

October 9, 2019

To Our Unitholders

Advance Residence Investment Corporation  
1-105 Kanda-Jinbocho, Chiyoda-ku, Tokyo  
Takeshi Takano, Executive Director

## Convocation Notice for 5th General Unitholders' Meeting

It is with pleasure that we invite you to attend the 5th General Unitholders' Meeting of ADR, which will be held as set out below.

**If you are unable to attend, you may exercise your voting rights in writing, so please consider the Reference Materials for General Unitholders' Meeting set out below, indicate your approval or disapproval on the enclosed *Form for Exercising Voting Rights*, and then return the form so that it arrives by no later than 5:00 P.M. on October 23, 2019 (Wednesday).**

In accordance with Article 93, Paragraph 1, of the *Act on Investment Trusts and Investment Corporations* (Act No. 198 of 1951 as amended, hereafter; the "***Investment Trusts Act***"), ADR has made provision for 'deemed approval' in Article 14, Paragraph 1 and 2, of ADR's Articles of Incorporation as set out below. **Please therefore note that if you are unable to attend the General Unitholders' Meeting and do not exercise your voting rights with the *Form for Exercising Voting Rights*, you will be deemed to have approved each of the proposals being discussed at the meeting.**

*(Excerpt from ADR's Articles of Incorporation)*

### **Article 14 Deemed Approval**

1. If a unitholder is not present at a general unitholders' meeting and does not exercise his or her voting rights, the unitholder will be deemed to have approved the proposals submitted to the general unitholders' meeting (excluding, if more than one proposal is submitted and the import of two or more proposals conflict with each other, all such proposals of conflicting import).
2. The number of voting rights represented by the unitholders who are deemed to have approved the proposals under the preceding Paragraph are counted in the number of voting rights represented by the unitholders present.

### **Meeting Details**

- 1. Time and Date**      October 24, 2019 (Thursday) 10:00 A.M.
- 2. Location**              Station Conference Tokyo  
602, 6th Floor, Sapia Tower  
1-7-12 Marunouchi, Chiyoda-ku, Tokyo  
(Please see the *Map to General Unitholders' Meeting* at the end of this notice.)

### **3. Matters that are the Purpose of the General Unitholders' Meeting**

#### **Matters for Resolution**

**Proposal No. 1** Amendments to the Articles of Incorporation

**Proposal No. 2** Appointment of 1 Executive Director

**Proposal No. 3** Appointment of 1 Substitute Executive Director

**Proposal No. 4** Appointment of 2 Supervisory Directors

**Proposal No. 5** Appointment of 1 Substitute Supervisory Director

**NB** © On the day of the meeting, please submit the enclosed *Form for Exercising Voting Rights* to venue's reception.

© If a proxy will attend in your place, please submit the power of proxy together with the *Form for Exercising Voting Rights* to venue's reception. However, in accordance with Article 12, Paragraph 1, of ADR's Articles of Incorporation, the proxy must be an ADR unitholder with voting rights.

© On the same day of the General Unitholders' Meeting, a Management Performance Briefing will be held by ADR's asset management company AD Investment Management Co., Ltd. at the same venue after the closing of the GUM. ADR kindly asks that you also attend the briefing.

© Method to notify amendments to the Reference Materials for General Unitholders' Meeting

If any amendment is made to the Reference Materials for General Unitholders' Meeting, the amendments will be notified by posting the amendments on ADR's website at <https://www.adr-reit.com/en/>.

## Reference Materials for General Unitholders' Meeting

### Proposals and References

#### Proposal No. 1 Amendments to the Articles of Incorporation

##### 1. Brief of Amendments

- (1) With the exception of statute dates, dates shall be changed from the Japanese calendar format to the Western calendar format (Proposed Amendments, *Article 9, Paragraph 3*).
- (2) Provisions concerning the amount of profit relating to the total amount of monies distributed to unitholders shall be amended to maintain consistency with the provisions of the Act on Investment Trusts and Investment Corporations (Proposed Amendments, *Article 32, Paragraph 1, Item (1)(i)*).
- (3) The amendments to *Attachment 3* are regarding the asset management fees paid to the asset management company, simplifying the fee structure and strengthening the link between ADR's performance and unitholders' interests to the amount of fees paid to the asset management company. Also, a supplementary provision to clarify when the amendments will take effect is added (Proposed Amendment, *Article 36*) where it states that the amendments will take effect from February 1, 2020.
- (4) In addition, wording and phrasing shall be revised and corrected, provisions that have become unnecessary shall be deleted and other necessary revisions shall be made.

