOI above is NOI calculated through the direct capitalization method.

Exhibit 2 Outline of Building Appraisal Report

Appraisal company	HI International Consultant Co., LTD.
Date of value estimate	November 30, 2012
Short-term renovation expense (thousand yen) (Note 1) (Note 2)	8,210 (Note4)
Long-term renovation expense (thousand yen) (Note 1) (Note 3)	603,670 (Note4)

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

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

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

(Note 4) The short-term renovation expense and long-term renovation expense are calculated in proportion to the co-ownership interest (50%).

Exhibit 3 Photo of the Exterior, Map of the Area

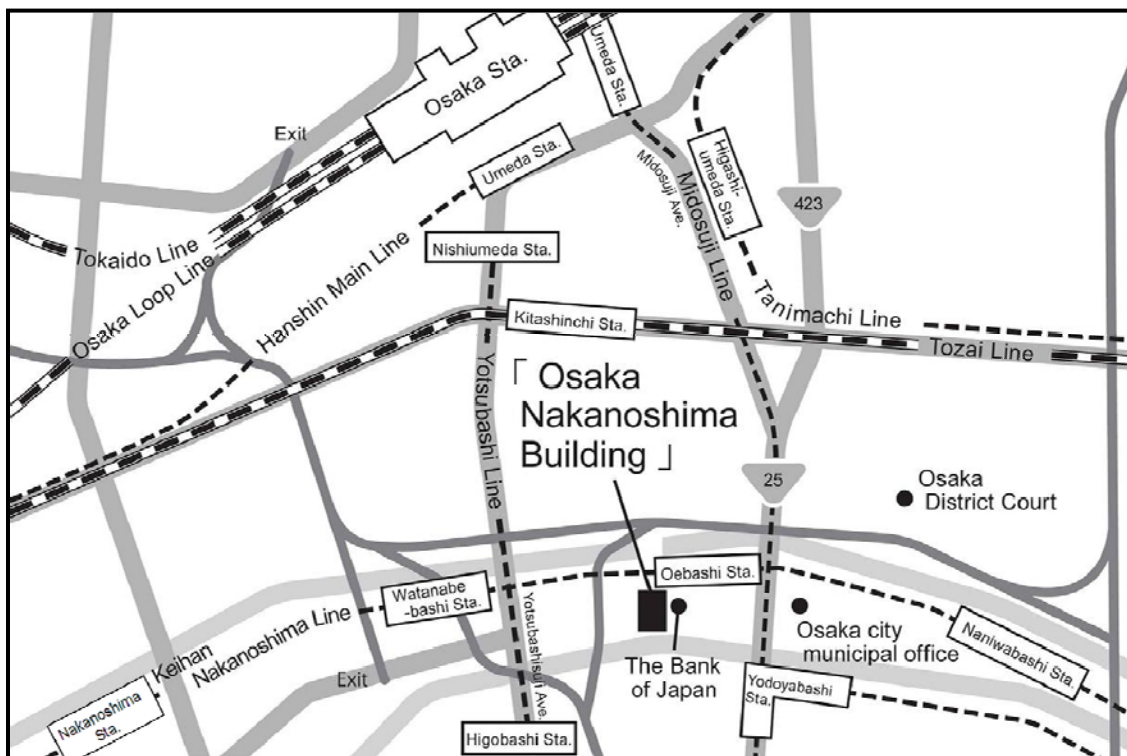


Exhibit 4 Portfolio after the Acquisition of the Property

Category	Property No. (Note1)	Property name	Location	Acquisition date	Acquisition price (Millions of yen) (Note2)	Investment ratio (Note3)
Urban Retail properties	UR-1	Tokyu Plaza Omotesando Harajuku	Shibuya, Tokyo	June 13, 2012	45,000 (Note4)	25.6
	UR-2	Tokyu Plaza Akasaka	Chiyoda, Tokyo	June 13, 2012	11,450 (Note4)	6.5
	UR-3	Ebis Q Plaza	Shibuya, Tokyo	June 13, 2012	8,430	4.8
	UR-4	Shinbashi Place	Minato, Tokyo	June 13, 2012	20,500	11.7
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	June 13, 2012	8,860	5.0
	Subtotal				94,240	53.7
Tokyo Office properties	TO-1	TLC Ebisu Building (Note5)	Shibuya, Tokyo	June 13, 2012	7,400	4.2
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	June 13, 2012	9,640	5.5
	TO-3	Yoyogi Place	Shibuya, Tokyo	June 13, 2012	4,070	2.3
	TO-4	Aoyama Plaza Building	Minato, Tokyo	June 13, 2012	8,790	5.0
	TO-5	Luogo Shiodome	Minato, Tokyo	June 13, 2012	4,540	2.6
	TO-6	Tokyo Kikai Honsha Building	Minato, Tokyo	June 13, 2012	3,070	1.7
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	June 13, 2012	3,990	2.3
	Subtotal				41,500	23.6
Subtotal of UR and TO					135,740	77.3
Other properties	O-1	COCOE Amagasaki (ownership of land with land lease rights)	Amagasaki, Hyogo	June 13, 2012	12,000	6.8
	O-2	icot Nakamozu	Sakai, Osaka	June 13, 2012	8,500	4.8
	O-3	icot Kongo	Osakasayama, Osaka	June 13, 2012	1,600	0.9
	O-4	icot Mizonokuchi	Kawasaki, Kanagawa	June 13, 2012	2,710	1.5
	O-5	icot Tama Center	Tama, Tokyo	June 13, 2012	2,840	1.6
	O-6	Kanayama Center Place	Nagoya, Aichi	June 13, 2012	6,980	4.0
	O-7	Osaka Nakanoshima Building	Osaka, Osaka	January 25, 2013	5,250 (Note4)	3.0
	Subtotal				39,880	22.7
Total					175,620	100.0

(Note1) "Property No." is numbered by categorizing properties of the Investment Corporation into UR (Urban Retail properties), TO (Tokyo Office properties) and O (Other properties).

(Note2) "Acquisition price" is the price described in the conditional precedent contract of transfer of beneficial interest right, excluding expenses such as consumption tax, local consumption tax and transaction fee and fraction less than ¥1 million is rounded down.

(Note3) "Investment ratio" is ratio of acquisition price for each property to total acquisition price rounded to first decimal place.

(Note4) Acquisition prices of "Tokyu Plaza Omotesando Harajuku", "Tokyu Plaza Akasaka", and "Osaka Nakanoshima Building" are described based on the pro rata share (75%, 50% and 50% respectively).

(Note5) The name of property was changed from "Ebisu Tokyu Building" to "TLC Ebisu Building" on October 1, 2012.