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FOR IMMEDIATE RELEASE

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Notice Concerning Merger of TLC Activia Investment Management Inc., Asset Manager

TLC Activia Investment Management Inc., (hereinafter referred to as "TAIM"), asset manager, to whom Activia Properties Inc.(hereinafter referred to as "API") entrusts its asset management operations, determined to enter into merger and acquisition agreement (hereinafter referred to as the "Merger") with TLC Comforia Investment Management INC. (hereinafter referred to as "TCI") today as follows. Also dated today, TCI determined to conclude absorption-type split agreement with Tokyu Land Capital Management Inc. (hereinafter referred to as "TLCM" and altogether with TAIM, TCI and TLCM, the "Three Asset Managers") to succeed part of the business (hereinafter referred to as the "Corporation Split" and altogether with the Merger, the "Reorganization").

The Reorganization is related to the Three Asset Managers, and is not related to each investment corporation, from whom the Three Asset Managers undertake management operations.

1. The Objective of the Reorganization

It has been 15 years since J-REIT Market was launched in September 2001. The market now has 56 J-REITs and its asset size has grown to about 15 trillion yen.

Under such circumstances, Tokyu Land Corporation Group (corporate group under Tokyu Land Corporation (hereinafter referred to as "TLC"), parent company of the Three Asset Managers, and others) has the following three asset managers: TAIM that undertakes management for API, listed investment corporation with retail properties and offices as its major investment target; TCI that undertakes management for Comforia Residential REIT, Inc. (hereinafter referred to as "CRR"), listed investment corporation with rental residences and serviced rental residences as its major investment target; and TLCM that undertakes management for Broadia Private REIT Inc. (hereinafter referred to as "BPR"), non-listed investment corporation of comprehensive REIT with diverse asset types such as offices and retail properties, rental residences as well as logistic properties as its major target. In the meantime, by accumulating their own expertise and experience on management, the Three Asset Managers now have the total assets under management (hereinafter referred to as "AUM") worth over ¥600 billion.

Under these circumstances, the Three Asset Managers determined to carry out the Reorganization to enhance a value of unitholders of each investment corporation through integration of asset management business, which will make sophisticated asset management operations and expand chances of acquiring properties.

As to the Reorganization, absorption-type merger takes place with TCI as a surviving company and TAIM as an absorbed company. Also, absorption-type split takes place with TLCM as absorption-split company and TCI as absorption-type split succeeding company. Trade name of TCI after the Reorganization will be TLC REIT Management Inc. (hereinafter referred to as "TRM").

2. Effects of the Reorganization

Through the Reorganization, the asset manager expects the following effects:

(1) Sophisticated asset management operations

Identical functions of the Three Asset Managers will be integrated into one function, so that management expertise, which used to be spread in the Three Asset Managers, could be consolidated to make more sophisticated asset management (financing, property acquisition and property management and others) and compliance operations.

(2) Expansion of chances of acquiring properties

After the Reorganization, TRM's AUM is expected to be over ¥600 billion, which enhance the asset manager's footprint in the market and increase chances of acquiring properties. By undertaking asset management operations of multiple investment corporations and managing wide range of asset types of properties such as logistic properties in addition to retail properties, offices and rental residences, and utilizing diverse ways of investments such as joint bidding and investments, chances of acquiring properties will be expanding.

(3) Further development in HRs

For becoming further professional group, trainings and education for employees of the asset managers will be unified to raise expertise.

3. Prevention of conflicts of interest

Through the Reorganization, TRM will undertake asset management operations for API, CRR and BPR.

Among investment corporations, for whom TRM undertakes management operations, API invests mainly in retail properties and offices while CRR invests mainly in rental residences and serviced rental residences. Therefore, API and CRR will not compete for acquiring the same properties. However, it is possible that API and BPR may compete for acquiring retail properties and offices, and CRR and BPR may compete for acquiring rental residences and serviced rental residences.

Therefore, for properties to consider acquisition, the asset manager will be subjected to Order of Prioritized Consideration according to "Regulations on Priority of Property Information to Consider" newly established associated with the Reorganization. "Acquisition Priority Review Meeting" composed of compliance managers and others will be set up to verify Order of Prioritized Consideration. In such a way, conflicts of interest between each investment corporation will be prevented.

