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FOR IMMEDIATE RELEASE

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### Notice Concerning Changes in Relation to the Merger of the Asset Management Company

Activia Properties Inc. (“API”) announces that, in relation to the merger and acquisition of the asset management company as announced in “Notice Concerning Merger of TLC Activia Investment Management Inc., Asset Manager” on September 29, 2016” (the “Merger”), TLC REIT Management Inc. (“TRM”), to which API entrusts its asset management operations, completed the Merger on April 1, 2017 and has started new operations. Details on organizational structure etc. are as follows (including the information already announced).

#### 1. Change of the Asset Management Company and Relocation of Headquarters

##### (1) Change of the Asset Management Company as of April 1, 2017

Former asset management company: TLC Activia Investment Management Inc.

New asset management company: TLC REIT Management Inc.

##### (2) Relocation of Headquarters of API and TRM as of April 1, 2017

###### ① API Headquarters

New address: Shin-Aoyama Building East 9F, 1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo

###### ② TRM Headquarters

New address: Shin-Aoyama Building East 9F, 1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo

New Phone Number: +81-3-3401-1090

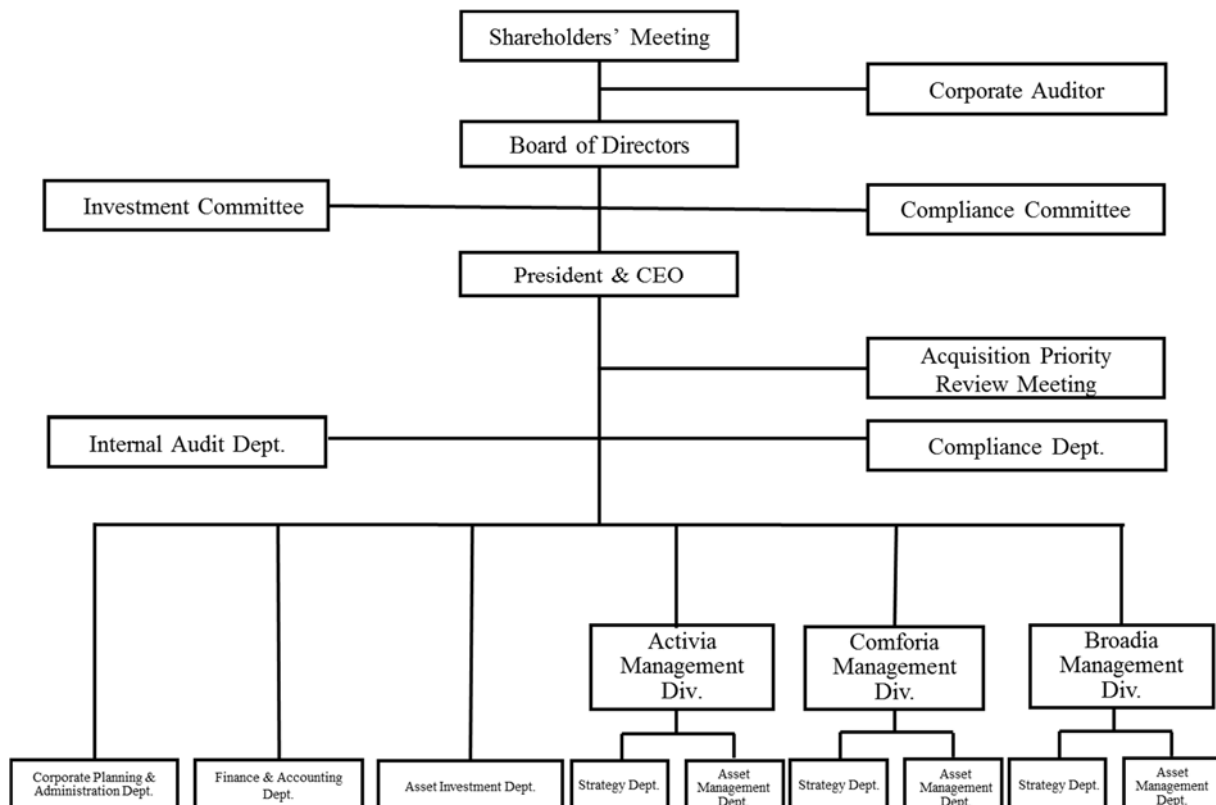
#### 2. Change of Organizational Structure etc.