## 2. List of Amendments

The amendments are as follows: (the amended passages are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>Article 9 Convocation</p> <p>1. – 2. [Omitted]</p> <p>3. The general unitholders’ meeting must be convened on October 1, 2017 or thereafter without delay, and subsequently convened biennially on October 1 or thereafter without delay. Furthermore, the general unitholders’ meeting may be held from time to time as necessary.</p> <p>4. [Omitted]</p>	<p>Article 9 Convocation</p> <p>1. – 2. [No change]</p> <p>3. [The dates format on the original Japanese version are changed from a Japanese calendar format to a Western calendar format ]</p> <p>4. [No change]</p>
<p>Article 32 Policy on Cash Distribution</p> <p>In principle, the Investment Corporation shall make distributions in accordance with the following policy.</p> <p>(1) Distribution of profits</p> <p>(i) The amount of profits out of the total amount of cash to be distributed to unitholders (the “Distributable Amount”) <u>must be calculated in accordance with the corporate accounting standards generally accepted as fair and proper in Japan.</u></p> <p>(ii) [Omitted]</p> <p>(2) – (5) [Omitted]</p>	<p>Article 32 [No change]</p> <p>In principle, the Investment Corporation shall make distributions in accordance with the following policy.</p> <p>(1) Distribution of profits</p> <p>(i) The amount of profits out of the total amount of cash to be distributed to unitholders (the “Distributable Amount”) <u>shall be profits specified in Article 136, Paragraph 1 of the Investment Trust Act.</u></p> <p>(ii) [No change]</p> <p>(2) – (5) [No change]</p>
<p>Article 34 Delegation of Businesses and Services</p> <p>1. [Omitted]</p> <p>2. The Investment Corporation shall delegate the services pertaining to the business other than the management and custody of assets that are set out in Article 117 of the Investment Trusts Act (the “Administration Services”) to third parties.</p>	<p>Article 34 Delegation of Businesses and Services</p> <p>1. [No change]</p> <p>2. The Investment Corporation shall delegate the services pertaining to the business other than the management and custody of assets that are set out in Article 117 of the Investment Trusts Act to third parties.</p>
<p>[New Provision]</p>	<p><u>Article 36 Effective Date of Amendments</u></p> <p><u>The amendments to Attachment 3 to the Articles of Incorporation adopted by resolution of the general unitholders meeting on October 24, 2019 shall take effect on February 1, 2020. This article shall be deleted the day after the revisions take effect.</u></p>
<p>Attachment 1 Targets and Policies of Asset Management</p> <p>Basic Policy of Asset Management</p> <p>The Investment Corporation shall invest mainly in real estate and other assets (meaning the assets set forth in Article 105, Item 1 of the Ordinance for Enforcement of the Act on</p>	<p>Attachment 1 Targets and Policies of Asset Management</p> <p>Basic Policy of Asset Management</p> <p>The Investment Corporation shall invest mainly in real estate and other assets (meaning the assets set forth in Article 105, Item 1 of the Ordinance for Enforcement of the Act on</p>

