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FOR IMMEDIATE RELEASE

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Notice Concerning Revision to Forecast of Management Performance for the Fiscal Period Ending May 31, 2019 and Forecast of Management Performance for the Fiscal Period Ending November 30, 2019

Activia Properties Inc. ("API") announces that it has revised the forecast of the management performance for the fiscal period ending May 31, 2019 (December 1, 2018 - May 31, 2019) (the 15th Period), which was announced on July 13, 2018 in the "Financial Report for the Fiscal Period Ended May 31, 2018 (December 1, 2017 - May 31, 2018)".

In addition, it announces the forecast of the management performance for the fiscal period ending November 30, 2019 (June 1, 2019 - November 30, 2019) (the 16th Period). Details are as follows.

1. Reason for the revision to the forecast

Considering the effect of the acquisition and the disposition of assets as described in the "Notice of Acquisition and Disposition 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 of the management performance for the fiscal period ending May 31, 2019 (December 1, 2018 - May 31, 2019), which was announced on July 13, 2018.

In addition, API forecasts for the fiscal period ending November 30, 2019 (June 1, 2019 - November 30, 2019) based on the aforementioned effects of the acquisition and the disposition of assets and the issuance of new investment units.

The forecast of management performance for the fiscal period ending November 30, 2018 (June 1, 2018 - November 30, 2018) announced on July 13, 2018 has not changed as of today.

Disclaimer: This press release is an announcement by Activia Properties Inc. concerning the revision to the forecast for the fiscal period ending May 31, 2019 and the forecast for the fiscal period ending November 30, 2019, and has not been prepared for the purpose of solicitation for investment. Investors are asked to ensure that they read the prospectus for the issuance of new investment units, as well as any amendments thereto, prepared by Activia Properties Inc. before they invest and that they make decisions on investment at their own discretion.

2. The revision of the forecast for the fiscal period ending May 31, 2019 (the 15th 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)	13,431	7,509	6,640	6,639	9,502	-
Revised Forecast (B)	14,771	8,582	7,619	7,618	9,878	-
Changes (B-A)	1,339	1,073	979	979	376	-
Changes	10.0%	14.3%	14.7%	14.7%	4.0%	-

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

3. The forecast for the fiscal period ending November 30, 2019 (the 16th 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	15,383	8,672	7,640	7,639	9,905	—

(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 1 "Assumptions for Forecasts of Management Performance for the Fiscal Period Ending May 31, 2019 (December 1, 2018 - May 31, 2019) and for the Fiscal Period Ending November 30, 2019 (June 1, 2019 - November 30, 2019)". 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 disposition 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.

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

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【Exhibit 1】

Assumptions for Forecasts of Management Performance for the Fiscal Period Ending May 31, 2019 (December 1, 2018 - May 31, 2019) and for the Fiscal Period Ending November 30, 2019 (June 1, 2019 - November 30, 2019)

Item	Assumptions
Accounting period	• The 15th Period (December 1, 2018 to May 31, 2019) (182 days) • The 16th Period (June 1, 2019 to November 30, 2019) (183 days)
Assets under management	• The forecast of management performance is based on the assumption of the real estate trust beneficiary rights to 45 properties comprising 42 properties that API holds as of today (the "currently held assets") and Tokyu Plaza Ginza (Land) (acquisition of a 30% co-ownership interest), Q plaza HARAJUKU (acquisition of a 60% co-ownership interest) and EDGE Shinsaibashi to be acquired on January 10, 2019 (hereafter collectively referred to as the "anticipated properties"), taking into account the disposition of a property described below. • The 15th Period (December 1, 2018 to May 31, 2019) A 50% co-ownership interest in A-FLAG AKASAKA is scheduled to be disposed of on March 1, 2019 (the 15th Period), though the total number of the properties for the forecast is assumed to be 45, reflecting all of or the remaining 50% co-ownership interest in A-FLAG AKASAKA after the disposition date. • The 16th Period (June 1, 2019 to November 30, 2019) The remaining 50% co-ownership interest in A-FLAG AKASAKA is scheduled to be disposed of on June 3, 2019 (the 16th Period), and the total number of the properties for the forecast is assumed to be 44 after the disposition date. • It is assumed that there will be no other changes than above in assets under management (such as acquisition of new properties or the disposition of existing properties) until the end of the fiscal period ending November 30, 2019 (the 16th 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 the 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. • From the disposition of A-FLAG AKASAKA, gain on sales of the property of 338 million yen will be recorded for the fiscal period ending May 31, 2019 (the 15th Period) and 341 million yen for the fiscal period ending November 30, 2019 (the 16th Period). Actual operating revenues may change due to factors in the future such as success or failure of the disposition of the property, the price and the date of the disposition, and other conditions.
Operating expenses	• 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 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.

