

**For Immediate Release**

Advance Residence Investment Corporation  
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Notice Concerning Preparation for Organizing Open-ended Private Real Estate Investment Corporation and Application for Registration of Investment Advisory and Agency Business by Asset Management Company, and Associated Changes to Organizational Structure and Statement of Operational Procedures

AD Investment Management Co., Ltd. (“ADIM”), the asset management company to which Advance Residence Investment Corporation (“ADR”) entrusts the management of its assets, announced today the decision to become the organizer of an unlisted open-ended private real estate investment corporation (the “Private REIT”) and prepare for its establishment, and to apply for registration for the launch of investment advisory and agency business pursuant to the Financial Instruments and Exchange Act in order to newly engage in investment advisory business. In conjunction with this move, ADIM also decided to change its organizational structure and file a notification regarding changes to its statement of operational procedures with the Financial Services Agency.

ADIM believes that establishing the Private REIT and starting its asset management operations are expected to bring the following benefits to asset management for ADR.

(1) Expansion of opportunities for information acquisition and investment consideration

An increase in ADIM’s presence in the real estate sales and rental markets will enable the gathering of more information on trading of ADR’s target properties, etc. In addition, managing the fund that invests in properties for uses different from those of ADR’s investment targets will facilitate consideration of investment in assets for multiple uses, such as rental residences and offices.

(2) Improvement in asset management know-how

Accumulating diverse knowledge and experiences more than ever will improve ADIM’s asset management capabilities, contributing to increasing ADR’s unitholder value. In addition, ADIM’s business expansion will help attract and develop highly professional human resources.

1. Preparation for Establishing the Private REIT

(1) Main purpose

ADIM has been running business focused on asset management for ADR, a listed REIT. While the investment units of listed REITs have the advantage of being highly liquid, it is noted that their market prices tend to be affected by capital market conditions. Under the circumstances, mainly among institutional investors who manage medium- to long-term funds, there remain needs for enjoying long-term stable income gains generated from real estate without being directly affected by capital market conditions. We recognize that these investors have a greater interest and appetite for investment in private REITs, which have a relatively small risk of unit price fluctuations and are expected to produce stable income gains.

With these circumstances in mind, in consultation with ITOCHU Corporation, its sponsor, and ITOCHU Property Development, Ltd. (hereinafter the two companies are collectively referred to as the “ITOCHU Group”), ADIM decided to newly establish the Private REIT and prepare for its asset management operations in order to respond to the needs of these investors by taking advantage of the ITOCHU Group’s track record in real estate development and the asset management know-how of ADIM, which has long managed ADR’s assets.

(2) Outline of the Private REIT and schedule for establishment and asset management

Trade name	Advance Private Investment Corporation
Location	1-105 Kanda-Jinbocho, Chiyoda-ku, Tokyo
Organizer and asset management company	AD Investment Management Co., Ltd.
Date of notification for establishment	End of January 2022 (planned)
Date of establishment	Early February 2022 (planned)
Start of asset management	July 2022 (planned)
Types of assets under management	Comprehensive-type (rental residences, commercial facilities, offices, logistics facilities, accommodations, etc.)

(3) Structure to prevent conflicts of interest

The Private REIT is a comprehensive REIT that does not limit its investment targets to properties for specific uses. Therefore, its target assets overlap with those of ADR, which invests in rental residences, and private funds managed by ADIM (“Entrusted Private Funds”). For ADIM’s structure to prevent such conflicts of interest, please refer to “5. Structure to Prevent Conflicts of Interest” below.

2. Application for Registration of Investment Advisory and Agency Business

(1) Main purpose

ADIM is planned to be entrusted with asset management operations (investment advisory operations; the “Operations”) for a private fund (the “Private Fund”) after the registration of investment advisory and agency business.

(2) Schedule for application for registration of investment advisory and agency business and acceptance of entrustment of the Operations

Application for registration of investment advisory and agency business	End of January 2022 (planned)
Acceptance of entrustment of the Operations	April 2022 (planned)

(3) Structure to prevent conflicts of interest

Investment targets overlap between Entrusted Private Funds, including the Private Fund, and ADR and the Private REIT. For ADIM’s structure to prevent such conflicts of interest, please refer to “5. Structure to Prevent Conflicts of Interest” below.

3. Organizational Change

(1) Details of the change

The Business Development Department will be renamed as the Private REIT Department to be responsible for investment and asset management for the Private REIT.

(2) Effective date of the change

February 1, 2022 (planned)

(3) New organizational chart

For the current organizational chart and the new organizational chart after the change, please refer to the Attachment. Necessary notifications on this organizational change are planned to be filed pursuant to the Financial Instruments and Exchange Act and other regulations. In addition, as announced in today’s press release titled “Notice Concerning Execution of Merger Agreement by AD Investment Management Co., Ltd., Asset Management Company,” ADIM has executed a merger agreement with June 1, 2022 as the effective date of the merger with ITOCHU REIT Management Co., Ltd., which is entrusted with asset management of ITOCHU Advance Logistics Investment Corporation (“IAL”), a listed investment corporation (“ADIM’s Merger”). For the organizational structure after the Merger, please refer to today’s press release titled “Notice Concerning Execution of Merger Agreement by AD Investment Management Co., Ltd., Asset Management Company.”

\* This is a merger between ADIM and ITOCHU REIT Management Co., Ltd., not a merger between ADR and IAL.

