

January 11, 2019

**For Immediate Release**

Advance Residence Investment Corporation  
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**Notice Concerning the Application for Change in Registration,  
Submission of Modified Business Rules  
and Organizational Changes in the Asset Management Company**

AD Investment Management Co., Ltd, (ADIM) the asset management company to which Advance Residence Investment Corporation (ADR) entrusts the management of its assets announced its decision to apply for a change in registration and submit a modified business rules to the Financial Service Agency in accordance to the Financial Instrument and Exchange Act, in order to start a discretionary investment business for a private fund and a Type II Financial Instrument Business. ADIM also resolved on organizational changes needed to begin these new businesses.

1. Application and submission related to the start of discretionary investment business for a private fund and Type II Financial Investment Business

(1) Scheduled Date of Application for Change in Registration

January 11, 2019

(2) Submission of Modified Business Rules

The modified business rules is scheduled to be submitted without delay upon the completion of the change in registration.

2. ADR's Benefits

ADR will be expected to enjoy the following benefits with the application and submission that will allow ADIM to manage private real estate investment funds (hereinafter referred to as "the private funds") in addition to managing ADR's assets.

(1) Increase in Acquisition Opportunities

Increase in acquisition opportunities can be expected due to ADIM's larger presence in the market as a result of increased size of asset under management with the addition of the private fund.

(2) Improvements in ADIM's Asset Management Skills

ADIM will be able to accumulate more diverse knowledge and experience through the operation of the private fund, which will improve ADIM's asset management skills and thereby contribute in increasing the unitholder value of ADR.

### 3. Prevention of Conflicts of Interest

Because the private fund will be investing in rental housings, there will be conflicts of interest with ADR which also invests in rental housings. ADIM has established the following rules, “Rules on Allocation of Acquisition Opportunities” to prevent conflicts of interest.

ADR will in principle have priority on all acquisition opportunities that are brought forth to ADIM, except for the following cases.

- 1) Where there is more than a certain difference between the property yield based on the seller’s expected selling price and ADR’s target property yield that is set forth in documents such as the asset management plan.
- 2) Where there are special circumstances such as when the private fund is designated in advance as the counter party of the deal from the seller or other parties concerned.

An acquisition opportunities review board will be establish by ADIM to review the opportunities to decide the allocation based on the above rules.

### 4. Organizational Changes to the Investment and Asset Management Division

#### (1) Organizational Changes to be made

- 1) Rename Investment and Asset Management Division to Investment and Asset Management Division I.  
(This division will manage the assets of ADR.)
- 2) Establish Investment and Asset Management Division II and install a new department Private Fund Department under the Division
- 3) Bring Business Development Department under Investment and Asset Management Division II.

#### (2) Scheduled Date of Organizational Change

February 1, 2019(scheduled)

#### (3) Organizational Chart

Please refer to the attachment for the present organizational chart and organizational chart after the changes. Necessary notifications will be made to authorities in accordance with regulations such as the Financial Instruments and Exchange Act.

### 5. Future Outlook

We do not expect any significant change to the future outlook of ADR due to this announcement.

#### **About Advance Residence Investment Corporation**

Advance Residence Investment Corporation is the largest residential J-REIT, investing in over 260 rental apartments located mostly in central Tokyo and others in major cities throughout Japan (AUM over 400 billion yen). ADR can be expected have a stable dividend in the long-term and can be considered as a defensive J-REIT, on back of the stable income from residential assets and with the largest dividend reserve among J-REITs. ADR’s website: <https://www.adr-reit.com/en/>

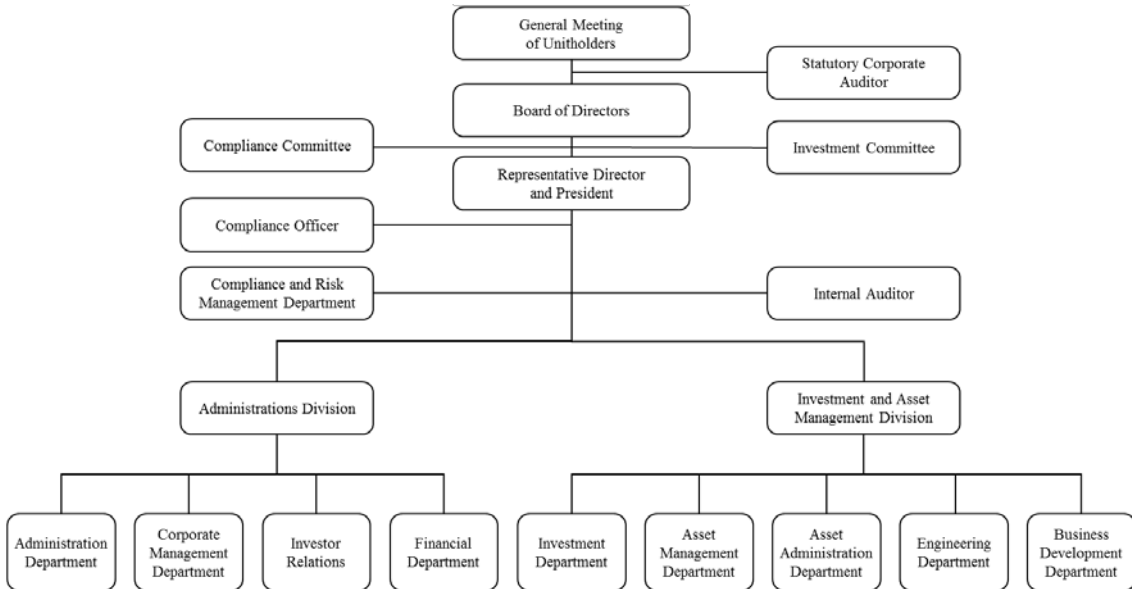
*[Provisional Translation]*

*This English translation of the original Japanese document is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*

(Attachment)

Organizational Charts

Present Organization



Organization after the Changes

