November 28, 2017

FOR IMMEDIATE RELEASE

Activia Properties Inc.
1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo
Nariaki Hosoi
Executive Director
(Code: 3279)

Asset Management Company
TLC REIT Management Inc.
Hiroyuki Tohmata
President & CEO

Inquiries
Kazuyuki Murayama
General Manager of Strategy Department
Activia Management Division
(Tel: +81-3-6804-5671)

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

Activia Properties Inc. ("API") announces that it has revised the forecast of the management performance for the period ending May 31, 2018 (December 1, 2017 - May 31, 2018), which was announced on July 12, 2017 in the "Financial Report for the Fiscal Period Ended May 31, 2017 (December 1, 2016 - May 31, 2017)".

In addition, it announces the forecast of the management performance for the period ending November 30, 2018 (June 1, 2018 - November 30, 2018). Details are as follows.

1. Reason for the revision to the forecast

Considering the effect of the acquisition of assets as described in the "Notice of Acquisition of Assets and Lease Contract with New Tenants" and the issuance of new investment units as described in the "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units", which were both announced today, API has revised the forecast of the management performance due to the change in the assumptions for the forecast for the result for the period ending May 31, 2018 (December 1, 2017 - May 31, 2018), which was announced on July 12, 2017.

In addition, API forecasts for the period ending November 30, 2018 (June 1, 2018 - November 30, 2018) based on the aforementioned effects of the acquisition of assets and the issuance of new investment units.

The forecast of management performance for the period ending November 30, 2017 (June 1, 2017 - November 30, 2017) announced on July 12, 2017 has not changed as of today.

2. The revision of the forecast for the period ending May 31, 2018 (The 13th period)

	Operating revenues (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit (Millions of yen)	Cash distributions per unit (yen)	Cash distributions in excess of earnings per unit (yen)
Previous Forecast (A)	12,481	7,063	6,161	6,160	9,260	-
Revised Forecast (B)	13,258	7,494	6,569	6,568	9,400	-
Changes (B-A)	776	430	407	407	140	-
Changes (%)	6.2%	6.1%	6.6%	6.6%	1.5%	-

(Reference) Expected number of investment units at the end of the period: 698,704 units

3. The forecast for the period ending November 30, 2018 (The 14th period)

	Operating revenues (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit (Millions of yen)	Cash distributions per unit (yen)	Cash distributions in excess of earnings per unit (yen)
Forecast	13,600	7,506	6,575	6,574	9,410	—

(Reference) Expected number of investment units at the end of the period: 698,704 units

(Notes)

1. The forecasts in this material are valid as of today and are calculated based on the assumptions written in the exhibit "Assumptions for Forecasts of Management Performance for the Period Ending May 31, 2018 (December 1, 2017 - May 31, 2018) and for the Period Ending November 30, 2018 (June 1, 2018 - November 30, 2018)". Actual operating revenues, operating profit, ordinary profit, profit, and cash distributions per unit may change due to factors in the future such as the acquisition and sale of assets, trends in the real estate market, the issuance of additional investment units, and other changes in circumstances surrounding API. The forecasts do not guarantee the amount of cash distributions.
2. The forecasts may be revised if a substantial difference from the forecast above is anticipated.
3. Amounts less than the stated units are rounded down and the percentage is rounded to the first decimal place. The same applies hereinafter.

*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/

【Exhibit】

Assumptions for Forecasts of Management Performance for the Period Ending May 31, 2018 (December 1, 2017 - May 31, 2018) and for the Period Ending November 30, 2018 (June 1, 2018 - November 30, 2018)