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	• 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 354 million yen. Property taxes, city planning taxes, and other taxes on the currently held assets to be expensed in the fiscal period ending May 31, 2019 (the 15th Period) and the fiscal period ending November 30, 2019 (the 16th Period) will be 988 million yen and 1,087 million yen, respectively. • With regard to the anticipated properties, property taxes, city planning taxes, and other taxes for fiscal year 2020 will be expensed starting from the fiscal period ending November 30, 2020 (the 18th 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 1,300 million yen in depreciation expenses in the fiscal period ending May 31, 2019 (the 15th Period) and 1,309 million yen in the fiscal period ending November 30, 2019 (the 16th Period).
Non-operating expenses	• For interest expenses and other borrowing costs, 927 million yen and 1,023 million yen are anticipated in the fiscal period ending May 31, 2019 (the 15th Period) and in the fiscal period ending November 30, 2019 (the 16th Period), respectively. • For the temporary expense, 26 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 fiscal period ending May 31, 2019 (the 15th Period).
Interest bearing debt	• API has a total outstanding balance of 199,350 million yen as of today (181,350 million yen as borrowings and 18,000 million yen as investment corporation bonds). Also it is assumed that we will borrow funds of 34,500 million yen on January 10, 2019 for the acquisition of the anticipated properties and the accretive amount of our interest bearing debt will be 233,850 million yen. • It is assumed that the interest bearing debt which becomes due and payable by the fiscal period ending May 31, 2019 (the 15th Period) and the fiscal period ending November 30, 2019 (the 16th Period), comprised of 4,100 million yen of the short-term borrowings, 6,500 million yen of the long-term borrowings and 4,000 million yen of the investment corporation bonds for the 15th Period, and 5,000 million yen of the short-term borrowings and 13,100 million yen of the long-term borrowings for the 16th Period, will be refinanced. • LTV at the end of the fiscal period ending May 31, 2019 and the fiscal period ending November 30, 2019 is anticipated to be 45.4%. • LTV is calculated based on the following formula:

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	LTV = Balance of interest bearing debt / Total assets × 100
Investment units	• It is assumed that in addition to 698,704 units currently outstanding as of today, the new investment units in the amount of 67,320 units and the third-party allotment in the amount up to 5,200 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, 2019 (the end of the 16th Period). • Cash distributions per unit for the fiscal period ending May 31, 2019 (the 15th Period) and the fiscal period ending November 30, 2019 (the 16th Period) are calculated based on the expected number of investment units issued at the end of each fiscal period, which is 771,224 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. • 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.
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.

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【Exhibit 2】

Changes in the Actual Cash Distributions per Unit and Comparison of Previous Forecast and Revised / New Forecast of the Cash Distributions per Unit

The previous forecast of the cash distributions per unit for the fiscal period ending May 31, 2019 was ¥9,502, and API revised forecast of the cash distributions per unit of such fiscal period to ¥9,878, including the portion attributable from the aforementioned disposition of A-FLAG AKASAKA.

Fiscal period ended/ending	Actual/forecast cash distributions per unit (yen)		Previous forecast (yen)
November 30, 2013	7,761	(actual)	
May 31, 2014	7,961	(actual)	
November 30, 2014	8,028	(actual)	
May 31, 2015	8,267	(actual)	
November 30, 2015	8,642	(actual)	
May 31, 2016	8,666	(actual)	
November 30, 2016	9,021	(actual)	
May 31, 2017	9,248	(actual)	
November 30, 2017	9,346	(actual)	
May 31, 2018	9,462	(actual)	
November 30, 2018	9,500	(forecast)	
May 31, 2019	9,878 9,502 (3)(4) 376 (4)	(revised forecast)	9,502 (2)
November 30, 2019	9,905 9,549 (3)(4) 356 (4)	(new forecast)	

(Notes)

1. Amounts of the actual cash distributions per unit from the fiscal period ended November 30, 2013 (the 4th Period) to the fiscal period ended May 31, 2015 (the 7th Period) are adjusted for the 2-for-1 unit split effected as of October 1, 2015 and rounded down to the nearest yen.
2. Previous forecast of the cash distributions per unit for the fiscal period ending May 31, 2019 (the 15th Period) (the previous forecast) is the amount announced on July 13, 2018 in the "Financial Report for the Fiscal Period Ended May 31, 2018 (December 1, 2017 – May 31, 2018)".
3. Revised / new forecasts of the cash distributions per unit without the effect from the disposition of A-FLAG AKASAKA for the fiscal period ending May 31, 2019 (the 15th Period) and the fiscal period ending November 30, 2019 (the 16th Period) are calculated by deducting the effect from the disposition of A-FLAG AKASAKA (¥376 for the 15th Period and ¥356 for the 16th Period) announced today in "Notice of Acquisition and Disposition of Assets and Lease Contract with New Tenants" from the total amount of the cash distributions per unit newly forecasted for each of the fiscal periods (¥9,878 for the 15th Period and ¥9,905 for the 16th Period). The effect from the disposition of the property is calculated by deducting expenses and others from the gain on sale of the property which is the amount calculated by deducting the disposition expenses from the difference between the disposition price and the book value of the property.
4. Revised / new forecasts of the cash distributions per unit without the effect from the disposition and the effect from the disposition for the fiscal period ending May 31, 2019 (the 15th Period) and the fiscal period ending November 30, 2019 (the 16th Period) are calculated based on the assumptions given in the Exhibit 1 "Assumptions for Forecasts of Management Performance for the Fiscal Period Ending May 31, 2019 (December 1, 2018 - May 31, 2019) and for the Fiscal Period Ending November 30, 2019 (June 1, 2019 - November 30, 2019)". Actual operating revenues, operating profit, ordinary profit, profit, and cash distributions per unit may change due to factors in the future and lead to differences from the assumptions such as the acquisition or disposition of assets, variation in rent revenues due to change of tenants etc., other

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changes in management circumstances including the occurrence of unexpected maintenance fees, interest-rate fluctuations, the actual issue price of new investment units, or future issuance of additional investment units. Therefore, the forecasts do not guarantee the amount of cash distributions per unit.

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