##### (1) Change of Organizational Structure

###### ① Organizational Chart of TRM

TRM organizational chart is shown below. (No change from the chart as announced in “Notice Concerning Merger of TLC Activia Investment Management Inc., Asset Manager” on September 29, 2016.)

<TRM Organizational Chart>



② Business overview of each organization and committee of TRM

The business overview of each organization and committee are as follows. The organizations and committees indicated in the above “① Organizational Chart of TRM” involve not only in asset management of API but also of Comforia Residential REIT, Inc (“CRR”) and Broadia Private REIT Inc.(“BPR”). Below indicates mainly the matters concerning asset management of API.

A Business overview of each organization

Main businesses of each organization are as follows.

Organization	Summary of business
Asset Management Department, Activia Management Division	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• establishment of income and expenditure plan by property (including property management plan) for API</li> <li>• establishment of asset management plan for API</li> <li>• repair works of assets for API</li> </ul>
Strategy Department, Activia Management Division	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• establishment of investment policies such as asset management guideline, etc. for API</li> <li>• establishment of management policy of assets for API</li> <li>• establishment of basic policies of overall portfolio and asset management plans, etc. for API</li> <li>• establishment of dividend distribution policy for API</li> </ul>

	<ul style="list-style-type: none"> <li>• financing (investment units and investment corporation bonds) for API</li> <li>• IR and disclosure for API</li> </ul>
Asset Investment Department	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• collection of information on real estate, etc. that will be incorporated by the entrusted investment corporation</li> <li>• acquisition and disposition of the real estate, etc. for the entrusted investment corporation</li> <li>• repair works of the assets for the entrusted investment corporation</li> <li>• due diligence of real estate, etc.</li> <li>• operation of Acquisition Priority Review Meeting</li> </ul>
Finance & Accounting Department	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• establishment of financial plan for the entrusted investment corporation</li> <li>• financing (borrowings) for the entrusted investment corporation</li> <li>• accounting and financial settlement for the entrusted investment corporation</li> <li>• calculation of dividend and distribution, etc. for the entrusted investment corporation</li> </ul>
Compliance Department	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• supervision of establishment and implementation of basic policies concerning compliance</li> <li>• management of compliance with laws and ordinances</li> <li>• establishment of compliance program</li> <li>• follow-up of the structure of law system and investment trust</li> <li>• confirmation and management of important legal documents such as contracts</li> <li>• response and management concerning troubles and complaints</li> <li>• response and management concerning legal disputes such as lawsuits and mediation</li> </ul>
Internal Audit Department	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• proposal of internal audit plan</li> <li>• implementation of internal audit</li> <li>• preparation of internal audit record, internal audit report and internal audit instruction</li> <li>• other internal audit</li> </ul>
Corporate Planning & Administration Department	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• operation of unitholders' meeting and board of directors for the entrusted investment corporation</li> <li>• overall corporate planning and administration</li> <li>• establishment and abolishment of internal rules and other various rules</li> <li>• HR &amp; labor, general affairs and administrative affairs</li> <li>• response of supervisory authorities</li> <li>• operation of the Shareholders' Meeting, meeting for Board of Directors, Compliance Committee and Investment Committee</li> <li>• management and storage of important documents, seal, etc.</li> <li>• information security and IT related business</li> </ul>

	<ul style="list-style-type: none"> <li>• in-house education and training</li> <li>• financial and accounting business</li> <li>• supervision of risk management</li> </ul>
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B Overview of each committee, etc.

The overview of each committee, etc. is as follows.