Item	Assumptions
Accounting period	• The 13th period (December 1, 2017 to May 31, 2018) (182 days) • The 14th period (June 1, 2018 to November 30, 2018) (183 days)
Assets under management	• For the forecast of management performance, it is assumed that there will be no changes in assets under management (such as the acquisition of new properties or the sale of existing properties) in relation to the real estate trust beneficiary rights to 42 properties comprising 39 properties that API holds as of today (the "currently held assets") and A-FLAG KITA SHINSAIBASHI to be acquired on December 1, 2017, and DECKS Tokyo Beach (acquisition of a 49% co-ownership interest) and Commercial Mall Hakata, both to be acquired on January 5, 2018 (hereafter collectively referred to as the "anticipated properties") until the end of the period ending November 30, 2018 (the 14th period). • Actual management performance may change due to changes in the assets under management.
Operating revenues	• Revenues from the leasing of the currently held assets are calculated based on effective lease contracts as of today and market movements, etc. Revenues from the leasing of the anticipated properties are calculated based on the lease contract from the scheduled date of acquisition expected as of today and other factors. • Operating revenues are based on the assumption that there will be no arrears of rent or nonpayments by tenants.
Operating expenses	• With regard to the expenses in the leasing business that are principal operating expenses, expenses other than depreciation are calculated reflecting variable expense factors based on past history. Expenses for the anticipated properties are calculated by reflecting variable expense factors and others based on the information provided by the current owner. • Although property taxes and city planning taxes on the anticipated properties are generally calculated on a pro-rata basis with the current owners and settled at the time of acquisition, the amount equivalent to the settlement money is not expensed in the period when the assets are acquired, as it is included in the acquisition cost. The total amount of property taxes, city planning taxes and other taxes on the anticipated properties that are included in the acquisition cost is assumed to be 125 million yen. Property taxes, city planning taxes, and other taxes on the currently held assets to be expensed in the period ending May 31, 2018 (the 13th period) and the period ending November 30, 2018 (the 14th period) will be 887 million yen and 995 million yen, respectively. • With regard to the anticipated properties, for fiscal years 2018 and 2019, property taxes, city planning taxes, and other taxes on A-FLAG KITA SHINSAIBASHI will be expensed starting from the period ending November 30, 2018 (the 14th period), and property taxes, city planning taxes, and other taxes on DECKS Tokyo Beach (49% of co-ownership interest) and Commercial

	Mall Hakata will be expensed starting from the period ending November 30, 2019 (the 16th period). 5 million yen will be expensed in the period ending November 30, 2018 (the 14th period). • With respect to building repair expenses, the amount assumed to be necessary for each business period is estimated based on a medium- and long-term repair and maintenance plan formulated by the Asset Management Company. However, repair expenses in each business period may differ largely from the expected amount for various reasons, including that repair and maintenance expenses could suddenly arise due to damage to buildings from certain unexpected factors; that the amount of repair expenses generally varies considerably from year to year; and that repair expenses do not occur regularly. • Depreciation expenses including ancillary costs are calculated by the straight-line method. The forecast assumes 1,234 million yen in depreciation expenses in the period ending May 31, 2018 (the 13th period) and 1,257 million yen in the period ending November 30, 2018 (the 14th period).
Non-operating expenses	• For interest expenses and other borrowing costs, 867 million yen and 925 million yen are anticipated in the period ending May 31, 2018 (the 13th period) and in the period ending November 30, 2018 (the 14th period), respectively. • For the temporary expense, 53 million yen for the issuance of new investment units, as described in the "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" announced today, is assumed for the period ending May 31, 2018 (the 13th period).
Interest bearing debt	• API has a total outstanding balance of 196,150 million yen as of today (180,150 million yen as borrowings and 16,000 million yen as investment corporation bonds). And it is assumed that we will borrow funds of 4,000 million yen on January 5, 2018 for the acquisition of the anticipated properties and the accretive amount of our interest bearing debt will be 200,150 million yen. • It is assumed that the borrowings that will be repaid by the period ending May 31, 2018 (the 13th period) and the period ending November 30, 2018 (the 14th period), comprised of 5,000 million yen of the short-term borrowings and 13,000 million yen of the long-term borrowings for the 13th period, and 5,000 million yen of the short-term borrowings and 12,000 million yen of the long-term borrowings for the 14th period, will be refinanced. • LTV at the end of the period ending May 31, 2018 and the period ending November 30, 2018 is anticipated to be approximately 45%. • LTV is calculated based on the following formula: LTV = Balance of interest bearing debt / Total assets × 100
Investment units	• It is assumed that in addition to 665,214 units currently outstanding as of today, the new investment units in the amount of 31,090 units and the third-party allotment in the amount up to 2,400 units will be issued as resolved at the board of directors meeting held today. • It is assumed that no additional units will be issued by November 30, 2018 (the end of the 14th period). • Distributions per unit for the period ending May 31, 2018 (the 13th period) and the period ending November 30, 2018 (the 14th period) are calculated based on the expected number of investment units issued at the end of the respective period, which is 698,704 units, including the number of investment units to be offered this time.

Cash distributions per unit	• Distributions (cash distributions per unit) are calculated on the fund distribution policy that is provided in the Articles of Incorporation. • Distributions per unit may fluctuate due to various factors including changes in rent revenues attributable to changes in the assets under management and changes in tenants, as well as the occurrence of unexpected repairs and maintenance.
Cash distributions in excess of earnings per unit	• API does not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit).
Other	• It is based on the assumption that there will be no amendments to the laws, tax system, accounting standards, listing rules, or the rules of the Investment Trusts Association, Japan, etc. that may affect the forecast values. • It is based on the assumption that there will be no unexpected significant changes in general economic trends, real estate market conditions and other conditions.