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For Immediate Release

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Notice Concerning Partial Revision of Internal Regulations of Asset Management Company
(Fund Management Guideline)

AD Investment Management Co., Ltd. (ADIM), the asset management company to which Advance Residence Investment Corporation (ADR) entrusts the management of its assets, passed a resolution at its Board of Directors meeting held today on the partial revision (the “Revision”) of the “Investment Policy” stipulated in the management guideline that is an internal regulation of ADIM, as follows:

1. Overview of Revision

For the aging of the portfolio of ADR, ADIM has carried out large-scale repair work and renovation of exclusively-owned areas of the buildings to prevent a loss, maintain, and enhance competitiveness.

In order to utilize the expertise and create excellent investment opportunities regardless of the age of the property, ADIM will revise part of the acquisition criteria in the fund management guideline in relation to the management of the assets and abolish criteria related to the age of the property.

At the same time, to make the investment criteria clearer in the fund management guideline, ADIM will add and enhance the wording of each of the items in the acquisition criteria.

Please refer to the attached “Comparison Table of New and Old Fund Management Guidelines” for details.

2. Expected Date of Revision

June 1, 2022 (Planned)



3. Future Prospect

The Revision will not affect business performance of ADR.

4. Other

Accompanying the Revision and pursuant to stipulations in the Financial Instruments and Exchange Act, ADR will submit an extraordinary report to the Commissioner of Kanto Finance Bureau dated June 1, 2022.

* Home page of ADR: <https://www.adr-reit.com/en/>

About Advance Residence Investment Corporation

Advance Residence Investment Corporation is the largest residential J-REIT, investing in over 270 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 460 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/>

[Attachment]

Comparison Table of New and Old Management Guidelines

(Note) Only items with revisions are listed. Other rules that will remain unchanged are omitted. The revised portions are underlined.

Old (Before Revision)	New (After Revision)
<p>Section 2: Investment Policy</p> <p>Article 3: Investment Criteria</p> <p>Paragraph 2: Acquisition Criteria:</p> <p>1) Age of Property</p> <p><u>The age of the property shall, in principle, be 15 years or less at the time of acquisition.</u></p> <p>2) Location</p> <p>The characteristics of the region and property, together with the following subitems, will be considered comprehensively to determine the acquisition. Each of the subitems, however, will be treated as an element for the purpose of criteria for acceptable transactions stipulated in the management guideline.</p> <p>a) <u>Good or poor accessibility of</u> the nearest station to the inner-city area or central terminal station.</p> <p>b) Distance from the nearest station.</p> <p>(As a guideline, the distance shall be a 10-minute walk or shorter for single/compact types and a 15-minute walk or shorter for family/large types.)</p> <p>3) Structure</p> <p>The property shall, in principle, be of a reinforced concrete (RC) structure or a steel-reinforced concrete (SRC) structure <u>and</u> meet the new seismic standards (seismic standards applicable to buildings, etc. pursuant to the Building Standards Act (Act No. 201 of 1950, including revisions thereafter) revised in 1981. The same applies hereinafter.), or a comparable property.</p> <p>5) Form of Rights</p> <p>b) Co-owned Property</p> <p>Acquisition of the property shall be determined on an individual basis, with attributes of other co-owners, credibility, and other factors in a comprehensive manner, assuming that the freedom of administration and disposal is ensured.</p>	<p>Section 2: Investment Policy</p> <p>Article 3: Investment Criteria</p> <p>Paragraph 2: Acquisition Criteria:</p> <p>1) Age of Property</p> <p><u>There shall be no criteria for the age of the property.</u></p> <p>2) Location</p> <p>The characteristics of the region and property, together with the following subitems, will be considered comprehensively to determine the acquisition. Each of the subitems, however, will be treated as an element for the purpose of criteria for acceptable transactions stipulated in the management guideline.</p> <p>a) Accessibility <u>from</u> the nearest station to the inner-city area or central terminal station.</p> <p>b) Distance from the nearest station.</p> <p>(As a guideline, the distance shall be a 10-minute walk or shorter for single/compact types and a 15-minute walk or shorter for family/large types. <u>For a property with a plurality of unit types, the criteria applicable to the unit type that accounts for over 50% of the units.</u>)</p> <p>3) Structure</p> <p>The property shall, in principle, be of a reinforced concrete (RC) structure or a steel-reinforced concrete (SRC) structure. <u>However, regardless of the type of the structure, the property is limited to one that</u> meets the new seismic standards (seismic standards applicable to buildings, etc. pursuant to the Building Standards Act (Act No. 201 of 1950, including revisions thereafter) revised in 1981. The same applies hereinafter.), or a comparable property.</p> <p>5) Form of Rights</p> <p>b) Co-owned Property</p> <p><u>The property may, in principle, be acquired. Specifically,</u> acquisition of the property shall be determined on an individual basis, with attributes of other co-owners, credibility, and other factors in a comprehensive manner, assuming that the freedom of administration and disposal is ensured.</p>

c) Leased Property

Property with land leasehold or fixed-term leasehold may, in principle, be acquired. Specifically, details of the leasehold agreement shall be studied from the viewpoints of profitability, security, liquidity, etc. to determine the acquisition.

d) Other

For property with usufruct or property with security interest, details of the usufruct or security interest shall be checked and studied from the viewpoints of profitability, security, liquidity, etc. to determine the acquisition. In principle, property with security interest shall not be acquired.

c) Leased Property

Property may, in principle, be acquired. Specifically, details of the leasehold agreement shall be studied from the viewpoints of profitability, security, liquidity, etc. to determine the acquisition.

d) Other

Property with usufruct or property with security interest shall not be acquired in principle. However, details of the usufruct or security interest shall be checked and studied from the viewpoints of profitability, liquidity, etc. to determine the acquisition.