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FOR IMMEDIATE RELEASE

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Notice Concerning Changes in Organizational Structure
of the Asset Management Company

Activia Properties Inc. (“API”) announces that TLC REIT Management Inc. (“TRM”), to which API entrusts its asset management operations, decided the matters below today.

Details are as follows:

1. Change and transfer of operations in the organizational structure of TRM

(1) Establishment of Corporate Management Division (scheduled to be effective on August 1, 2020)

For the purpose of strengthening the administrative departments of the company, TRM newly establishes Corporate Management Division which will control new departments equivalent to the present Corporate Planning & Administration Department and the Finance & Accounting Department.

(2) Establishment of Human Resources Department (scheduled to be effective on August 1, 2020)

For the purpose of strengthening function to foster and secure the company’s human capital resources, TRM newly establishes Human Resources Department under the Corporate Management Division.

(3) Transfer of operations of the Corporate Planning & Administration Department and change of its name to Corporate Planning Department (scheduled to be effective on August 1, 2020)

For the purpose of enhancing managerial function of the present Corporate Planning & Administration Department, part of the matters managed by the said department at present will be transferred to the Human Resources Department and the Compliance Department, and the name of the said department will be changed to Corporate Planning Department.

2. Organizational chart and business overview of TRM

The organizational chart (before and after the changes) of TRM is shown below in Attachment 1. Please refer also to the Business overview of each department after the organizational structure change in Attachment 2.

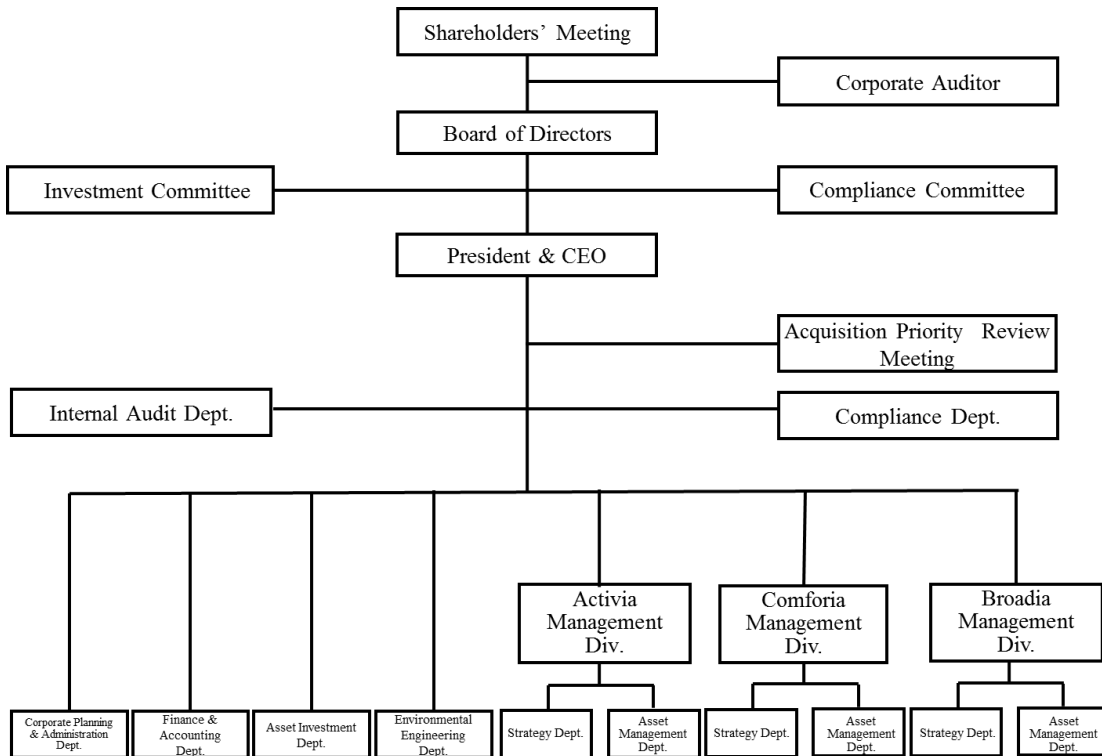
TRM makes necessary reports and other arrangements pursuant to the provisions of the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Law and other applicable laws and regulations.

