

March 31, 2021

FOR IMMEDIATE RELEASE

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Notice Concerning Changes in Organizational Structure, etc. and Directors
of the Asset Management Company

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

Details are as follows:

1. Change in organizational structure, etc. of TRM

(1) Clarification of definition of the Sustainability Promotion Council (scheduled to be effective on April 1, 2021)

TRM established the Sustainability Policy as of April 1, 2019 aligned with the company’s recognition that making contribution to sustainable society is an essential part of its role, and to promote the policy, established the Sustainability Promotion Council (the “Council”) and organized regular meetings. This time, with the aim to strengthen its structural framework and enhance functionality, TRM sets rules for sustainability promotion framework to provide a clearer definition of the Council within the company’s organization.

(2) Establishment of Sustainability Department (scheduled to be effective on April 1, 2021)

TRM newly establishes the Sustainability Department which will succeed the duties concerning ESG investment and environmental responsiveness in the properties of the investment corporations, formerly performed by the Environmental Engineering Department and the duties concerning IT formerly performed by the Human Resources Department. The Sustainability Department will also be in charge of the matters related to utilization of digital technologies, which are newly included to the company’s duties.

(3) Transfer of other duties (scheduled to be effective on April 1, 2021)

The duties concerning crisis management will be transferred from the Environmental Engineering Department to the Corporate Planning Department.

(4) Organizational chart and business overview of each department, etc. of TRM

The organizational chart (before and after the change) of TRM is shown below in Attachment 1. Please see Attachment 2 for the business overview of each department after the organizational structure change and Attachment 3 for the overview of the Sustainability Promotion Council.

2. Change in Directors of TRM

It was decided at the Board of Directors of TRM held today to submit a resolution proposal to elect two new directors to the shareholders of TRM as an extraordinary resolution in written form pursuant to Paragraph 1 of Article 319 in the Companies Act.

(1) Newly appointed directors (scheduled to be effective on April 1, 2021)

Masatoshi Itami, Director (Part-time)

Yasuhiro Kurokawa, Director (Part-time)

(Note 1) Appointment to directors will be formally decided after the extraordinary written resolution of shareholders of TRM.

(Note 2) The profiles of the newly appointed directors are in Attachment 4.

(2) Resigning directors (scheduled to be effective on March 31, 2021)

Akiko Enokido, Director (Part-time)

Tadashi Yoshimi, Director (Part-time)

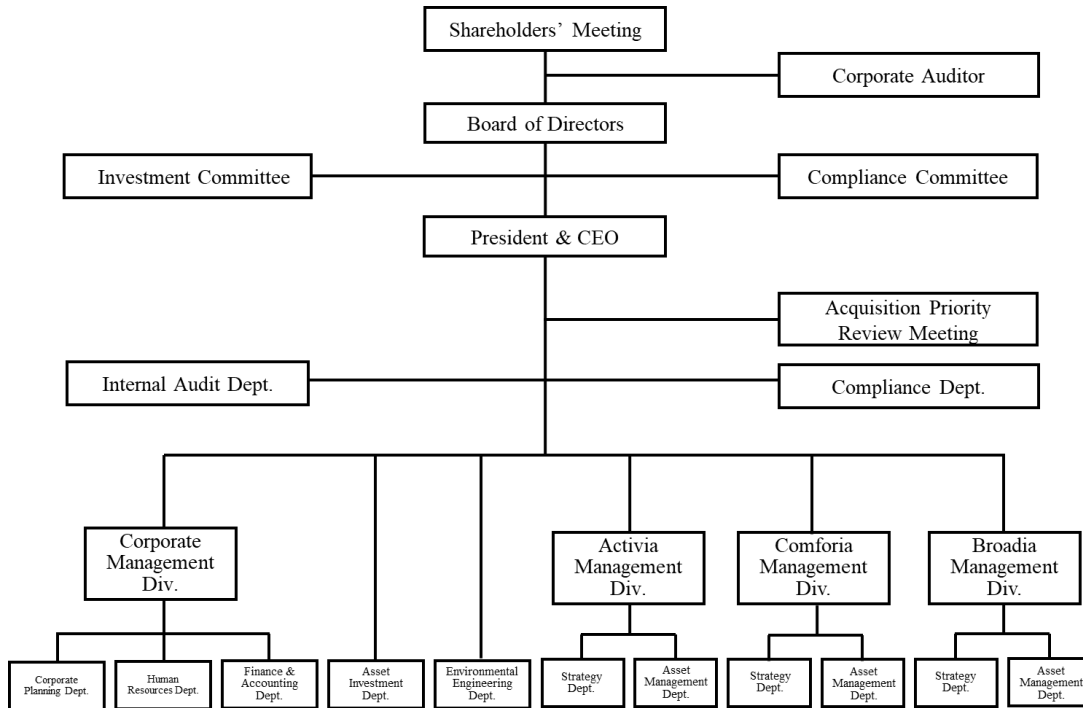
TRM makes necessary reports and other arrangements pursuant to the provisions of the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Law and other applicable laws and regulations.

