

**For Immediate Release**

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Notice Concerning Execution of Merger Agreement by AD Investment Management Co., Ltd.,  
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 the decision made at the Board of Directors meeting held today to execute a merger agreement, effective June 1, 2022, with ITOCHU REIT Management Co., Ltd. (“IRM”) (the “Merger”). The Merger is between ADIM and IRM, asset management companies, and not between the respective investment corporations from which these asset management companies are entrusted with asset management.

1. Outline of the Merger

In the ITOCHU Group, ADIM has been entrusted with asset management of ADR, a listed investment corporation that mainly invests in rental residences, and IRM has been entrusted with asset management of ITOCHU Advance Logistics Investment Corporation (“IAL”), a listed investment corporation that mainly invests in logistics facilities.

It was decided today to merge ADIM and IRM for the purpose of building a more stable operational foundation by integrating the know-how of these asset management companies and consolidating their management resources, thereby further improving unitholder value.

The Merger is an absorption-type merger with ADIM as the surviving company and IRM as the absorbed company. However, the trade name of ADIM after the Merger (the “New Merged Company”) is planned to be changed to ITOCHU REIT Management Co, Ltd. For details, please refer to “5. Outline of the Parties to the Merger” and “6. Status after the Merger (Outline of the New Merged Company)” in this document.

In addition, prior to the Merger, ADIM decided to become the organizer of Advance Private Investment Corporation (“ADP”), a new unlisted open-ended private real estate investment corporation that will comprehensively invest in diverse properties without limiting its investment targets to those for specific uses 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. For details of this matter, please refer to today’s press release titled “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.”

Consequently, the New Merged Company will engage in multiple asset management operations for the two listed investment corporations that mainly invest in rental residences and logistics facilities, respectively, an unlisted comprehensive investment corporation, and private funds. On the occasion of the Merger, the New Merged Company will strive for further growth as an asset management company.

## 2. Effects of the Merger

### (1) Expansion of investment opportunities and property information acquisition opportunities

It is expected to gain wider recognition in the real estate market with the expansion of assets under management and have more diverse investment opportunities by being entrusted with asset management from multiple investment corporations. In addition, sharing both companies' information-gathering routes for property acquisition will help improve research capabilities for that purpose and expand acquisition opportunities.

### (2) Sharing of the know-how held by both companies

The Merger will facilitate the sharing and sophistication of the asset management and other know-how that both companies have independently accumulated.

### (3) Strengthening of personnel development and recruitment capabilities

By engaging in asset management operations for multiple investment corporations that mainly invest in rental residences, logistics facilities, and diverse properties, respectively, employees are expected to gain extensive work experience, thereby further improving their skills.

Moreover, we intend to attract talented people by emphasizing our strength of having diversified operations in the recruitment market.

## 3. Structure to Prevent Conflicts of Interest

The New Merged Company will be entrusted with asset management of ADR and IAL, listed investment corporations, ADP, an unlisted investment corporation, and private funds (hereinafter ADR, IAL, ADP, and private funds are individually or collectively referred to as "Managed Fund" or "Managed Funds"). ADR invests in rental residences, etc., IAL invests in logistics facilities, etc., ADP and private funds invests in diverse properties without limiting its targets to those for specific uses. Accordingly, a competition for property acquisition opportunities may arise among Managed Funds.

The New Merged Company will prevent arbitrary distribution of property information, and in turn prevent conflicts of interest among Managed Funds, by setting the order of preferential consideration upon acquisition of property information as described below.

### Order of preferential consideration for asset acquisition (planned)

Determination of the Managed Fund entitled to consider acquisition of individual properties will be managed at the Investment Information Review Meeting within the New Merged Company. 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. When the period of preferential consideration has elapsed or if the Managed Fund granted with the preferential consideration right declines the consideration of acquisition of the property, the preferential consideration right will be transferred to the next ranked Managed Fund.