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

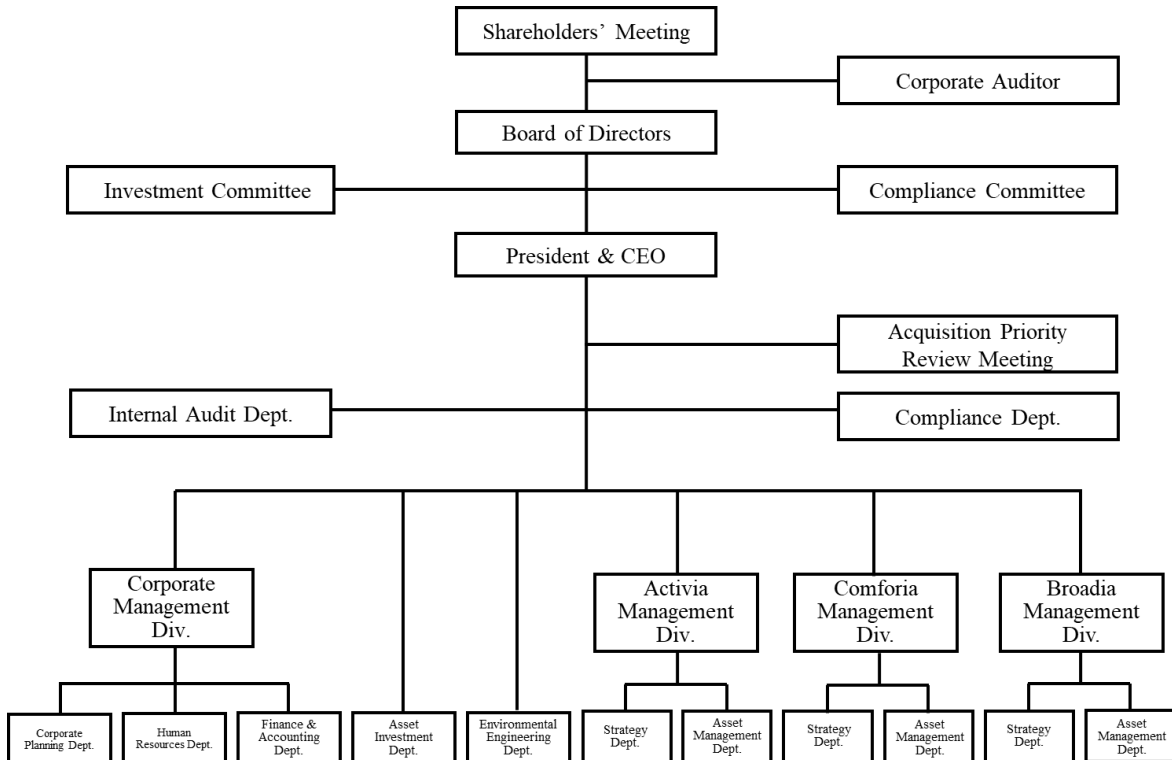
(Attachment 1)

TRM organizational chart

Before the change



After the change



(Attachment 2)

Business overview of each department after the organizational structure change (Changes are underlined)

| Department | Summary of business |
|--|--|
| Strategy Department, Activia Management Division | <p>Matters concerning:</p> <ul style="list-style-type: none"> • establishment of investment policies such as asset management guideline, etc. for API • establishment of management policy of assets of API • establishment of basic policies of overall portfolio and asset management plans, etc. for API • establishment of dividend distribution policy for API • financing (investment units) of API • IR and disclosure of API |
| Asset Management Department, Activia Management Division | <p>Matters concerning:</p> <ul style="list-style-type: none"> • establishment of income and expenditure plan by property (including property management plan) for API • establishment of asset management plan for API • repairs and other works of assets of API |
| Environmental Engineering Department | <p>Matters concerning:</p> <ul style="list-style-type: none"> • repairs and other works of assets of the entrusted investment corporation • environmental responsiveness of properties of the entrusted investment corporation • due diligence and engineering support for real estate • ESG investment • crisis management |
| Asset Investment Department | <p>Matters concerning:</p> <ul style="list-style-type: none"> • collection of information related to real estate, etc. having the potential to be incorporated by the entrusted investment corporation • acquisition and disposition of real estate, etc. for and of the entrusted investment corporation • due diligence of real estate, etc. • operation of Acquisition Priority Review Meeting |

| | |
|---|--|
| Compliance Department | <p>Matters concerning:</p> <ul style="list-style-type: none"> • supervision of establishment and implementation of basic policies related to compliance • management of compliance with laws and ordinances • establishment of compliance program • follow-up of the law system and structure of investment trust • confirmation and management of important legal documents such as contracts • response to and management of incidents and complaints • response to and management of legal disputes such as lawsuits and mediation • supervision of risk management • <u>response to supervisory authorities</u> • <u>operation of Compliance Committee</u> |
| Internal Audit Department | <p>Matters concerning:</p> <ul style="list-style-type: none"> • planning and implementation of internal audit program • preparation of records of internal audit investigation, internal audit reports and directions • other matters related to internal audit |
| <u>Finance & Accounting Department, Corporate Management Division</u> | <p>Matters concerning:</p> <ul style="list-style-type: none"> • establishment of financial plan for the entrusted investment corporation • financing (borrowings and investment corporation bonds) for the entrusted investment corporation • accounting and financial settlement for the entrusted investment corporation • calculation of dividend and distribution, etc. for the entrusted investment corporation |
| <u>Corporate Planning Department, Corporate Management Division</u> | <p>Matters concerning:</p> <ul style="list-style-type: none"> • operation of unitholders' meeting and board of directors of the entrusted investment corporation • overall corporate planning and administration • establishment and abolishment of internal rules and other various rules • overall general affairs and administrative affairs • operation of the Shareholders' meeting, Board Meeting and <u>Investment Committee</u> • management and storage of important documents, seal, etc. • <u>supervision of information security operation</u> • accounting and financial settlement |
| <u>Human Resources Department, Corporate Management Division</u> | <p>Matters concerning:</p> <ul style="list-style-type: none"> • overall HR & labor • in-house education and training • <u>IT and information security operations</u> |