

June 26, 2019

FOR IMMEDIATE RELEASE

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Notice Concerning Change in the Asset Management Fee Structure

Activia Properties Inc. (“API”) announces that it decided at the board of directors held today to change the structure of the asset management fee that API pays to TLC REIT Management Inc. (“TRM”), to which API entrusts its asset management operations (the “Change”), provided that the relevant proposal (regarding change to part of the Articles of Incorporation) will be resolved at the 5th unitholders’ meeting of API which is scheduled to be held on August 9, 2019 (the “Unitholders’ Meeting”). Details are as follows:

1. Purpose and outline of the Change

Since its IPO in June 2012, API has adopted, as the first J-REIT, a DPU-based asset management fee to pay to TRM, in order to seek to incentivize TRM to maximize our unitholders’ value.

Around seven years have been passed since our IPO, and during that time, API has worked to enhance its portfolio’s quality and increase unitholder value and DPU, through asset acquisitions and dispositions and other methods including internal growth.

And this time, API decided to make change as described below, aiming to further enhance our unitholders value by rebalancing the type I and type II management fees and aligning more closely the asset management performance with our unitholders’ interest and the asset management fee.

Asset Management Fee	Before	After
Type I (Asset-based fee) (annual rate)	Up to 0.4% of API’s total assets at the end of the preceding fiscal period [Currently set at] 0.3%	Up to 0.3% of API’s total assets at the end of the preceding fiscal period [Scheduled to be set at] <u>0.25%</u>
Type II (DPU/NOI-based fee) (Note)	(i) DPU (before deduction of the type II management fee) multiplied by (ii) NOI, and multiplied by (iii) up to 0.0002% [Currently set at] 0.0002%	(i) DPU (before deduction of the type II management fee) multiplied by (ii) NOI, and multiplied by (iii) <u>up to 0.00021%</u> [Scheduled to be set at] <u>0.00021%</u>
Total asset management fees	Up to 0.5% of API’s total assets at the end of each fiscal period	<u>No change</u>

(Note) NOI refers to the net operating income.

For details of the Change, please see the appendix.

2. Effective date

By resolution of the proposal at the Unitholders' Meeting and completion of other procedures, the asset management fee structure after the Change will take effect and be applied from the period ending May 2020 (the 17th fiscal period from December 1, 2019 to May 31, 2020).

3. Outlook

As the Change will be effective from the period ending May 2020 (the 17th fiscal period from December 1, 2019 to May 31, 2020), there is no impact of the Change on the management performance of API for the fiscal period ending May 31, 2019 (the 15th fiscal period from December 1, 2018 to May 31, 2019) and the fiscal period ending November 30, 2019 (the 16th fiscal period from June 1, 2019 to November 30, 2019).

For the forecast to the period ending May 2020 (the 17th fiscal period from December 1, 2019 to May 31, 2020), please see the Financial Report for the Fiscal Period Ended May 31, 2019, which is scheduled to be disclosed on July 12, 2019.

*Website of API: <https://www.activia-reit.co.jp/en/>

[Appendix] Change In Asset Management Fee Structure ~For continuous growth of DPU~

Purpose of the Change: Further improve our unitholders' value

Align more closely management performance with unitholders' interests and asset management fee

Rebalance the type I (total asset-based) and type II (DPU/NOI-based) management fees

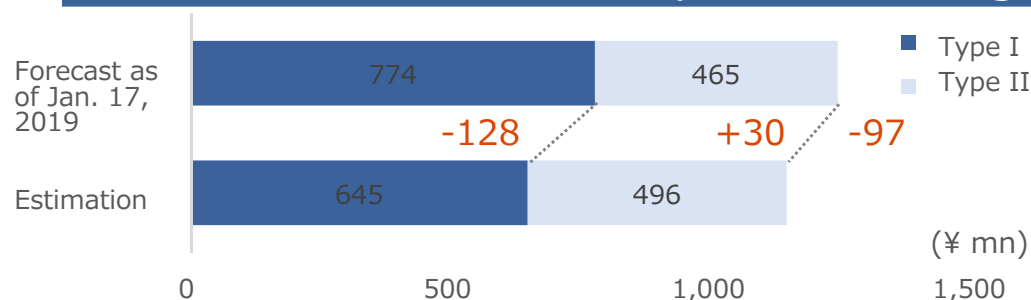
Outline of the Change

Type I (Annual rate)			Type II		
Fee structure	[Before]	[After]	Fee structure	[Before]	[After]
	<p>Total assets at the end of the preceding fiscal period × Up to 0.4%</p> <p>Currently set at 0.3%</p>	<p>Total assets at the end of the preceding fiscal period × Up to 0.3%</p> <p>Scheduled to be set at 0.25%</p>		<p>DPU before deduction of the type II management fee × NOI × Up to 0.0002%</p> <p>Currently set at 0.0002%</p>	<p>DPU before deduction of the type II management fee × NOI × Up to 0.00021%</p> <p>Scheduled to be set at 0.00021%</p>

* Upper limit of total of type I and type II management fees is remained at 0.5% of total assets at the end of each fiscal period

Reference

AM Fee simulation for period ending Nov. 2019 (16th Period) (disclosed on Jan. 17, 2019)



■ AM fee type I is simulated to decrease by approx. ¥128mn, type II to increase by approx. ¥30mn and total AM Fee to decrease by approx. ¥97mn (=approx. DPU¥130)

■ The change is scheduled to be applied from the period ending May 2020 (the 17th Period) or later

(Note) The change in AM Fee structure is supposed to take effect by resolution at the 5th unitholders' meeting and completion of other procedures.

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The information contained in this document is not audited and there is no guarantee regarding the accuracy and certainty of the information. Analyses, judgments and other non-factual views of the Asset Manager merely represent views of the Asset Manager as of the preparation date. Different views may exist and the Asset Manager may change its views in the future.

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Dates indicated in this document may not be business days.

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Please visit the Investment Corporation’s home page (<https://www.activia-reit.co.jp/en/>) to access information provided under Article 23 of the AIFMD.