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FOR IMMEDIATE RELEASE

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Notification Regarding Partial Modification of the Internal Rules (Operational Guidelines) of
the Asset Management Company

TLC REIT Management Inc., an asset management company (hereinafter referred to as “TRM”) to which Activia Properties Inc. (hereinafter referred to as “API”) entrusts asset management, informs you that TRM has decided today to partially modify its internal rules, the Operational Guidelines.

1. Reason for Modification of the Operational Guidelines

Toward further continuous growth of API, as external growth scenario building in the light of changes in the environment is required, the Operational Guidelines will be partially modified to expand acquisition targets in response to changes in the environment and secure acquisition opportunities through new investment methods as follows (for details of the modification, please see the Exhibit attached hereto).

2. Major Revisions

(1) Addition of “Logistics properties” to investment targets (Activia Account Properties) and establishment of investment criteria

By revising the Guidelines so that future external growth opportunities of API will be expanded, acquisition of Logistics properties developed by sponsors in a medium- to long-term perspective will be considered, and API will be able to consider conversion from Retail properties held by API and acquisition from a third party, we intend to increase stability and profitability of the Portfolio.

Provided, however, that the investment cap of Activia Account Properties shall remain at 30% or less of the portfolio.

(2) Modification of investment criteria for “accommodations (Hotel properties)”

Although the current Operational Guidelines stipulate the provision “(ii) verify the stability and profitability of the contents of lease agreements (basically medium- to long-term lease agreements based on fixed rents),” in light of the market environment such as an increase of inbound demand, the language of the provision specified in parentheses shall be deleted with intent to secure opportunities for profit increase.

Provided, however, that we will continue to consider acquisition after verifying both stability and profitability.

- (3) Clear notification of investment criteria and due diligence standard relating to “Equity in investment in a silent partnership regarding real estate and real estate-backed securities”

Although “Equity in investment in a silent partnership regarding real estate and real estate-backed securities” is included in the investment targets in the current Operational Guidelines, we recognize its increasing importance in the future to secure pipelines and obtain returns and, therefore, add language with intent to make the investment criteria clear.

3. Date of Modification of the Operational Guidelines

Jan. 17th, 2025

4. Future Forecast

This matter does not affect the performance of API.

5. Other

Due to the modification of the Operational Guidelines described in Article 2, Paragraph (1) above, the investment targets of API will be expanded, and TRM is entrusted by Broadia Private REIT, Inc., a real estate private placement investment corporation, with its asset management. The primary investment targets of Broadia Private REIT, Inc. are different from those of API, but, for Logistics properties, some investment targets may overlap. The ranking order considered between the investment corporations whose assets are operated by TRM regarding property information of Logistics properties shall be as follows:

First ranking: Broadia Private REIT, Inc.

Second ranking: API

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

Exhibit: Major modifications to “Part 1: Fund Information, 1. Status of the Fund, 2. Investment Policy, (1) Investment Policy” described in the Securities Report due to the modification of the Operational Guidelines

The following table indicates the portions modified from the Securities Report submitted as of Aug. 27th, 2024(Japanese only). Underlined sections indicate the modified portions.

Before modification	After modification
(iii) Portfolio Composition Policy API invests heavily in Urban Retail Properties and Tokyo Office Properties as described in “(i) Basic Philosophy of API” above in accordance with the following policies. API also invests in Retail properties other than Urban Retail Properties <u>and</u> office buildings other than Tokyo Office Properties (hereinafter collectively referred to as “Activia Account Properties”) after careful selection by evaluating characteristics and competitiveness, etc. of individual assets. By doing so, we intend to increase stability and profitability of the Portfolio.	(iii) Portfolio Composition Policy API invests heavily in Urban Retail Properties and Tokyo Office Properties as described in “(i) Basic Philosophy of API” above in accordance with the following policies. API also invests in Retail properties other than Urban Retail Properties, office buildings other than Tokyo Office Properties, <u>and Logistics properties</u> (hereinafter collectively referred to as “Activia Account Properties”) after careful selection by evaluating characteristics and competitiveness, etc. of individual assets. By doing so, we intend to increase stability and profitability of the Portfolio.