<p>Investment Trusts and Investment Corporations; the same applies throughout), of which it will invest in real estate, leasehold rights in real estate, surface rights and in beneficiary interests in trusts under which only such assets have been placed in trust. Furthermore, the Investment Corporation seeks to maximize unitholder value, aiming to secure stable profits and achieve asset growth over the medium and long term by investing primarily in real estate and other assets related to real estate used for residential purposes with a focus on diversifying its investments among regions.</p> <p><b>Targets of Asset Management</b></p> <p>The Investment Corporation invests in the following types of real estate and the like, and real estate-backed securities in accordance with the aforementioned Basic Policy of Asset Management:</p> <p>1. – 2. [Omitted]</p> <p>3. The Investment Corporation may invest in the following specified assets in addition to the real estate, etc., and real-estate-backed securities provided for in Paragraphs 1 and 2 above.</p> <p>(1) – (4) [Omitted]</p> <p>(5) monetary claims (which means “monetary claims” as provided for in Article 3, Item (7), of the Enforcement Order of the Investment Trusts and Investment Corporations Act (including the amendment of Cabinet Order No. 480 of the year 2000, hereafter; the “Enforcement Order of the Investment Trusts Act”)</p> <p>(6) - (8) [Omitted]</p> <p>4. – 5. [Omitted]</p>	<p>Investment Trusts and Investment Corporations; the same applies throughout), of which it will invest in real estate, leasehold rights in real estate, surface rights and in beneficiary interests in trusts under which only such assets have been placed in trust. Furthermore, the Investment Corporation seeks to maximize unitholder value, aiming to secure stable profits and achieve asset growth over the medium and long term by investing primarily in real estate and other assets related to real estate used for residential purposes with a focus on diversifying its investments among regions.</p> <p><b>Targets of Asset Management</b></p> <p>The Investment Corporation invests in the following types of real estate and the like, and real estate-backed securities in accordance with the aforementioned Basic Policy of Asset Management:</p> <p>1. – 2. [No change]</p> <p>3. The Investment Corporation may invest in the following specified assets in addition to the real estate, etc., and real-estate-backed securities provided for in Paragraphs 1 and 2 above.</p> <p>(1) – (4) [No change]</p> <p>(5) monetary claims (which means “monetary claims” as provided for in Article 3, Item (7), of the Enforcement Order of the Investment Trusts and Investment Corporations Act (including the amendment of Cabinet Order No. 480 of the year 2000) (hereafter; the “Enforcement Order of the Investment Trusts Act”)</p> <p>(6) - (8) [No change]</p> <p>4. – 5. [No change]</p>
<p><b>Attachment 3</b> Fees for Asset Management Company</p> <p>The method of calculating and timing of payment of the fees payable to the Asset Management Company to whom the Investment Corporation has entrusted the management of assets are as follows. The fees, plus the appropriate amounts for consumption tax and local consumption tax payable on the fees, are paid by remittance into the bank account designated by the Asset Management Company.</p> <p><u>Asset Management Fee 1</u></p> <p><u>The Investment Corporation will, within 2 months after the end of accounting term, pay an amount up to a maximum of the amount (calculated pro rata based on the actual number of days in the relevant accounting term, taking one year as being 365 days; the same applies to calculations of the base fee below) calculated by multiplying by 0.20% p.a. to the total asset</u></p>	<p><b>Attachment 3</b> Fees for Asset Management Company</p> <p>The method of calculating and timing of payment of the fees payable to the Asset Management Company to whom the Investment Corporation has entrusted the management of assets are as follows. The fees, plus the appropriate amounts for consumption tax and local consumption tax payable on the fees, are paid by remittance into the bank account designated by the Asset Management Company.</p> <p>[Deleted]</p>

value set out in the Investment Corporation's balance sheet (limited to one that has been approved under Article 131, Paragraph 2 of the Investment Trusts Act; "Balance Sheet") dated as of the closing of the latest accounting term.

Asset Management Fee 2

The Investment Corporation will pay, within 3 months after the closing of accounting term, an amount not exceeding the amount calculated by multiplying the total of real estate rental business income (if invested assets include equity interests in silent partnerships or real estate-backed securities involving real estate, including the dividends relating to these invested assets or other forms of income) after subtracting the total of the real estate rental business expenses (excluding depreciation expenses and losses on the sale or retirement of non-current assets) for the relevant accounting term by 3.0%.

Asset Management Fee 3

An amount not exceeding the amount calculated by the following method shall be paid within 3 months after the closing of accounting term.

[Calculation formula]

(Total of Asset Management Fee 1 and Asset Management Fee 2 for the relevant accounting term)  $\times$  adjusted EPU  $\times$  0.008%

Where the adjusted EPU is to be calculated A $\div$ B

A: Net profit for the relevant accounting term before deduction of the amount for Asset Management Fee 3

B: Number of investment units issued as of the closing date of the accounting term

(Note) From the first day of the accounting term during which the application of Asset Management Fee 3 commences, the following are to apply:

- (i) if investment units of the Investment Corporation are split by a ratio of 1:X, the amount calculated through the formula above for Asset Management Fee 3 shall be multiplied by X for accounting terms following the relevant accounting term; and
- (ii) if the investment units of the Investment Corporation are merged at a ratio of Y:1, the amount calculated through the formula above for Asset Management Fee 3 shall be divided by Y for accounting

Asset Management Fee 1

The Investment Corporation will pay, within 2 months after the closing of accounting term, an amount not exceeding the amount calculated by multiplying the total of real estate rental business income (if invested assets include equity interests in silent partnerships or real estate-backed securities involving real estate, including the dividends relating to these invested assets or other forms of income) after subtracting the total of the real estate rental business expenses (excluding depreciation expenses and losses on the sale or retirement of non-current assets) for the relevant accounting term by 7.0%.