(1) Property information provided by sponsor

① Property information on offices and retail properties (*1)
1st Priority: API
2nd Priority: BPR

② Property information on rental residences and serviced rental residences (*2)
1st Priority: CRR
2nd Priority: BPR

③ Property information on logistics properties

BPR

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

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

(2) Property information provided by a third party

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

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

Notwithstanding the above (1) and (2), 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.

4. Summary of the Reorganization

A Merger of TAIM and TCI (the Merger)

(1) Schedule of the Merger

Date of the Board's resolution	September 29, 2016
Date of the agreement	September 29, 2016
Date of Shareholders' Meeting (*)	November 1, 2016 (planned)
Date of the Merger	April 1, 2017 (planned)
Date of registering the Merger	Early April 2017 (planned)
Date of filing with Prime Minister	Early April 2017 (planned)

(*) This is held by TAIM alone (given simplified merger for TCI, this does not need to be held by TCI.).

(2) Type of the Merger

The Merger is absorption-type merger with TCI as a surviving firm, and TAIM will be dissolved. The Merger falls into simplified merger as provided by Article 796, Paragraph 2 of Companies Act.

(3) Details on share allocation for the Merger

Since the Merger falls into merger between TLC's wholly owned subsidiaries, TCI as surviving company does not allocate shares.

(4) Overview of the Merger's companies (as of Sep. 29, 2016)

		Absorption-type merger's absorbed company	Absorption-type merger's surviving company
(1)	Company	TLC Activia Investment Management Inc. (TAIM)	TLC Comforia Investment Management INC. (TCI)
(2)	Location	Minami Aoyama 1-1-1, Minato-ku, Tokyo	Minami Aoyama 2-6-21, Minato-ku, Tokyo
(3)	Representative's title & Name	President & CEO: Michie Kawai	President & CEO: Hiroyuki Tohmata
(4)	Business details	Investment management business and operation of investment corporation's administrative instruments	Investment management business and operation of investment corporation's administrative instruments
(5)	Capital stock	¥300 million	¥200 million
(6)	Incorporation	November 15, 2010	October 6, 2009
(7)	Net assets	¥2,433 million (as of the end of March, 2016)	¥887 million (as of the end of March 2016)
(8)	Total assets	¥2,900 million (as of the end of March 2016)	¥1,010 million (as of the end of March 2016)
(9)	Major shareholder & its holding stake	Tokyu Land Corp. (100%)	Tokyu Land Corp. (100%)
(10)	Relationship between API / TAIM and TCI		
	Capital relationship	Group firm under the identical parent company	
	Personal relationship	Yutaro Tanaka assumes the title of director (non-executive) of both TAIM and TCI. Akira Yamaguchi assumes the title of statutory auditor (non-executive) of both TAIM and TCI.	
	Business relationship	Not applicable	
	Related party	Since parent company of both TAIM and TCI is TLC, TCI falls into a related party of TAIM.	
(11)	Management performance and financial conditions in the last twelve months		

	FY ended March 2016	FY ended March 2016
Net assets	¥2,433 million	¥887 million
Total assets	¥2,900 million	¥1,010 million
Sales	¥1,668 million	¥764 million
Operating income	¥999 million	¥331 million
Ordinary income	¥1,001 million	¥331 million
Current net income	¥671 million	¥226 million

B Succeeding part of business to TCI as a result of TLCM's absorption-type split (the Corporation Split)

(1) Schedule of the Corporation Split

Date of the Board's resolution	September 29, 2016
Date of the agreement	September 29, 2016
Date of holding Shareholders' Meeting (*)	November 1, 2016 (planned)
Date of the Corporation Split	April 1, 2017 (planned)
Date of registering the Corporation Split	Early April, 2017 (planned)
Date of filing with Prime Minister	Early April, 2017 (planned)

(*) This is held by TLCM alone (given simplified split for TCI, this does not need to be held by TCI.).

(2) Type of the Corporation Split

The Corporation Split is absorption-type split with TLCM as splitting company and TCI as absorption-type split succeeding company. For TCI, the Corporation Split falls into simplified split as provided by Article 796, Paragraph 2 of Companies Act.

