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July 1, 2025

For Immediate Release

Real Estate Investment Trust Securities Issuer:
Advance Residence Investment Corporation
(Securities Code : 3269)
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Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Interests

<<RESIDIA Marunouchi and RESIDIA Shirakabe>>

ITOCHU REIT Management Co., Ltd. (IRM), the asset management company to which Advance Residence Investment Corporation (ADR) entrusts the management of its assets, today announced its decision to dispose of assets (hereafter, the “Disposition”) as detailed below.

1. Summary of the Disposition

Property Name	RESIDIA Marunouchi	RESIDIA Shirakabe
Type of Specified Asset	Beneficiary interests in trust	Beneficiary interests in trust
Disposition Price	1,190 million yen	1,100 million yen
Appraisal value or survey price ^{Note1}	1,190 million yen	1,100 million yen
Book Value ^{Note2}	831 million yen	860 million yen
Difference between Disposition Price and Book Value	358 million yen	239 million yen
Counterparty	Ascot Corp.	
Broker Availability	Yes	
Scheduled Contract Date	July 1, 2025	
Scheduled Disposition Date	July 10, 2025	
Payment Method	Full payment on delivery	

(Note 1) “Appraisal values or survey prices” is as of January 31, 2025.

(Note 2) “Book value” is the estimated amount as of each anticipated disposition date.

2. Reason for the Disposition

ADR is promoting a capital policy aimed at optimizing capital efficiency and enhancing unitholder returns, taking into consideration the current capital market environment, such as capital costs and investment unit prices.

This disposition involves the strategic sale of assets located in a major regional city that have unrealized gains, with the aim of realizing profits and enhancing unitholder returns by allocating a portion of the proceeds to distributions.

The decision to implement this disposition was made following a comprehensive evaluation of factors such as supply and demand trends in the relevant areas and the future profitability of the assets. The total disposition price is 2,290 million yen, which exceeds both the book value (1,692 million yen). As a result, this disposition is expected to generate a gain on sale of approximately 512 million yen ^{Note3}.

The funds obtained from this disposition will be flexibly allocated to initiatives aimed at enhancing unitholder value, including the return of a portion of the gain as distributions to unitholders, the acquisition of t own investment units in response to market conditions, and funding for future property replacement.

(Note 3) Gain on sale is a reference figure calculated at the present time as the difference between the planned disposition price and the book value plus disposal-related expenses, and may differ from the actual gain on sale.

3. Details of Assets to be Disposed

No.	(1)	(2)
Property Number	R-047	R-070
Property Name	RESIDIA Marunouchi	RESIDIA Shirakabe
Location	2-10 Marunouchi 2-chome, Naka-ku, Nagoya City, Aichi	47-1, Shirakabe 4-chome, Higashi-ku, Nagoya City, Aichi
Land		
Type of Ownership	Ownership	Ownership
Land Area	408.72 m ²	776.11 m ²
Zoning	Commercial Districts	Commercial Districts Category 2 Residential Districts
FAR/Building Coverage Ratio	600%/80%	400%/80% 200%/60%
Building		
Type of Ownership	Ownership	Ownership
Total Floor Space	2,470.79 m ²	2,595.72 m ²
Structure / Floors	Reinforced concrete structure with a flat-topped roof; 15 stories	Reinforced concrete structure with a flat-topped roof; 11 stories
Use	Residential, office	Residential
Construction Completion Date	January 2007	March 2008
Trustee	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd.
Trust Contract Period	Until February 28, 2033	Until December 31, 2034
Lease Conditions		
Point in Time	as of May 31, 2025	
Total Tenants	1	1
Leasable Units	86	70
Leased Units	76	67
Leasable Floor Area	2,349.52 m ²	2,449.20 m ²
Leased Area	2,078.60 m ²	2,323.39 m ²
Occupancy Rate (based on floor area)	88.5%	94.9%
Total Monthly Rent	4,971 thousand yen	5,199 thousand yen
Deposits, Guarantees, etc.	5,419 thousand yen	3,372 thousand yen
Number of Units by Type (Excluding Operated Rental Residence)		
Single	84	30
Compact	-	40
Family	-	-
Large	-	-
Other	2	-
Number of Operated Rental Residences	-	-
Special affairs	None	None