Asset Management Fee 2

An amount not exceeding the amount calculated by the following method shall be paid within 3 months after the closing of accounting term.

[Calculation formula]

Asset Management Fee 1 for the relevant accounting term  $\times$  Adjusted FFO per Unit  $\times$  0.005%

Where the adjusted FFO per Unit is to be calculated A $\div$ B

A: Net profit for the relevant accounting term before deduction of the amount for Asset Management Fee 2 plus an amount equivalent to depreciation expenses, impairment losses, and losses on transfer of real estate, etc. and real-estate-backed securities minus an amount equivalent to gains on transfer of real estate, etc. and real-estate-backed securities and profit on negative goodwill

B: Number of investment units issued as of the closing date of the accounting term

(Note) From the first day of the accounting term during which the application of Asset Management Fee 2 commences, the following are to apply:

- (i) if investment units of the Investment Corporation are split by a ratio of 1:X, the amount calculated through the formula above for Asset Management Fee 2 shall be multiplied by X for accounting terms following the relevant accounting term; and
- (ii) if the investment units of the Investment Corporation are merged at a ratio of Y:1, the amount calculated through the formula above for Asset Management Fee 2 shall be divided by Y for

terms following the relevant accounting term.	accounting terms following the relevant accounting term.
<p>Acquisition Fee</p> <p>When real estate, etc., or real-estate-backed securities are newly acquired, the Investment Corporation will pay, by the end of the month of the following month of the acquisition date, an amount not exceeding the amount calculated by multiplying the purchase price of the asset acquired by 1.0%. The “purchase price” is the amount set out in the purchase agreement and excludes expenses associated with the purchase and consumption tax and local consumption tax.</p>	<p>Acquisition Fee</p> <p>When real estate, etc., or real-estate-backed securities are newly acquired, the Investment Corporation will pay, by the end of the month of the following month of the acquisition date, an amount not exceeding the amount calculated by multiplying the purchase price of <u>that asset</u> acquired by 1.0%. The “purchase price” is the amount set out in the purchase agreement and excludes expenses associated with the purchase and consumption tax and local consumption tax.</p>
<p>Disposal Fee</p> <p>When real estate, etc., or real-estate-backed securities are disposed of, the Investment Corporation will pay, by the end of the month of the following month of the disposal date, an amount not exceeding the amount calculated by multiplying the sales price of <u>the asset so disposed</u> of by 0.50%. The “sales price” is the amount set out in the purchase agreement and excludes expenses associated with the sales and consumption tax and local consumption tax.</p>	<p>Disposal Fee</p> <p>When real estate, etc., or real-estate-backed securities are disposed of, the Investment Corporation will pay, by the end of the month of the following month of the disposal date, an amount not exceeding the amount calculated by multiplying the sales price of <u>that</u> asset by 0.50%; provided, however, that the disposal fee shall not be paid if there is a loss on the disposal. The “sales price” is the amount set out in the purchase agreement and excludes expenses associated with the sales and consumption tax and local consumption tax. <u>Further, a loss on disposal is where the sale price at the time of the disposal was less than the book value.</u></p>
<p>Merger Fee</p> <p>[Omitted]</p>	<p>Merger Fee</p> <p>[No change]</p>

**Proposal No. 2 Appointment of 1 Executive Director**

Executive Director Takeshi Takano has submitted a letter of resignation effective as of the conclusion of this General Unitholders Meeting, and accordingly, we request that a new executive director be elected. Pursuant to Article 99, Paragraph 2 of the Investment Trusts Act, and the proviso of the first sentence of Article 18, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, the term of office of the executive director elected pursuant to this resolution shall be from October 24, 2019 until the conclusion of a General Unitholders' Meeting, at which the election of an executive director is proposed, that is held within 30 days from the day following the date on which two years have elapsed since the election.

This proposal is a proposal that was submitted with the unanimous consent of the supervisory directors at the board of directors' meeting held on September 10, 2019.

The candidate for executive director is as follows.