(3) Details on share allocation for the Corporation Split

Since the Corporation Split falls into split between TLC's wholly owned subsidiaries, a surviving company does not allocate shares as consideration.

(4) Rights entitled to and obligations imposed on succeeding company

Succeeding company will succeed rights and obligations on business on BPR's asset management and HR & labor. Even after the Corporation Split, TLCM continues to operate other businesses.

(5) Prospect of fulfilling obligations

Relating to the Corporation Split, there should be no issue on the prospect of obligations that TCI should fulfill.

(6) Overview of the Corporation Split's companies

<Overview of TCI (as of September 29, 2016)>

See 4. A. (4) in the above.

<Overview of TLCM (as of September 29, 2016)>

(1)	Company	Tokyu Land Capital Management Inc. (TLCM)
(2)	Location	Minami Aoyama 2-6-21, Minato-ku, Tokyo
(3)	Representative's title & Name	President & CEO: Hitoshi Maehara
(4)	Business details	Investment management business and operation of investment corporation's administrative instruments
(5)	Capital stock	¥300 million
(6)	Incorporation	February 15, 2007
(7)	Net assets	¥3,495 million (as of the end of March 2016)
(8)	Total assets	¥3,650 million (as of the end of March 2016)
(9)	Major shareholder & its holding stake	Tokyu Land Corp. (100%)
(10)	Relationship between CRR / TCI and TLCM	
	Capital relationship	Group firm under the identical parent company
	Personal relationship	Yutaro Tanaka assumes the title of director (non-executive) of both TLCM and TCI. Akira Yamaguchi assumes the title of statutory auditor (non-executive) of both TLCM and TCI.
	Business relationship	Not applicable
	Related party	Since parent company of both TLCM and TCI is TLC, TLCM falls into a related party of TCI.
(11)	Management performance and financial conditions in the last twelve months	
		FY ended March 2016
Net assets		¥3,495 million
Total assets		¥3,650 million
Sales		¥1,886 million
Operating income		¥999 million

Ordinary income	¥1,002 million
Current net income	¥667 million

(7) Overview of business to split

① Business details on divisions to split
Business on BPR's asset management and HR & labor

② Management performance of divisions to split
Since the division to succeed the above business is one arm of TLCM's, there is no management performance of this division.

③ Line items of the associated assets, liabilities and book values to split
Not disclosed since this split is between TLC's wholly owned subsidiaries.