(vi) Investment criteria In acquiring individual real estate, etc., API will analyze the market environment of purchase and sale/rental of domestic real estate, consider the matters listed below in conjunction with growth potential and profitability of overall portfolio as well as risk factors, etc., and then make decisions of acquisition based on a comprehensive judgment. (omitted) In addition, among Retail properties that are API's major investment targets, for acquisition of real estate, etc. primarily used as accommodations (hotels), properties shall be investment targets if the management situation of the properties is considered to be favorable overall after verifying (i) hotel operation knowhow and performance of the operator of the accommodations (hotels) after acquisition, (ii) stability and profitability of the contents of lease agreements (<u>basically medium- to long-term lease agreements based on fixed rents</u>), and (iii) locational characteristics, market trends (trade area, competitive situation, etc.). Ownership and other rights of the land serving as the site of <u>these Retail properties and</u> office buildings shall be the investment targets of API integrally with the building or by itself. If only such site is acquired, it is sorted pursuant to the major use of the building that is the subject of the site usage. If API <u>acquires all or part of</u> multiple assets and when the majority of the purpose of use or actual use of the multiple assets is mainly for Retail properties <u>or</u> Offices, it may acquire all or part of the multiple assets.		(vi) Investment criteria In acquiring individual real estate, etc., API will analyze the market environment of purchase and sale/rental of domestic real estate, consider the matters listed below in conjunction with growth potential and profitability of overall portfolio as well as risk factors, etc., and then make decisions of acquisition based on a comprehensive judgment. (omitted) In addition, among Retail properties that are API's major investment targets, for acquisition of real estate, etc. primarily used as accommodations (hotels), properties shall be investment targets if the management situation of the properties is considered to be favorable overall after verifying (i) hotel operation knowhow and performance of the operator of the accommodations (hotels) after acquisition, (ii) stability and profitability of the contents of lease agreements (<u>deleted</u>), and (iii) locational characteristics, market trends (trade area, competitive situation, etc.). Ownership and other rights of the land serving as the site of Retail properties, office buildings, <u>and Logistics properties</u> shall be the investment targets of API integrally with the building or by itself. If only such site is acquired, it is sorted pursuant to the major use of the building that is the subject of the site usage. For multiple assets, <u>if</u> the purpose of use or actual use of the majority <u>of the rentable area</u> of the multiple assets is mainly for <u>Retail properties, Offices, or Logistics properties</u>, API may acquire all or part of the multiple assets.	
(A) Location		(A) Location	
Activia Account Properties	1. For Retail properties, in principle, they shall be located in Tokyo, the government ordinance-designated cities within the three major metropolitan areas, major cities within the country, or surrounding areas of them, have high accessibility by car, etc. because of proximity to the nearest station or highway, and have a stable trade area supported by accumulation of residency, etc.	Activia Account Properties	1. (unmodified)

	2. For office buildings, in principle, they shall be located in Tokyo or major cities within the country including the government ordinance-designated cities within the three major metropolitan areas, and within a ten-minute walk from a station. <u>(newly created)</u>			2. (unmodified) 3. For Logistics <u>properties, in principle, they shall be located in an area having proximity to consuming region/producing region, access to expressway and major roads, high accessibility to port and harbor/airport/rail container station/truck terminal.</u>	
<u>(newly created)</u>				<u>(K) Equity in investment in a silent partnership regarding real estate and real estate-backed securities</u> <u>Decisions on investment in equity in investment in a silent partnership regarding real estate and real estate-backed securities shall be made mainly in accordance with the following principles:</u> a. <u>real estate, etc. supporting the equity in investment in a silent partnership regarding real estate and real estate-backed securities conform with the investment policy and investment criteria of API;</u> b. <u>opportunity to acquire the real estate, etc. supporting the equity in investment in a silent partnership regarding real estate and real estate-backed securities at the time of expiration of the investment period can be secured;</u> c. <u>stability of revenues shall be determined to be sufficient, comprehensively considering LTV (Note 2), DSCR (Note 3), financial covenants, etc. in the issuing entity of the equity in investment in a silent partnership regarding real estate and real estate-backed securities;</u> d. <u>appropriateness of the investment structure and related parties shall be able to be confirmed;</u> e. <u>investing in the equity in investment in a silent partnership regarding real estate and real estate-backed securities shall not be restricted from the viewpoint of legal regulations, etc. (including the Securities Listing Regulations of Tokyo Stock Exchange, Inc. and the conduit requirements</u>	