4. Summary of the Counterparty

Name	Ascot Corp.
Address	3-1-30 Jingumae, Shibuya-ku, Tokyo
Representative	Takeshi Nakabayashi, President and Representative Director
Principal business	Businesses related to the purchase, sale, leasing, brokerage, appraisal, management, and consulting of real estate
Capital	10,867 million yen (as of December 31, 2024)
Data of establishment	April 1999
Total assets	79,245million yen (as of December 31, 2024)
Total capital	28,366 million yen (as of December 31, 2024)
Major shareholders and Shareholding ratio	Daito Trust Construction Co., Ltd. (100%) (as of April 30, 2025)
Relationship with ADR and IRM	
Capital relations	None
Personnel relations	None
Business relations	None
Related parties' status	None

5. Summary of Brokerage

The brokerage is not considered a party with a special interest in ADR or IRM; therefore, the disclosure is omitted.

6. Outlook

Please refer to the "Notice Concerning Revision of Management Performance Forecast for the Fiscal Period Ending July 2025 (30th Fiscal Period)" released today, as well as the "Supplementary materials for the press release announced on June 25 and July 1, 2025."

7. Summary of Appraisal Report or Survey Report

(1) R-047 RESIDIA Marunouchi

Appraisal value or survey price, etc	1,190,000 thousand yen
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Appraisal date	as of January 31, 2025

(thousand yen)

Items	Value	Summary
Income Capitalization Approach Value	1,190,000	The income approach value was principally based on the DCF method, with the result validated by comparison with the direct capitalization method.
Direct Capitalization Price ((6)/(7))	1,200,000	
(1) Total Potential Income	73,189	
Total Potential Income	79,485	
Rental income	68,267	Based on the current contract rent levels, the rent levels and trends of comparable properties in the same market area, and in consideration of the medium- to long-term competitiveness of the subject property, the standardized assumed rental income and common area charge income for the subject property were estimated.
Other income	11,218	Parking fees, key money, renewal fees, and antenna income were recorded as other income.
Losses from Vacancies, etc.	6,295	Based on the actual vacancy rate of the subject property and the typical vacancy rates of comparable properties, and taking into account the competitiveness and other factors of the subject property, a vacancy rate considered to be stable over the medium to long term was assessed against the rental income, and vacancy losses were recognized.
Losses from Delinquencies	0	As the amount is considered to be secured by deposits and other guarantees, it was determined that no provision is necessary.
(2) Expenses from rental business	19,873	
Maintenance and Management Fees	3,264	The current contract amount was deemed appropriate and recorded.
Utilities Costs	1,279	Recorded with reference to past years' results.
Repair Costs	5,597	Recorded based on the annual average amount of repair costs stated in the Building Condition Survey Report. In addition, tenant replacement costs were recorded, taking into consideration the tenant turnover rate.
Property Manager Fees	2,078	Recorded based on the current contract.
Leasing Expenses	1,811	The valuation references the levels of comparable properties.
Taxes and Public Dues	5,004	Assessed based on actual amounts, taking the level of burden into consideration.
Insurance Premium	128	Recorded based on the current actual amount.
Renewal Fee	0	
Other Expense	710	Assessed based on actual amounts.
(3) Net Operating Income (NOI, (1)-(2))	53,316	
(4) Earnings from Deposits	65	The operational yield was assessed comprehensively, taking into consideration both operational and procurement aspects, based on the actual management practices and other factors relating to the lump-sum payment.
(5) Capital Expenditures	5,229	Recorded based on the annual average renewal cost stated in the building condition survey report.
(6) Net Cash Flow DCF Price ((3)+(4)-(5))	48,153	
(7) Cap Rate	4.0%	The standard method is to determine the value through comparison with transaction cases of similar properties, taking individual factors into account and referring to interviews with investors and other relevant information.
DCF price	1,180,000	
Discount Rate	3.8%	Assessed based on the discount rates applicable to transactions of similar real estate and by comparing yields of other financial products.
Terminal Cap Rate	4.2%	Assessed with consideration given to the marketability of the subject property at the end of the holding period, in relation to the capitalization rate.
Other items considered by the appraiser in the appraisal		None

