Activia Properties Inc. (3279)
FP28 Ended November 2025 Financial Results
Q&A Session Summary
Date: Monday, January 19, 2026 (Zoom Conference)

Q1: With regard to asset replacement, I understand that you plan to dispose of the hotel and acquire the hotel, but what uses will you focus on in acquisitions going forward? Will you prioritize the same uses as those of the properties being disposed of?

A1: Our acquisition targets are primarily focused on properties with high growth potential. Specifically, these include hotels benefiting from inbound demand, as well as office and retail properties in the Greater Shibuya area, Osaka, Sapporo, and other areas where the Group's operational capabilities can be leveraged. We have no particular intention of acquiring properties with the same use as those being disposed of.

Q2: Do you anticipate strategic downtime to be intended in urban retail properties, or will office properties and other asset types also implement strategic downtime to enhance value?

A2: Strategic downtime applies to both office and retail properties. In retail properties, we will enhance value through significant changes in the utilization of tenant spaces and other measures, aiming for rent growth while accepting a certain amount of downtime.

Q3: How long do you expect it will take for the expanded rent gap, now at 15%, to be closed?

A3: At present, we are proceeding to close the gap primarily in offices within the Greater Shibuya area. The major turning point will come in the fiscal period ending May 2028 onward, when the volume of gap resolution is expected to increase, as rental gaps are concentrated in properties such as Shiodome and Shinagawa Higashi.

Q4: Regarding the timing of asset disposition, does the statement "plan disposition of remaining approx. ¥30 billion" imply that this will be carried out from the fiscal period ending May 2028 onward, or is there a possibility that the timing could be brought forward?

A4: The disposition of approx. ¥30 billion does not mean it is limited to the fiscal period ending May 2028 onward, and there is a possibility that some dispositions may be carried out earlier. We intend to continue implementing both dispositions and acquisitions on an ongoing basis.

Q5: **You have mentioned public offering as a policy for EPU growth. Are there any specific targets being considered?**

A5: We view public offerings as an additional capital measure to further accelerate EPU growth. As we recognize that there is still a gap between the current investment unit price and a 1.0x P/NAV ratio, we must first build a solid track record of internal growth and asset replacement. If we achieve EPU growth and reaching 1.0x P/NAV ratio is in sight, a public offering could become an additional option if we can build a framework that drives both EPU and NAV growth.

Q6: **Regarding borrowing costs, I assume you have factored in the impact of rising interest rates. What level of long-term interest rates are you assuming?**

A6: We assume that the average interest rate for the entire portfolio (currently 0.75%) will rise by approximately 50 basis points through the fiscal period ending May 2029.

Q7: **You mention a rent increase in Omokado through strengthening of experience-based consumption needs. Does this mean raising the fixed rent, or is this envisaged to be an increase in the sales-linked (commission) portion?**

A7: The contract structure consists of fixed rent plus sales-linked rent. Tenant replacement has led to an increase in fixed rent, and we have also set sales-linked rent based on sales. By attracting tenants with experience-based consumption needs that are popular both in Japan and overseas, we expect to enhance the facility's overall appeal and generate additional revenue through sales-linked rent.

Q8: **You have stated that you have preferential negotiation rights through equity investment for Onyado Nono Kyoto Shichijo. If the property were to be acquired outright, would the expected yield decline?**

A8: At present, we are receiving equity dividends from our minority investment, and we intend to carefully assess the timing of outright acquisition in the future, within the fund’s duration. As leverage is applied at the SPC level, the yield at the time of outright acquisition is expected to be lower than the equity dividend yield. Given that this property has a fixed rent, we will consider positioning it as an asset that contributes to portfolio stability.

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