(i) Investment Committee

Member	<p>President &amp; CEO, Directors (excluding part-time directors), Chief Division Officer of each of Activia Management Division, Comforia Management Division and Broadia Management Division, General Manager of Asset Investment Department, General Manager of Finance &amp; Accounting Department, General Manager of Corporate Planning &amp; Administration Department, Compliance Officer and qualified independent real estate appraisers (At Investment Committee for related party transactions, qualified independent real estate appraisers indicate real estate appraisers excluding those who prepared real estate appraisal reports, etc. concerning transactions that will be examined, those who are related parties and those employed by related parties. At Investment Committee for non-related party transactions, qualified independent real estate appraisers indicate real estate appraiser other than those who prepared real estate appraisal reports, etc. concerning transactions that will be examined. The same shall apply hereinafter.) (Each Chief Division Officer (including he or she who concurrently serves as Director) may attend the Investment Committee only for the relevant investment corporation which he or she supervises. Furthermore, attendance of qualified independent real estate appraisers can be substituted by obtaining written opinions etc. from qualified independent real estate appraisers in case qualified independent real estate appraisers cannot attend the Investment Committee. General Manager of Corporate Planning &amp; Administration Department and Compliance Officer do not have voting rights.)</p>
Matters to be resolved	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• establishment and change of basic investment policies related to asset management</li> <li>• decision and change of its conditions, etc. for asset acquisition/disposition</li> <li>• establishment and change of asset management plan</li> <li>• establishment and change of basic policies related to asset management</li> <li>• important decisions and changes related to asset management</li> <li>• results and budget proposal</li> <li>• establishment and change of basic policies related to financing, capital policy and dividend policy</li> <li>• decision and change related to financing, capital policy and dividend policy</li> <li>• transactions with related parties (excludes transactions for which prior approval of the Investment Committee is stipulated to be unnecessary in the rules on transactions with related parties).</li> <li>• important matters related to those mentioned above</li> </ul>

Deliberation process	<p>As a general rule, the resolution of the Investment Committee will be made when all committee members who have voting rights on the target proposal attend and when unanimous approval is made by the committee members. (However, the attendance of qualified independent real estate appraisers will not be required when the adequacy of the price of real estate, etc. that will be transacted will not be an issue. In addition, as a general rule, attendance of qualified real estate appraisers is required when it is necessary to examine the adequacy of the price of real estate, etc., however the attendance of qualified real estate appraisers can be substituted by obtaining written opinion, etc. from qualified independent real estate appraisers when qualified independent real estate appraisers cannot attend and such obtained written opinion, etc. shall be respected in deliberation and resolution.)</p> <p>Moreover, each committee member other than the Compliance Officer and General Manager of Corporate Planning &amp; Administration Department has one vote. Those who concurrently hold several positions will have one vote. In addition, committee members who have special interests regarding the target proposals will not be able to take part in the resolution. Furthermore, the Compliance Officer can order to suspend the deliberation at the Investment Committee when it is judged that there are issues in the process of deliberation. Committee members can request an opinion or explanation by having an observer attend the Investment Committee.</p>
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(ii) Compliance Committee

Member	<p>Compliance Officer, President &amp; CEO, Directors (excluding part-time directors. In case the Director concurrently holds the position of the Chief Division Officer of each Management Division, such Director will not be able to attend the Compliance Committee relating to the investment corporation which he or she does not supervise as the Chief Division Officer of each Management Division.) and outside experts (licensed lawyer or certified accountant) who are familiar with compliance and selected by the Board of Directors (“Outside Experts”)</p>
Matters to be resolved	<p>Matters concerning:</p> <ul style="list-style-type: none"> <li>• establishment and change of basic investment policies related to asset management (*)</li> <li>• decision and change of its conditions, etc. for asset acquisition/disposition (*)</li> <li>• establishment and change of asset management plan (*)</li> <li>• establishment and change of basic policies related to asset management (*)</li> <li>• establishment and change of basic policies related to financing and dividend policy (*)</li> </ul> <p>(However, matters related to those with *, resolution will be required only for transactions with related parties and transactions deemed necessary by Compliance Officer.)</p> <ul style="list-style-type: none"> <li>• transactions with related parties (excludes transactions for which advance approval of the Compliance Committee is stipulated to be unnecessary in the</li> </ul>

	<p>rules on transactions with related parties)</p> <ul style="list-style-type: none"> <li>• establishment and change of compliance manual and compliance program</li> <li>• deliberation and decision of improvement measures against inappropriate actions on compliance with laws and ordinances and future prevention measures, etc.</li> <li>• deliberation at the Compliance Committee is judged as necessary by the Compliance Officer</li> </ul>
Deliberation process	<p>The resolution of the Compliance Committee will be made with the approval of at least two-thirds of the committee members including the Compliance Officer and all Outside Experts in the committee where at least two-thirds of committee members including the Compliance Officer and all Outside Experts attend. Moreover, each committee member will have one vote. However, those who hold several positions will have one vote. In addition, committee members who have special interests regarding the target proposals will not be able to take part in the resolution. Committee members can request an opinion or explanation by having an observer attend the Compliance Committee.</p>