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

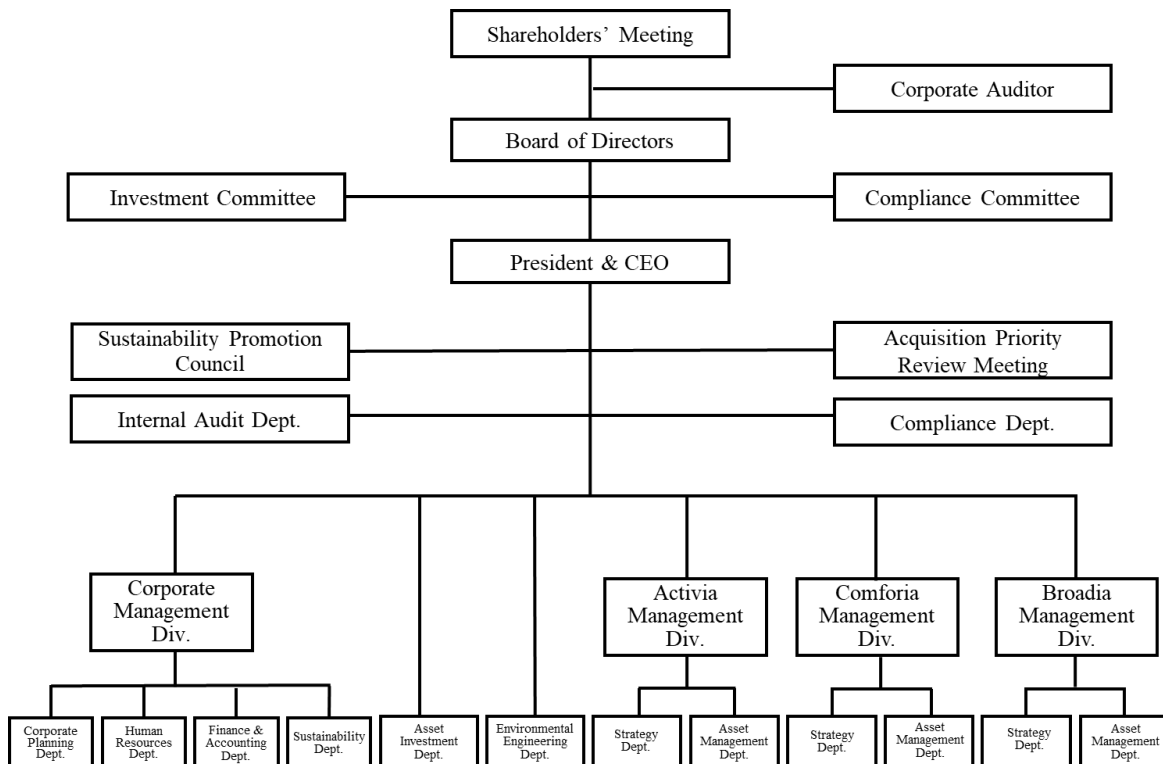
(Attachment 1)

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 duties
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 investment corporations • due diligence and engineering support for real estate
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 to the investment corporation's portfolios • acquisition and disposition of real estate, etc. for and of the investment corporations • due diligence of real estate, etc. • operation of Acquisition Priority Review Meeting
<u>Sustainability Department, Corporate Management Division</u>	<p><u>Matters concerning:</u></p> <ul style="list-style-type: none"> • <u>ESG investment</u> • <u>environmental responsiveness of properties of the investment corporations</u> • <u>operation of Sustainability Promotion Council</u> • <u>IT and utilization of digital technologies</u>
Finance & Accounting Department, Corporate Management Division	<p>Matters concerning:</p> <ul style="list-style-type: none"> • establishment of financial plan for the investment corporations • financing (borrowings and investment corporation bonds) for the investment corporations • accounting and financial settlement for the investment corporations • calculation of dividend and distribution, etc. for the investment corporations
Human Resources Department, Corporate Management Division	<p>Matters concerning:</p> <ul style="list-style-type: none"> • overall HR & labor • in-house education and training

