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FOR IMMEDIATE RELEASE

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**Notice Concerning Revision to Forecast of Management Performance
and Distributions per Unit for the Fiscal Period Ending May 31, 2020**

Activia Properties Inc. (“API”) announces that due to the impact of the novel coronavirus (COVID-19) pandemic, it has revised the forecast of the management performance and the distributions per unit for the fiscal period ending May 31, 2020 (December 1, 2019 - May 31, 2020) (the 17th period), which was announced on January 17, 2020 in the “Financial Report for the Fiscal Period Ended November 30, 2019 (June 1, 2019 – November 30, 2019)” (the “Previous Forecast”). Details are as follows.

As to the major factors of changes from the Previous Forecast, please refer to the supplementary material released separately today.

1. The revision to the forecast of the management performance and the distributions per unit for the fiscal period ending May 31, 2020 (the 17th 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)	15,628	8,590	7,621	7,620	9,880	—
Revised Forecast (B)	14,949	8,125	7,250	7,249	9,400	—
Changes (B-A)	-678	-464	-370	-370	-480	—
Changes	-4.3%	-5.4%	-4.9%	-4.9%	-4.9%	—

(Reference) Expected number of investment units at the end of the fiscal period: 771,224 units

(Notes)

1. The forecasts in this material are valid as of today and are calculated based on the assumptions given in the Exhibit “Assumptions for Forecasts of Management Performance for the Fiscal Period Ending May 31, 2020 (December 1, 2019 – May 31, 2020)”. Actual operating revenues, operating profit, ordinary profit, profit and cash distributions per

unit may change due to factors in the future such as 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 above forecast 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.

2. Reason for the revision to the forecast

Since the beginning of the fiscal period ending May 31, 2020 (the 17th period), API's management had favorably progressed, achieving internal growth including rent increase in offices mainly in the greater Shibuya area where Ebisu Prime Square, our new property acquired in January 2020, is located and the Shinagawa & Gotanda area. Though, around February, the COVID-19 pandemic started to hit our operation, principally in our retail properties with hotel sales plunge due to decreased number of tourists from oversea.

Since March, amid emerging signs of widespread infections, some of our tenants temporally closed their businesses or shortened hours at their own discretion in response to the stay-at-home request from governments. We also voluntary closed the entire facilities of some of our PM-operated retail properties to first protect the health and safety of visitors to facilities and tenants' employees, prior to the government's declaration of a state of emergency on April 7, 2020.

Although the government lifted the emergency in all prefectures of the country by May 25, 2020, which would be a sign of progress toward containment of virus at a certain level, today's situation where people nationwide are still refraining from going out and moving doesn't allow yet the economy restart completely.

As the economic impact of COVID-19 prolongs and there is an expectation from society for property owners to provide rent leniency toward their tenants, we decided to offer reduction of fixed rent toward the tenants of concerned properties for the period of closure, to seek to enhance our unitholder value over the medium to long term. Therefore, we decided to revise our forecast to the management performance and the distributions per unit for the fiscal period ending May 31, 2020 (the 17th period).

As to the fiscal period ending November 30, 2020 (June 1, 2020 - November 30, 2020) (the 18th period), the forecast of the management performance previously announced on January 17, 2020 is currently under close examination and we will disclose a new forecast at the announcement of the financial results for the fiscal period ending May 31, 2020 (the 17th period) scheduled on July 15, 2020.

(Reference) Operation of the retail properties of which fixed-rent reduction are offered for the period of closure

Asset category	Property name	Address	Period of entire-facility closure		
			Mar. 28 - 29, Apr. 4-5	Apr. 8 - May 18	May 19 - 31
UR-1	Tokyu Plaza Omotesando Harajuku	Shibuya, Tokyo	●	●	●
UR-2	Tokyu Plaza Akasaka	Chiyoda, Tokyo	-	●	●
UR-15	DECKS Tokyo Beach	Minato, Tokyo	●	●	●
AA-12	Commercial Mall Hakata	Fukuoka, Fukuoka	-	●	-

(Notes)

1. For Tokyu Plaza Akasaka, the facility closure includes the retail tenants from the 1st underground floor to the 3rd floor, and hotel, office tenants and some other retail tenants are not included. Certain tenants in the property reopened their businesses gradually from May 7, 2020.
2. For DECKS Tokyo Beach, some tenants are not included to the facility closure.
3. Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and DECKS Tokyo Beach are scheduled to terminate closure on May 31, 2020 and gradually reopen from June 1, 2020.
4. None of the tenants subject to the fixed-rent reduction is API's related party.