Name (Date of Birth)	Brief Personal History
Wataru Higuchi (October 30, 1970)	October 1993 Registered as assistant certified public accountant
	October 1993 Joined Tohmatsu & Co.
	April 1997 Registered as certified public accountant
	April 2001 Enrolled in the Judicial Research and Training Institute
	October 2002 Registered as an attorney
	October 2002 Joined Seiwameitetsu Law Office
	October 2007 Appointed partner
	August 2012 Registered as a certified fraud examiner
	June 2016 Appointed outside director (audit, etc. officer) of Marubeni Construction Material Lease Co., Ltd. (currently service)
	October 2018 Appointed representative partner of Ootemon Law Office (currently serving)
	June 2019 Appointed outside audit of Organo Corporation (currently serving)

- The candidate for executive director does not hold any investment units of ADR.

**Proposal No. 3      Appointment of 1 Substitute Executive Director**

In case a vacancy arises in the office of executive director or the number of executive directors falls below the quorum provided for under laws and regulations, we ask that one substitute executive director be appointed.

This proposal is a proposal that was submitted with the unanimous consent of the supervisory directors at the board of directors' meeting held on September 10, 2019.

The candidate for substitute executive director is as follows.

Name (Date of Birth)	Brief Personal History
Takeshi Takano (June 19, 1963)	January 1985    Joined Musashi-Fuchu Aoiro Incorporated Association November 1996    Joined Yamato Glass Co., Ltd. May 2001        Joined Pacific Management Corporation June 2004        Appointed Director of Pacific Investment Advisors Corporation February 2008    Appointed Representative Director March 2010      Appointed Executive Director and Head of Investment & Asset Management Department of AD Investment Management Co., Ltd. (currently serving) April 2018      Appointed Executive Director and Head of Asset Management Division of AD Investment Management Co., Ltd. April 2019      Appointed Executive Director of AD Investment Management Co., Ltd. June 2019      Appointed Representative Director and President of AD Investment Management Co., Ltd. (currently serving) June 2019      Appointed executive officer of Advanced Residence Investment Corporation (currently serving)

- The candidate for substitute executive director does not hold any investment units of ADR.
- The candidate for substitute executive director also serves as representative director and president of AD Investment Management Co., Ltd, with which ADR has entered into an asset management agreement.
- Other than the above, there is no particular vested interest between the candidate for substitute executive director and ADR.
- The above candidate for substitute executive director is currently an executive officer of ADR and conducts the ADR's general business.
- In the event of appointment as executive director of ADR, notification shall be made to that effect without delay pursuant to the provisions of Article 31-4, Paragraph 1, of the Financial Instruments and Exchange Act.



**Proposal No. 4 Appointment of 2 Supervisory Directors**

Supervisory Directors Yoshiki Oshima and Yoshitsugu Oba have submitted letters of resignation effective as of the conclusion of this General Unitholders Meeting, and accordingly, we request that two new supervisory directors be elected. Pursuant to provision of the proviso of the first sentence of Article 18, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, the term of office of the supervisory directors elected pursuant to this resolution shall be from October 24, 2019 until the conclusion of a General Unitholders' Meeting, at which the election of an executive director is proposed, that is held within 30 days from the day following the date on which two years have elapsed since the election.

The candidates for supervisory director are as follows.

Candidate No.	Name (Date of Birth)	Brief Personal History
1	Yoshitsugu Oba (October 7, 1953)	<p>November 1975 Joined Tohmatsu Aoki &amp; Co.                      June 1990 Partner, Tohmatsu &amp; Co.                      October 2010 Quality Control Division Manager, Deloitte Touche Tohmatsu                      November 2010 Executive Board member                      June 2016 Audit &amp; Supervisory Board member, Mitsubishi Motors Corporation                      October 2017 Appointed auditor of ADR (currently serving)                      June 2019 Appointed director of Mitsubishi Motors Corporation (currently serving)</p>
2	Satoru Kobayashi (December 14, 1956)	<p>November 1982 Passed bar exam                      April 1985 Registered as a practicing lawyer                      October 2005 Opened Satoru Kobayashi Law Office (currently Esperanza Total Law Offices) as head of the firm (currently serving)                      January 2013 Appointed auditor of Kokaido Roppongi (currently serving)                      June 2014 Appointed Managing Director, Nichibenren Traffic Accident Consultation Center                      June 2015 Appointed Councilor, Automobile Information Network Association (currently serving)                      June 2015 Appointed Councilor, Japan Design Number (currently serving)                      April 2018 Appointed Director, Nichibenren Traffic Accident Consultation Center (currently serving)                      June 2018 Appointed Deputy Chairman, Nichibenren Traffic Accident Consultation Center (currently serving)</p>