(iii) Acquisition Priority Review Meeting

For properties to consider acquisition, to prevent conflicts of interest among each investment corporation, Order of Prioritized Consideration ruled by “Regulations on Priority of Property Information to Consider” newly established associated with the Merger will be confirmed at “Acquisition Priority Review Meeting” consisting of Compliance Officer and others. (No change from the order as announced in “Notice Concerning Merger of TLC Activia Investment Management Inc., Asset Manager” on September 29, 2016.)

Member	<p>President &amp; CEO, Chief Division Officer of each Management Division (Substitute attendance of representatives designated by Chief Division Officer of each Management Division will be allowed when each Chief Division Officer cannot attend. Furthermore, Chief Division Officer of Activia Management Division can be absent by notifying the General Manager of Asset Investment Department and Compliance Officer when there are only projects of rental residences &amp; serviced rental residences.), General Manager of Asset Investment Department and Compliance Officer</p>
Deliberation process	<p>The party to be prioritized consideration (investment corporation who consider an acquisition proposal preferentially) will be decided at the Acquisition Priority Review Meeting. When the consideration of joint investment with other investment corporations is judged appropriate by the Chief Division Officer granted priority in accordance with the “priority rule” (standard concerning the order of priority of those who will be granted priority on property information, etc.) or the results of discussion, the Chief Division Officer can consider joint acquisition after reporting at the Acquisition Priority Review Meeting. Further, when the Chief Division Officer for the investment corporation granted 1st Priority in accordance with the “priority rule” or the results of discussion declines the consideration of acquisition, the investment</p>