			<u>under the Act on Special Measures Concerning Taxation).</u> <u>(Note 2) The term “LTV” shall be defined in Article 13 below. In this case, the term “API” in the definitions of Article 13 shall be replaced with “issuing entity” and the term “investment corporation bonds” shall be replaced with “bonds issued by issuing entity” respectively.</u> <u>(Note 3) The term “DSCR” means the ratio of net profit to debt amount of principal and interest pertaining to interest-bearing debt.</u>														
(vii) Due diligence standard			(vii) Due diligence standard														
In acquiring investment target assets, TRM shall fully implement the following economic survey, physical survey, and legal survey, and consider appropriateness for investment target of the operating assets with a central focus on the understanding of existence/nonexistence, etc. of factors, etc. which may impede sustainment/improvement of the asset value and the evaluation of them. During such consideration, TRM shall implement a field survey, interview with a prospective assignee, etc. with reference to engineering reports, market reports, and earthquake risk survey reports prepared by third parties having the ability and experience of such surveys.			In acquiring investment target assets, TRM shall fully implement the following economic survey, physical survey, and legal survey, and consider appropriateness for investment target of the operating assets with a central focus on the understanding of existence/nonexistence, etc. of factors, etc. which may impede sustainment/improvement of the asset value and the evaluation of them <u>(in acquiring equity in investment in a silent partnership regarding real estate and real estate-backed securities, TRM shall make considerations similar to the above of the real estate, etc. supporting them).</u> During such consideration, TRM shall implement a field survey, interview with a prospective assignee, etc. with reference to engineering reports, market reports, and earthquake risk survey reports prepared by third parties having the ability and experience of such surveys. <u>In addition, in acquiring equity in investment in a silent partnership regarding real estate and real estate-backed securities, TRM shall, after verifying its investment structure and its related parties’ attribution/roles/contract relationship, etc., confirm that the ratio of investment in the issuing entity of the equity in investment in a silent partnership regarding real estate and real estate-backed securities will not be 50% or more and that bankruptcy remoteness of the issuing entity is intended.</u>														
<table><tr><th colspan="2">Items</th><th>Contents</th></tr><tr><td>Economic survey</td><td>Tenant survey</td><td>-Credit standing (type of business, business contents, business history, financial results, financial condition, etc.) -Payment status of rents, relationship between tenants and current owner -Purpose of rental, form of contracts, contents of contracts</td></tr></table>			Items		Contents	Economic survey	Tenant survey	-Credit standing (type of business, business contents, business history, financial results, financial condition, etc.) -Payment status of rents, relationship between tenants and current owner -Purpose of rental, form of contracts, contents of contracts	<table><tr><th colspan="2">Items</th><th>Contents</th></tr><tr><td>Economic survey</td><td>Tenant survey</td><td>(unmodified)</td></tr></table>			Items		Contents	Economic survey	Tenant survey	(unmodified)
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	Market survey	-Status of rental market (ambient market rents, status of competing properties, trends of development plans, etc.) <Retail properties> -Status of trade area (population of the trade area, population dynamics, etc.) -Compatibility between the type of business and the trade area -Accessibility to the property <Office properties> -Transition of occupancy rate of the area -Transition of rents of the area -Distance from the nearest station <u>(newly created)</u>		Market survey	-Status of rental market (ambient market rents, status of competing properties, trends of development plans, etc.) <Retail properties> (unmodified) <Office properties> (unmodified) <Logistics properties> <u>-understanding of trends of logistics needs (owner, 3PL operators, etc.) in the area</u> <u>-future trends of city planning, infrastructure (expressway, port and harbor, airport, etc.) in the surrounding area</u> <u>-accessibility for the purpose of securing on-site workers, ambient population dynamics</u>	
	Revenue relations	-Levels of rental contracts, types of rental contracts, contract terms, and possibility of re-signing or renewal of contracts -Levels of expenses, contents of contracts related to expenses, and possibility of re-signing or renewal of contracts -Prospects of repairing expenses in the future (for about 10 to 12 years)		Revenue relations	(unmodified)	

Physical survey	Building and equipment/ specifications	<Common> -Main structure, building age, designer, construction contractor, confirmatory test agency, etc. -Status of the interior and exterior member <Retail properties> -Versatility as retail properties, possibility of conversion <Office properties> -Types of rentable floor, dealing with division, floor height/ceiling height, floor specifications -Specifications of common facilities, electric capacity, air-conditioning system, etc. <u>(newly created)</u>	Physical survey	Building and equipment/ specifications	<Common> (unmodified) <Retail properties> (unmodified) <Office properties> (unmodified) <u><Logistics properties></u> <u>-versatility as Logistics properties</u> <u>-ceiling height, floor load, column spacing, slope way, ramp way</u> <u>-EV, vertical conveyor, dock leveler, etc.</u>	
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