	1st	2nd	3rd
Rental residences, etc.* <sup>1</sup>	ADR	ADP	Private funds
Logistics facilities, etc.* <sup>2</sup>	IAL	ADP	Private funds
Others* <sup>3</sup>	ADP	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 logistics facilities, plants, data centers, communications facilities, research facilities, supply processing facilities, renewable energy facilities, etc., which are IAL's investment targets.

(Note 3) Refer to domestic real estate properties other than rental residences, logistics facilities, etc. (commercial facilities, offices, accommodations, 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.

#### 4. Overview of the Merger (Schedule, Method, and Allotment)

##### (1) Schedule

The Merger will take effect after being approved by resolution at the Extraordinary General Shareholders' Meetings of ADIM and IRM scheduled for April 1, 2022.

Date of resolution by the Board of Directors	January 27, 2022
Execution date of the merger agreement	January 27, 2022
Date of General Shareholders' Meeting	April 1, 2022 (planned)
Effective date of the Merger	June 1, 2022
Registration date of the Merger	Early June 2022 (planned)
Date of notification to the Prime Minister	Early June 2022 (planned)

##### (2) Method

The Merger will be an absorption-type merger with ADIM as the surviving company, and IRM will be dissolved after the Merger.

##### (3) Allotment

Since the shareholders of ADIM and IRM and their shareholding ratios are the same, the Merger will not involve the delivery of new shares and other assets as consideration.

#### 5. Outline of the Parties to the Merger

	Surviving Company	Absorbed Company
(1) Name	AD Investment Management Co., Ltd. (ADIM)	ITOCHU REIT Management Co., Ltd. (IRM)
(2) Location	1-105 Kanda-Jinbocho, Chiyoda-ku, Tokyo	3-6-5 Kojimachi, Chiyoda-ku, Tokyo
(3) Representative’s title and name	Takeshi Takano, President	Junichi Shoji, Representative Director, President & CEO
(4) Principal business	Investment management business, Type II financial instruments business, etc.	Investment management business, etc.
(5) Capital	300 million yen	150 million yen
(6) Established	February 2005	February 2017
(7) Net assets	2,552 million yen (as of March 2021)	853 million yen (as of March 2021)
(8) Total assets	3,794 million yen (as of March 2021)	1,054 million yen (as of March 2021)
(9) Major shareholders and shareholding ratios	ITOCHU Corporation: 80% ITOCHU Property Development, Ltd.: 20%	
(10) Relationship between the investment corporation/asset management company and the other company		
Capital relationship	Not applicable	
Personnel relationship	One director of ADIM concurrently serves as a part-time director of IRM. IRM has accepted two employees loaned from ADIM.	
Business relationship	Not applicable	
Related party status	The parent company of ADIM and IRM is ITOCHU Corporation. Therefore, ADIM is a related party of IRM.	

## 6. Status after the Merger (Outline of the New Merged Company)

	New Merged Company
(1) Name	ITOCHU REIT Management Co., Ltd. (tentative)
(2) Location	1-105 Kanda-Jinbocho, Chiyoda-ku, Tokyo
(3) Representative's title, name, etc.	To be announced as soon as decided.
(4) Principal business	Investment management business, Type II financial instruments business, investment advisory and agency business (planned), etc.
(5) Capital	300 million yen
(6) Fiscal year-end	March
(7) Net assets*	3,406 million yen
(8) Total assets*	4,848 million yen

\* These figures are simple sums of the financial statement figures of the two companies as of March 31, 2021.

## 7. Future Outlook

### (1) Changes to the asset management agreement

There are no plans to make changes to the asset management agreement executed between ADR and ADIM.

### (2) Changes to the organization of the asset management company

The Residence Division, the Logistics Division, and the Private Placement Division will be established in the New Merged Company to engage in asset management operations for respective investment corporations. In addition, the Corporate Management Division will be renamed the Finance & Accounting Division, and the Corporate Management Department will be transferred to the General Affairs and Management Division.