5. Conditions after the Reorganization

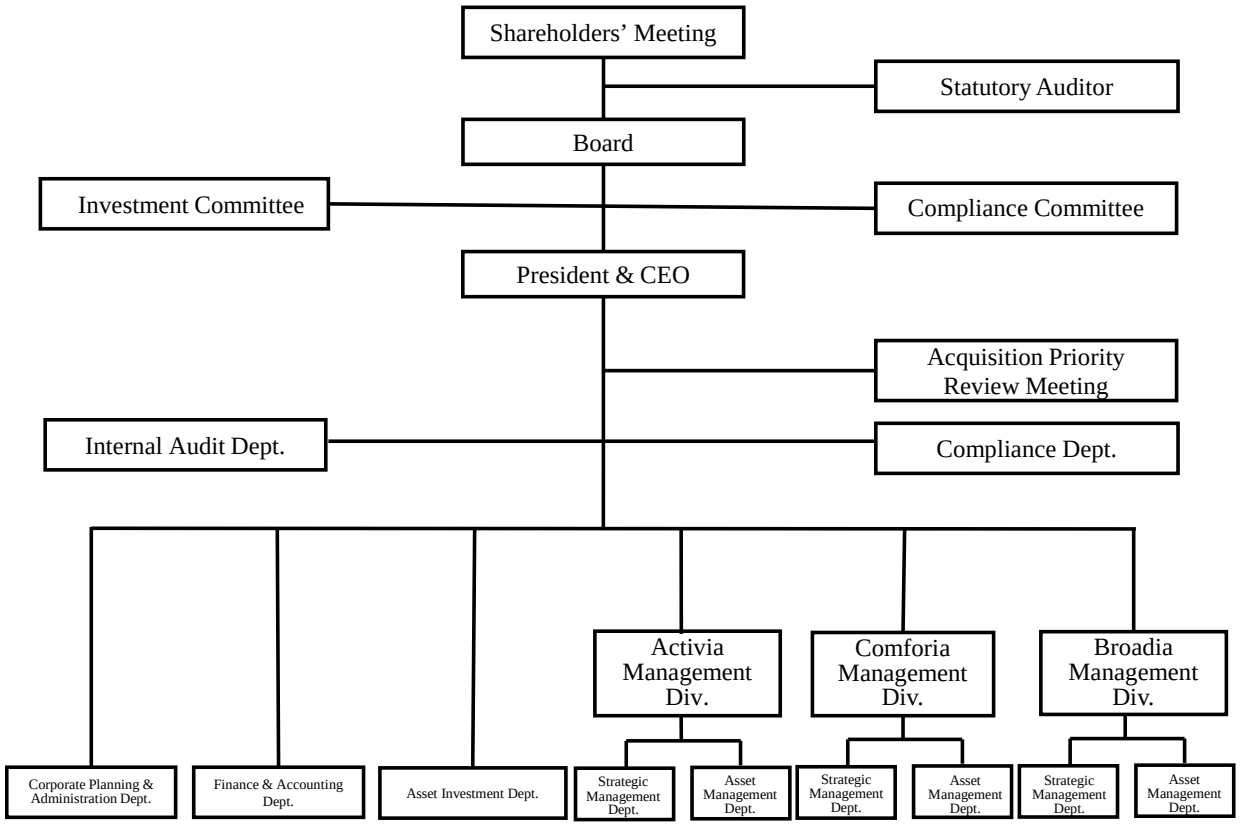
		Absorption-type merger's surviving company
(1)	Name	TLC REIT Management Inc. (TCI will change its trade name as of April 1, 2017)
(2)	Location	TBD
(3)	Representative's title & Name	TBD
(4)	Business details	Investment management business and operation of investment corporation's administrative instruments
(5)	Capital stock	¥200 million
(6)	Fiscal period	March
(7)	Net assets	TBD
(8)	Total assets	TBD

6. Outlook

(1) Change on asset management agreement with API
Nothing will be changed.

(2) Change of asset managers' structure after the Reorganization
TRM's organizational chart will be as shown below. Under the organizational chart below, TRM operates investment management business, and actual operations are segregated into Activia Management Division, Comforia Management Division, Broadia Management Division, Corporate Planning & Administration Department, Finance & Accounting Department, Asset Investment Department, Internal Audit Department and Compliance Department. Investment Committee will deliberate management of assets, Compliance Committee to deliberate compliance, and Acquisition Priority Review Meeting to check the process for decision of the Order of Prioritized Consideration relating to properties to consider acquisition.