<p>Corporate Planning Department, Corporate Management Division</p>	<p>Matters concerning:</p> <ul style="list-style-type: none"> • operation of unitholders' meeting and board of directors of the 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 Investment Committee • management and storage of important documents, seal, etc. • supervision of information security operation • accounting and financial settlement • <u>crisis management</u>
<p>Compliance Department</p>	<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 • response to supervisory authorities • operation of Compliance Committee
<p>Internal Audit Department</p>	<p>Matters concerning:</p> <ul style="list-style-type: none"> • proposal of internal audit plan • implementation of internal audit • preparation of records of internal audit investigation, internal audit reports and directions • other matters related to internal audit

(Attachment 3)

Overview of the Sustainability Promotion Council

Members	<ul style="list-style-type: none"> • Regular members: President, directors (except part-time directors), Chief Division Officers of the Corporate Management Division, the Activia, Comforia and Broadia Management Divisions, the Compliance Officer, General Managers of the Environmental Engineering Department, and the Sustainability Department (each regular member has a voting right, and the one holding two posts concurrently has a voting right) • Outside members Directors (Part-time), outside experts, etc. appointed by the Chairperson in his/her judgement (or a regular member appointed by Chairperson in case President or Chairperson is unable to attend the council) (In principle, outside members do not have a voting right)
Matters to be resolved	<p>Matters concerning:</p> <ul style="list-style-type: none"> • Amendment or abolishment of the Sustainability Policy • Amendment or abolishment of the Materiality shared by each investment corporation and TRM • measures taken by each department which affect the operations of TRM and three investment corporations, or of two or more of those four entities if deemed necessary by the Chairperson to be deliberated and resolved
Requirements for resolution	<p>The Council must be attended by all members with a right to vote, and the Council resolves a submitted proposal by a unanimous vote.</p>

(Attachment 4)

Profiles of the newly appointed directors

Position	Name	Brief biography	
Director (Part-time)	Masatoshi Itami	Apr. 1992	Tokyu Land Corporation
		Oct. 2009	Manager of Planning Management Department, Asset Planning Promotion Division
		Jan. 2010	General Manager of Investment Management Department, TLC Realty Management Inc. (current TLC REIT Management Inc.)
		Apr. 2013	Executive Manager, General Manager of Investment Operation Department, TLC Comforia Investment Management INC. (current TLC REIT Management Inc.)
		Sep. 2013	General Manager of Office Building Development Department, Office Building Business Division, Tokyu Land Corporation
		Apr. 2014	General Manager of Office Building Development Department, Urban Development Division, Urban Business Unit
		Apr. 2016	Executive Manager
		Apr. 2017	Executive Manager of Group Management Planning Department, Tokyu Fudosan Holdings Group Executive Manager of Corporate Strategy Department, Tokyu Land Corporation
		Apr. 2018	Executive Manager of Group Corporate Planning Department, Tokyu Fudosan Holdings Group Executive Manager of Corporate Planning Department, Tokyu Land Corporation
		Apr. 2021	Operating Officer, Division Manager of Development Planning Division, Urban Development Unit, Tokyu Land Corporation (scheduled to be effective on April 1, 2021) Director (Part-time), TLC REIT Management Inc. (scheduled to be effective on April 1, 2021) Director (Part-time), Tokyu Land Capital Management Inc. (scheduled to be effective on April 1, 2021) President & CEO (Part-time), Life & Work Design Co., Ltd. (scheduled to be effective on April 1, 2021)

Director (Part-time)	Yasuhiro Kurokawa	Apr. 1995	Tokyu Construction Co., Ltd.
		Feb. 2007	Tokyu Land Corporation
		Jul. 2007	Seconded to Tokyu Land Capital Management Inc.
		Jan. 2011	Manager of Investment Management Division, Tokyu Land Corporation
		Apr. 2016	General Manager of Investment Planning Department, Investment Management Division, Urban Business Unit
		Apr. 2017	Executive Manager of Business Strategy Department, Urban Business Unit Director (Part-time), TLC REIT Management, Inc. Director (Part-time), Tokyu Land Capital Management Inc. Representative Director, Life & Work Design Co., Ltd.
		Jun. 2017	Director (Part-time), Shinjuku-I-Land Corporation
		Apr. 2019	Executive Manager of Infrastructure & Industry Department 2, Infrastructure & Industry Business Division, Urban Business Unit, Tokyu Land Corporation
		Apr. 2020	Executive Manager of New Business Promotion Department, Urban Business Unit
		Apr. 2021	Executive Manager of Investment Planning Department, Planning & Development Division, Urban Business Unit (scheduled to be effective on April 1, 2021) Director (Part-time), TLC REIT Management, Inc. (scheduled to be effective on April 1, 2021) Director (Part-time), Tokyu Land Capital Management Inc. (scheduled to be effective on April 1, 2021)