Moreover, in light of the recent growing interest among investors in corporate responsibility for sustainability, including environmental, social, and governance (ESG) issues, the Sustainability Promotion Department will be established under the General Affairs and Management Division in order to implement such philosophy and objectives.

For details, please refer to the organizational chart in the Attachment.

Details regarding directors, etc. of the New Merged Company will be announced as soon as decided.

### (3) Changes to investment management decision-making structure and rules on compliance, interested parties, etc.

In principle, ADIM's decision-making flow and structure before the Merger will be adopted as they are. However, some processes considered to require revision with an increase in the number of Managed Funds will be determined through consultations.

### (4) Changes to investment policy

There will be no changes to ADR's investment policy as a result of the Merger.

### (5) Changes to agreements with sponsors, etc.

There are no plans to make changes to the agreements executed with sponsors, etc.

### (6) Outlook for continuation of the investment corporation's listing

ADR is planned to remain listed.

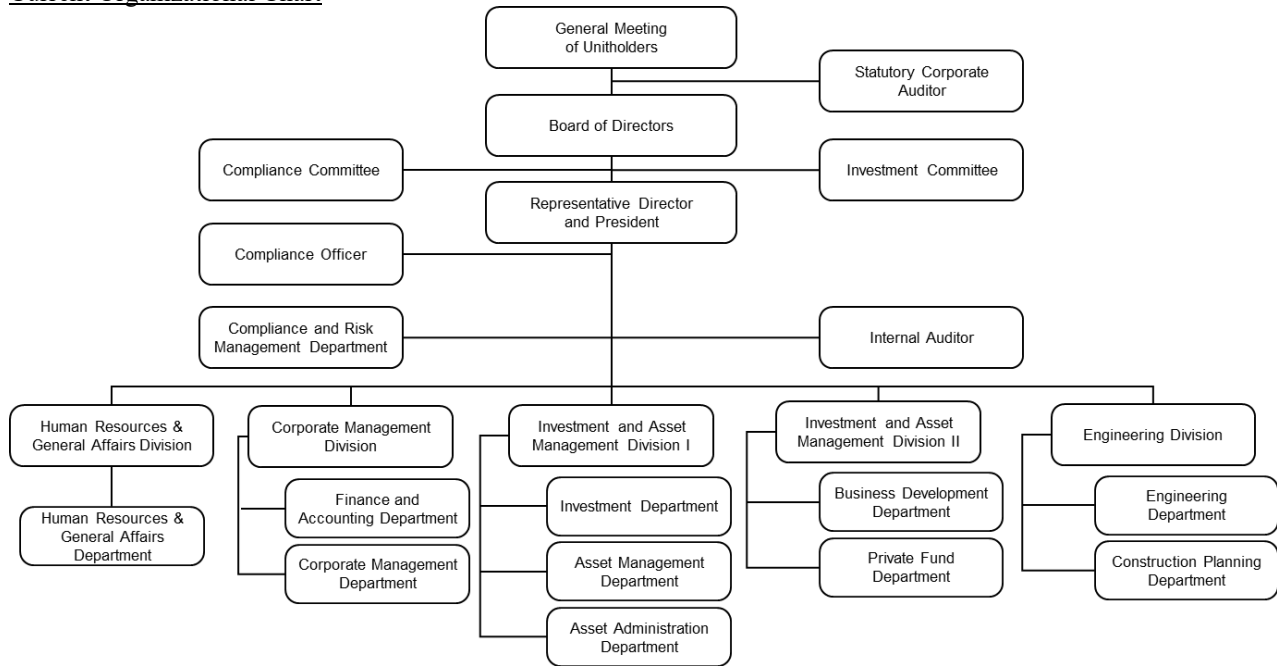
\* ADR's website URL: <https://www.adr-reit.com/en/>

If there are any changes to the matters described as planned in this document, we will make an announcement to that effect.

END

## Attachment

### Current Organizational Chart



### New Organizational Chart (effective June 1, 2022, planned)