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

【Exhibit】

Assumptions for Forecast of Management Performance for the Fiscal Period Ending May 31, 2020 (December 1, 2019 - May 31, 2020)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> The 17th period (December 1, 2019 to May 31, 2020) (183 days)
Assets under management	<ul style="list-style-type: none"> The forecast of management performance presented herein is based on the assumption that we hold the trust beneficiary interests in the 44 properties (the “assets currently held”) as of today, including 51% co-ownership in Ebisu Prime Square acquired (the “acquired asset”) and excluding A-PLACE Shinbashi Ekimae disposed of (the “asset disposed of”) in the period under review, and there will be no changes in the assets under management of API such as acquisition or disposition of properties before the end of the fiscal period ending May 31, 2020 (the 17th period).
Operating revenues	<ul style="list-style-type: none"> Revenues from the leasing of the currently held assets are calculated based on the effective lease contracts as of today, trends in tenants and market, etc. Operating revenues are based on the assumption that there will be no delinquencies or non-payment of rents by tenants. Due to the impact of COVID-19 pandemic, a decline of 498 million yen is anticipated, taking into account temporary rent reduction offered to certain tenants and decline in sales-linked rent revenue. Actual amount may change, however. From the disposition of the asset disposed of, gain on sale of the property of 143 million yen will be recorded. Actual amount of gain on sale may vary, however, due to change in status.
Operating expenses	<ul style="list-style-type: none"> With regard to the expenses in the leasing business that are principal operating expenses, expenses other than depreciation for the currently held assets are calculated reflecting variable expense factors based on history. Property taxes, city planning taxes and other taxes on the currently held assets to be expensed in the fiscal period ending May 31, 2020 (the 17th period) will be 1,099 million yen, except those on the acquired asset which are included in the acquisition cost. With regard to the acquired asset, property taxes, city planning taxes and other taxes for fiscal year 2021 will be expensed starting from the fiscal period ending November 30, 2021 (the 20th 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 1,333 million yen in depreciation expenses. With regard to the asset disposed of, an operating account receivable of 234 million yen recorded during free rent period will be transferred to the expenses in the other expenses related to leasing business and posted as expenses.
Non-operating expenses	<ul style="list-style-type: none"> For interest expenses and other borrowing costs, 881 million yen are anticipated.

Interest bearing debt	<ul style="list-style-type: none"> • API has a total outstanding balance of 244,348 million yen as of today (227,348 million yen as borrowings and 17,000 million yen as investment corporation bonds). • No amount of the interest-bearing debt becomes due and payable by the end of the fiscal period ending May 31, 2020 (the 17th period). • LTV at the end of the fiscal period ending May 31, 2020 (the 17th period) is anticipated to be 46.5%. • LTV is calculated based on the following formula: LTV = Balance of interest-bearing debt / Total assets × 100
Investment units	<ul style="list-style-type: none"> • Cash distributions per unit for the period under review are calculated based on 771,224 units currently outstanding as of today, assuming that no additional units will be issued by May 31, 2020 (the end of the 17th period).
Cash distributions per unit	<ul style="list-style-type: none"> • Distributions (cash distributions per unit) are calculated on the fund distribution policy that is provided in the Articles of Incorporation. • Cash 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. • Deferred losses on hedges, which arise from interest rate swaps and are counted as a deduction in net assets, are calculated assuming no fluctuation.
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> • API does not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit) for the period under review as it is assumed that deferred losses on hedges counted as a deduction in net assets are assuming no fluctuation as mentioned above. • We currently do not anticipate distributions deemed as distributions on reduction of unitholders' capital for tax purposes.
Other	<ul style="list-style-type: none"> • 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.