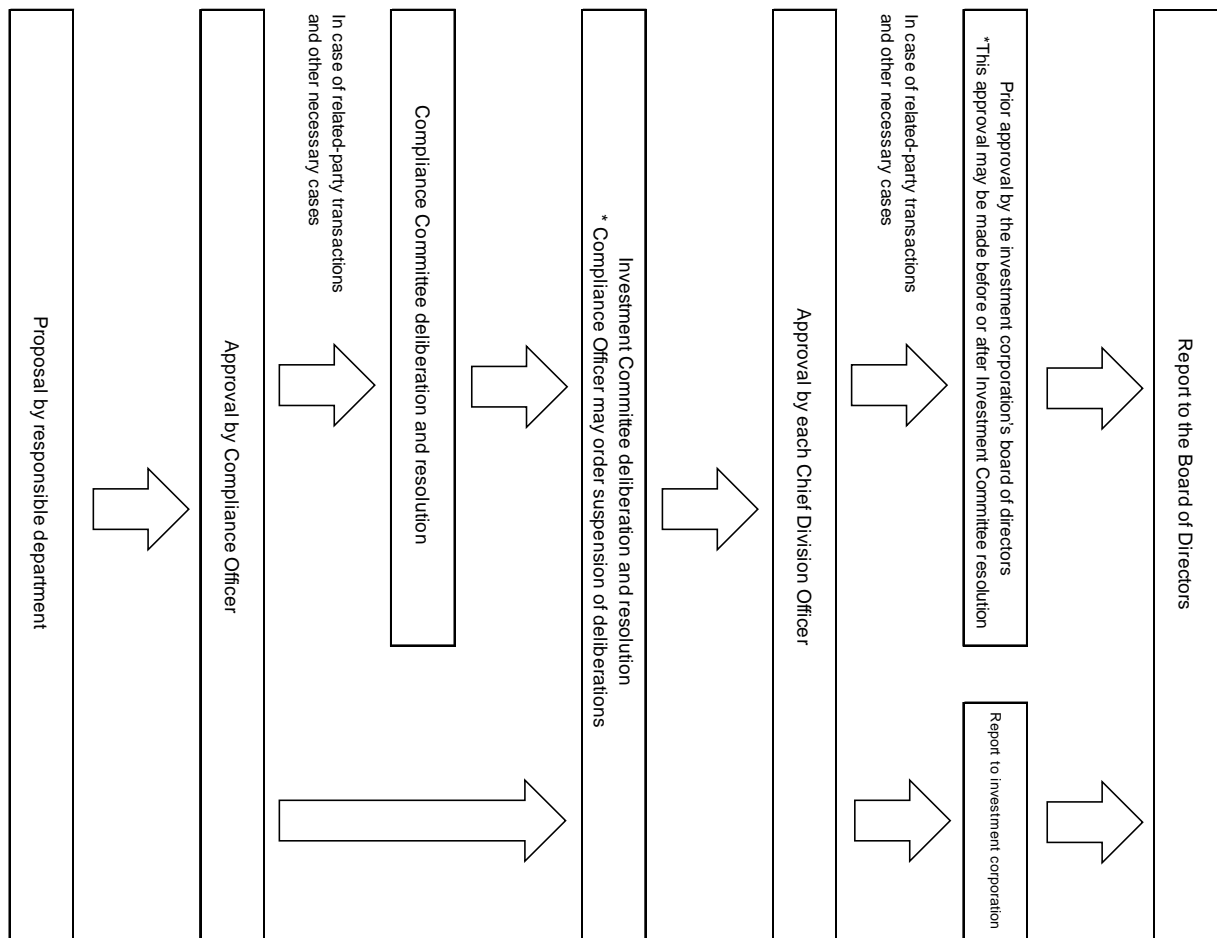
	<p>corporation granted 2nd Priority will be the party to be prioritized consideration. In such case, the Chief Division Officer for the investment corporation granted 1st Priority is required to notify and explain the reason for declining the consideration to the General Manager of Asset Investment Department and Compliance Officer. When the Chief Division Officer for the investment corporation granted 2nd Priority also declines the consideration of acquisition, the Chief Division Officer will be required to notify and explain the reason for declining the consideration to General Manager of Asset Investment Department and Compliance Officer. In such case, the investment corporation granted 3rd Priority will be the party to be prioritized consideration if such investment corporation exists and consideration of acquisition concerning the project information in TRM will end if such investment corporation does not exist.</p> <p>The Compliance Officer will check compliance on issues concerning decision, reporting and other process of deliberation at the Acquisition Priority Review Meeting and can order to suspend the deliberation at the Acquisition Priority Review Meeting when it is judged that there are issues in the process of deliberation.</p>
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### ③ TRM Decision-making Structure

In case of acquiring properties according to each investment corporation's investment policy, as a general rule, responsible department drafts an acquisition proposal, and Compliance Officer confirms that the proposal conforms to applicable legislation and other compliance-related matters. After an approval by the Compliance Officer, Investment Committee deliberates and makes a resolution, followed by a final approval by each Chief Division Officer. For certain transactions with related parties, as a general rule, prior to Investment Committee's deliberation and approval, Compliance Committee deliberates and makes a resolution.

TRM decision-making flow is shown below. (No change from the flow as announced in "Notice Concerning Merger of TLC Activia Investment Management Inc., Asset Manager" on September 29, 2016.)

<Decision-making flow on acquisition of assets>



④ Review of Prevention of Conflicts of Interest (Establishment of “Regulations on Priority of Property Information to Consider”)

TRM established “Regulations on Priority of Property Information to Consider” as of April 1, 2017 to prevent conflicts of interest among each investment corporation. Order of priority on property information acquired among each investment corporation is shown below. (No change from the priority order among each investment corporation as announced in “Notice Concerning Merger of TLC Activia Investment Management Inc., Asset Manager” on September 29, 2016.)

For details of “Acquisition Priority Review Meeting” specified in the above regulations, please refer to “(iii) Acquisition Priority Review Meeting”, “B Overview of each committee, etc.”, “② Business overview of each organization and committee of TRM”.

A Property Information Provided by Sponsor

i) Property Information on Retail and Office Properties (Note 1)

1st Priority: API

2nd Priority: BPR

ii) Property Information on Rental Residences and Serviced Rental Residences (Note 2)

1st Priority: CRR

2nd Priority: BPR



iii) Property Information on Logistics Properties

BPR

(Note 1) This includes accommodation facilities (hotel) and parking lots. The same shall apply hereafter.