- Neither candidate for supervisory director holds any investment units of ADR.
- There is no particular vested interest between either candidate for supervisory director and ADR.
- Of the above candidates for supervisory director, Yoshitsugu Oba currently oversees the execution of business in general by ADR as supervisory director.
- Of the above candidates for supervisory director, Yoshitsugu Oba was employed by Deloitte Touche Tohmatsu, ADR's accounting auditors, but he was not involved in audit work relating to ADR, and since three years have passed since he resigned from Deloitte Touche Tohmatsu in June 2016, we have determined that he is able to supervise the executive officer from an independent and objective perspective.

### Proposal No. 5 Appointment of 1 Substitute Supervisory Director

In case a vacancy arises in the office of supervisory director or the number of supervisory directors falls below the quorum provided for under laws and regulations, we ask that one substitute supervisor directors be appointed.

The candidate for substitute supervisory director are as follows.

Name (Date of Birth)	Brief Personal History
Hiromitsu Yamauchi (May 3, 1971)	October 2001 Registered as an attorney March 2008 Joined Seiwameitetsu Law Office April 2009 Appointed partner of Seiwameitetsu Law Office June 2016 Appointed outside auditor of Meiji Yasuda Asset Management Company Ltd. June 2016 Appointed outside auditor of Meiji Yasuda General Insurance Co., Ltd. (currently serving) June 2018 Appointed outside director (auditing officer) of Meiji Yasuda Asset Management Company Ltd. September 2018 Joined Oku Katayama Sato Law Offices as partner (currently serving)

- The candidate for substitute supervisory director does not hold any investment units of ADR.
- There is no particular vested interest between the candidate for substitute supervisory director and ADR.

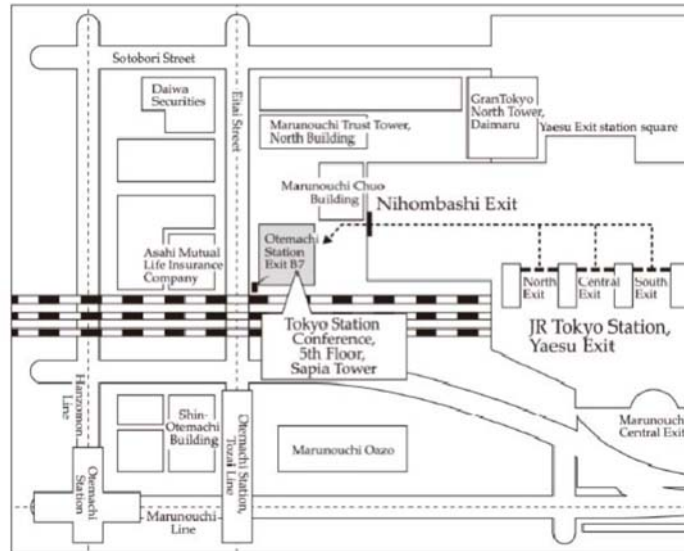
### Matter for Reference

If among the proposals submitted at the General Unitholders' Meeting there is a proposal the import of which conflicts with that of another proposal, the provisions governing "deemed approval" provided for in Article 93, Paragraph 1, of the Act on Investment Trusts and Investment Corporations and Article 14 of ADR's Articles of Incorporation will not apply to either proposal.

None of the proposals set out above as Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4 and Proposal No. 5 correspond to such a proposal of conflicting import.

**Map to General Unitholders' Meeting**

Location: Station Conference Tokyo  
602, 6th Floor, Sapia Tower  
1-7-12 Marunouchi, Chiyoda-ku, Tokyo  
Phone: +81-3-6888-8080



**Access by Train**

- A 2-minute walk from JR Line “Tokyo Station” Yaesu North Ticket Gate.
- Direct access to the building’s 1<sup>st</sup> floor entrance from B7 exit of Tokyo Metro’s Tozai, Hanzomon, Marunouchi and Chiyoda Lines and Toei’s Mita Line “Otemachi Station”