#### 4. Changes to the Statement of Operational Procedures

##### (1) Main purpose

In conjunction with the establishment and asset management of the Private REIT, the application for registration of investment advisory business, and ADIM's organizational change, the statement of operational procedures will be revised to add and change items related to these moves.

##### (2) Date of notification

End of January 2022 (planned)

#### 5. Structure to Prevent Conflicts of Interest

With the establishment of the Private REIT, target properties are assumed to overlap among ADR mainly investing in rental residences, the Private REIT comprehensively investing in diverse properties without limiting its investment targets to those for specific uses, and Entrusted Private Funds (hereinafter ADR, the Private REIT, and Entrusted Private Funds are individually or collectively referred to as "Managed Fund" or "Managed Funds"). Therefore, ADIM will set the order of preferential consideration for asset acquisition among the Managed Funds to prevent such conflicts of interest.

##### (1) Order of preferential consideration for asset acquisition among Managed Funds

For investment property information acquired by ADIM, according to the uses of the investment properties, the order of preferential consideration for acquisition is set for Managed Funds as stated below. Determination of the Managed Fund entitled to consider acquisition of individual properties will be managed at the Investment Information Review Meeting within ADIM. In principle, the preferential consideration right will be granted to a higher ranked Managed Fund in the following table after setting the period of preferential consideration. Meanwhile, with regard to rental residences, which are ADR's investment targets, there will be no change to the traditional process where ADR preferentially considers their acquisitions.

	1st	2nd	3rd
Rental residences, etc.*1	ADR	The Private REIT	Private funds
Others *2	The Private REIT	Private funds	-

(Note 1) Refer to rental residences, student apartments and dormitories, and healthcare facilities in Japan, which are ADR's investment targets.

(Note 2) Refer to domestic real estate properties other than rental residences, etc. (commercial facilities, offices, accommodations, logistics facilities, etc.)

However, if there are special circumstances, including where either of the Managed Funds has been designated in advance by the seller or other related parties as the preferential consideration right holder, the above rule will not be applied.

##### (2) Order of preferential consideration for asset acquisition after ADIM's Merger

After ADIM's Merger, ADIM will manage the assets of IAL, which mainly invests in logistics facilities, in addition to ADR, the Private REIT, and Entrusted Private Funds. For the tentative order of preferential consideration for asset acquisition after the Merger, please refer to today's press release titled "Notice Concerning Execution of Merger Agreement by AD Investment Management Co., Ltd., Asset Management Company."

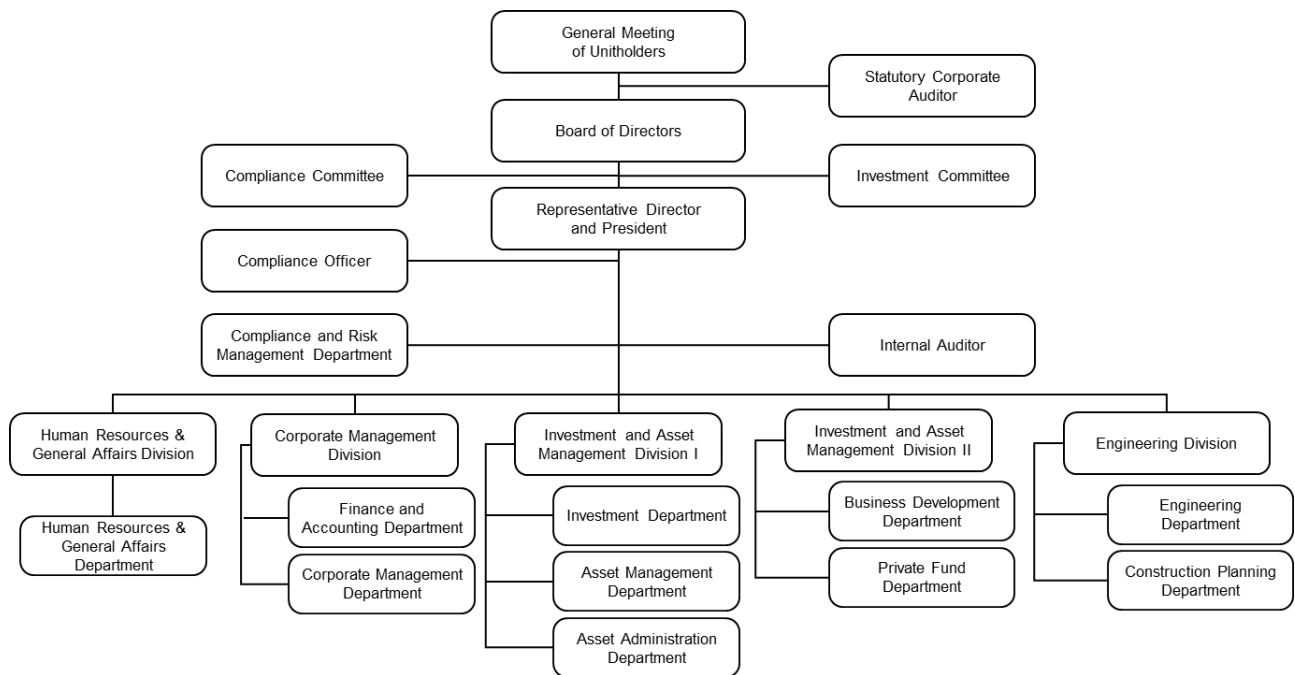
#### 6. Future Outlook

This matter is not considered to have impacts on ADR's financial results at this point.

END

## Attachment

### Current Organizational Chart



### New Organizational Chart (effective February 1, 2022)