(2) R-070 RESIDIA Shirakabe

Appraisal value or survey price, etc	1,100,000 thousand yen
Appraiser	JLL Morii Valuation & Advisory K.K.
Appraisal date	as of January 31, 2025

(thousand yen)

Items	Value	Summary
Income Capitalization Approach Value	1,100,000	The income approach value was principally based on the DCF method, with the result validated by comparison with the direct capitalization method.
Direct Capitalization Price ((6)/(7))	1,120,000	
(1) Total Potential Income	66,767	
Total Potential Income	70,739	
Rental income	64,896	Rental income is assessed based on current conditions and expected mid-to-long-term stability.
Other income	5,843	The actual performance is deemed reasonable and recorded accordingly.
Losses from Vacancies, etc.	3,972	The assessment considers standard vacancy rates, supply-demand balance, and the unique characteristics of the subject property.
Losses from Delinquencies	0	Amounts secured by deposits and similar instruments are excluded from calculations.
(2) Expenses from rental business	17,220	
Maintenance and Management Fees	2,539	The actual performance is considered reasonable based on comparable properties and is recorded accordingly.
Utilities Costs	747	The valuation references the levels of comparable properties.
Repair Costs	4,263	The estimate in the building condition survey report was deemed appropriate and recorded.
Property Manager Fees	1,946	The current contract was deemed appropriate and recorded with reference to the standards of similar properties.
Leasing Expenses	2,093	
Taxes and Public Dues	4,318	Land: The valuation is based on the actual amount, taking into account the rate of fluctuation. Building: The valuation takes into account depreciation over time. Depreciable assets: The valuation is based on actual results and takes into account depreciation over time.
Insurance Premium	128	Insurance premiums are recorded based on reasonable judgments derived from the insurance
Renewal Fee	690	Turnover rates are considered in the assessment.
Other Expense	496	The cable TV facility management fee and neighborhood association fee were recorded.
(3) Net Operating Income (NOI, (1)-(2))	49,547	
(4) Earnings from Deposits	49	The valuation of security deposits is determined by deducting the amount corresponding to vacant units from the total deposit amount under full occupancy, then applying a specified yield.
(5) Capital Expenditures	6,045	The estimate provided in the Building Condition Survey Report was deemed appropriate and recorded.
(6) Net Cash Flow DCF Price ((3)+(4)-(5))	43,551	
(7) Cap Rate	3.9%	The discount rate was assessed with consideration for the risks relating to income and principal volatility.
DCF price	1,070,000	
Discount Rate	3.7%	The yield was assessed using the standard benchmark as a base, with adjustments for risk factors associated with both the regional and specific characteristics of the property, and through a comprehensive analysis of market trends and other relevant factors.
Terminal Cap Rate	4.1%	The capitalization rate was assessed by adding a spread to the standard capitalization rate to account for uncertainties in future net income projections, potential deterioration of the building, and risks associated with future disposition.
Other items considered by the appraiser in the appraisal		None

About Advance Residence Investment Corporation

Advance Residence Investment Corporation is one of the largest J-REITs specializing in residential properties, managed by ITOCHU REIT Management Co., Ltd. (IRM), the asset management company of the ITOCHU Group. It owns rental properties nationwide, primarily in the 23 wards of Tokyo. By leveraging the stability of residential assets and the largest reserve among J-REITs, ADR is expected to provide long-term, stable dividends, making it a highly defensive J-REIT.

"Advance" is the common brand name of the real estate investment corporation managed by ITOCHU REIT Management Co., Ltd.

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

IRM's website : <https://www.itc-rm.co.jp/en/>