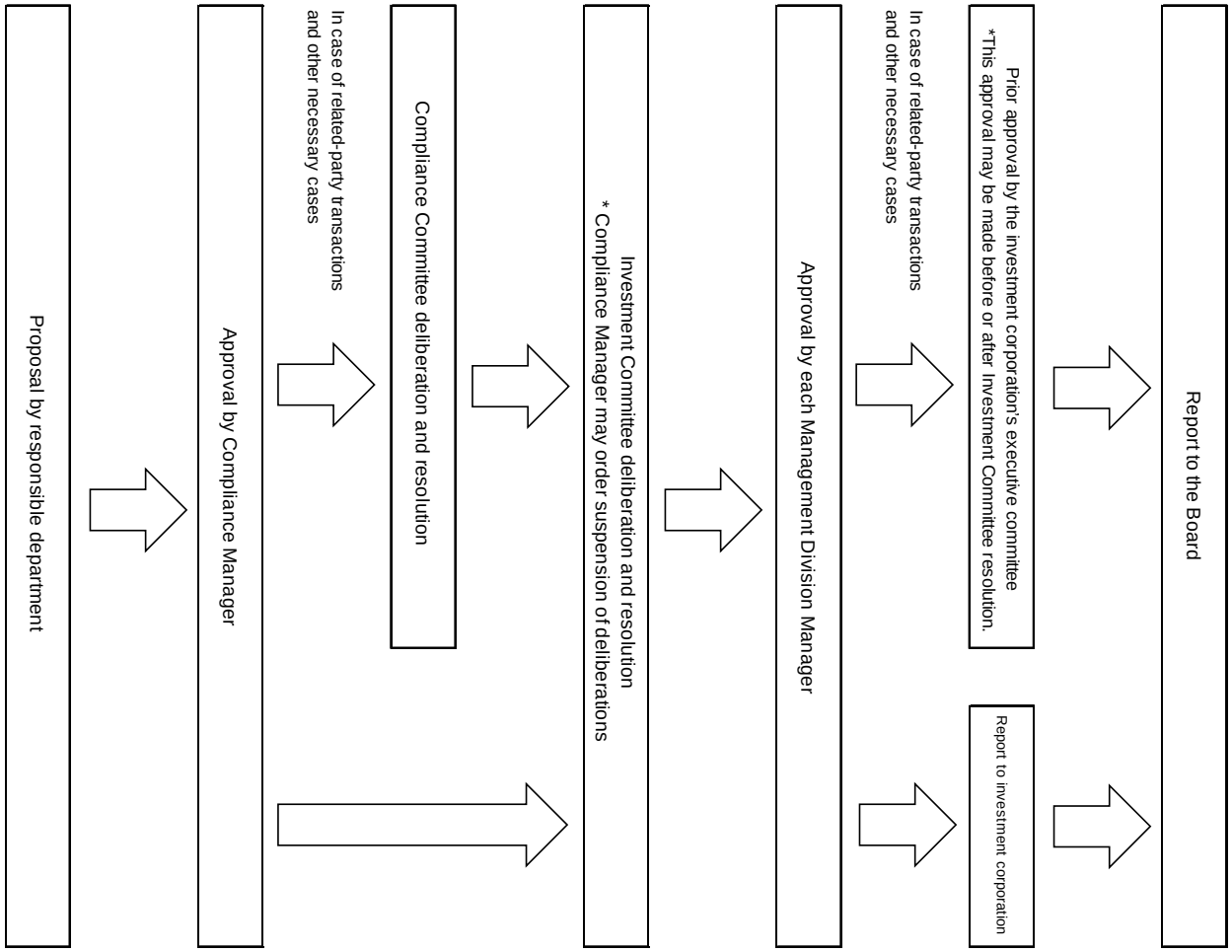
<TRM's Organizational Chart (planned)>



(3) Change of decision-making structure for investment management from the Reorganization

In case of TRM attempts to acquire properties according to each investment corporation's investment policies, as a general rule, responsible department drafts acquisition plan, and Compliance Manager checks an issue on compliance with laws and ordinances before an approval. Then, Investment Committee deliberates and makes a resolution, followed by a final approval by each Management Division's Manager. For a certain transactions with related parties, as a general rule, prior to Investment Committee's deliberation and approval, Compliance Committee deliberates and makes a resolution. Please see decision-making flow shown below for details.

<Decision-making flow on acquisition of assets (planned)>



(4) Change of rules on compliance and related parties relating to the Reorganization

See the above "3. Prevention of conflicts of interest" for rules on conflicts of interest concerning the Order of Prioritized Consideration of properties.

(5) Change of API's investment policy relating to the Reorganization

Nothing will be changed.

(6) Change of agreement with sponsor relating to the Reorganization

No material change of supports granted to API will be made. Associated with the Reorganization, however, we consider concluding new sponsor support agreement.

(7) Ongoing listing of investment corporation

API will continue to be listed.

(8) Policies

For this matter, we will file necessary statements required under Financial Instruments and Exchange Act, Building Lots and Buildings Transaction Business Act and other applicable laws, ordinances and rules. Undecided items that are subjected to disclosure will be disclosed upon the determination.

(9) Management Conditions

This will give no impact on management conditions of API.

*Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange, Inc.), the press club at the Ministry of Land, Infrastructure, Transport and Tourism and the press club for constructing trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

*API’s webpage URL: http://www.activia-reit.co.jp/english