(Note 2) This includes homes for seniors, service apartments, condominiums for students such as dormitories. The same shall apply hereafter.

B Property Information Provided by Third Party

Investment target	Gross floor area (Note)	Order of Prioritized Consideration
Retail & office properties	3,000 m <sup>2</sup> or more	1st Priority: API 2nd Priority: BPR
	Less than 3,000 m <sup>2</sup>	1st Priority: BPR 2nd Priority: API
Rental residences & serviced rental residences	1,500 m <sup>2</sup> or more	1st Priority: CRR 2nd Priority: BPR
	Less than 1,500 m <sup>2</sup>	1st Priority: BPR 2nd Priority: CRR
Logistics properties	-	BPR

(Note) Calculated based on floor area on property register.

Notwithstanding the above A and B, in case of specific investment corporation holds first negotiation right to and / or sectional ownership on anticipated properties and for other cases, the relevant investment corporation should be granted 1st Priority. In case of an investment corporation is designated as acquirer by the seller and for other cases, relevant investment corporation shall be granted to consider acquisition without holding and deliberation of Acquisition Priority Review Meeting.

3. Change of Agreement with Sponsor and Other Affiliate Companies

To utilize Tokyu Fudosan Holdings Group companies' value chain and expertise, TLC Activia Investment Management Inc. concluded sponsor support agreement and affiliate support agreements with 6 group companies for the support on API. Upon the Merger, as of April 1, 2017, TRM entered into new support agreement with each below group company, however the agreed-upon support obligations remain the same.

At the end of their initial three-year term, the sponsor support agreement and affiliate support agreements will be automatically renewed in next three years with same term unless otherwise notified in writing to the other party at least three months prior to the expiration.

	Agreement	Parties to the agreement
(1)	Sponsor support agreement	Tokyu Land Corporation / TRM
(2)	Affiliate support agreement	Tokyu Livable, Inc. / TRM
(3)	Affiliate support agreement	Tokyu Community Corp. / TRM
(4)	Affiliate support agreement	Tokyu Hands Inc. / TRM
(5)	Affiliate support agreement	Tokyu Sports Oasis Inc. / TRM

(6)	Affiliate support agreement	Tokyu Stay Co., Ltd. / TRM
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#### 4. Change of Executive Directors of API and Directors etc. of TRM

API and TRM new executive members as of April 1, 2017 are shown below. (No change from the list as announced in “Notice Concerning Change of Executive Director” and “Notice Concerning Scheduled Change of Directors and Key Employees, etc. at Succeeding Company following the Absorption-type Merger of the Asset Management Company and Relocation of Headquarters” on March 10, 2017.)

##### (1) API

Position	Name
Executive Director	Nariaki Hosoi
Supervisory Director	Yonosuke Yamada
Supervisory Director	Yoshinori Ariga

##### (2) TRM

###### ① Directors and Corporate Auditor

Position	Name
President & CEO	Hiroyuki Tohmata
Director	Nariaki Hosoi
Director (part-time)	Takashi Ikeuchi
Director (part-time)	Yasuhiro Kurokawa
Corporate Auditor (part-time)	Akira Yamaguchi

###### ② Key Employees

Position	Name
Managing Director, Chief Division Officer of Activia Management Division	Nariaki Hosoi
Compliance Officer	Toshiaki Shinohara

###### ③ Other

Position	Name
General Manager of Strategy Department, Activia Management Division	Kazuyuki Murayama
General Manager of Asset Management Department, Activia Management Division	Katsutoshi Ohtsu
General Manager of Asset Investment Department	Takashi Aikawa
General Manager of Corporate Planning & Administration Department	Hidekazu Omi

General Manager of Finance & Accounting Department	Hiroshi Kimoto
General Manager of Internal Audit Department	Ryuji Watanuki
Outside Expert of Investment Committee	Kyo Nakamura (Note)
Outside Expert of Compliance Committee	Masaji Hashimoto

(Note) Ms Nakamura is an Outside Expert of Investment Committee for Activia Management Division.

TRM makes necessary reports and other arrangements pursuant to the provisions of the Financial Instruments and Exchange Act, the Building Lots and Building Transaction Business Law and other applicable laws and regulations.

\*Website of API: <http://www.activia-reit.co.jp/english>