Advance Residence Investment Corporation

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For Immediate Release

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Advance Residence Investment Corporation
(Securities Code：3269)
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Notice Concerning Acquisition of Real Estate in Japan(RESIDIA Higashinippori and RESIDIA KameidoII)

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

1. Summary of the Acquisition

Property Name (Note 1) (Type of asset)	RESIDIA Higashinippori (Real estate)	RESIDIA KameidoII (Real estate)
Planned Acquisition Price (Note 2) (Price / Appraisal ratio)	1,200 million yen (96.8%)	1,160 million yen (88.5%)
Appraisal Value (Note 3)	1,240 million yen	1,310 million yen
NOI Yield (Note 4)	3.9%	3.9%
Yield after Depreciation (Note 5)	3.2%	3.3%
Building Age (Note 6)	9.0 years	7.5 years
Seller	COSMOS INITIA Co.,Ltd.	
Broker Availability	None	
Scheduled Contract Date	August 20, 2026	
Scheduled Acquisition Date	August 28, 2026 or a date to be separately agreed upon with the seller	
Acquisition Financing (Payment Method)	Borrowings and cash on hand (Lump-sum payment on delivery)	

(Note 1) The name of the asset-to-be-acquired is scheduled to be changed after acquisition by ADR, and the names after the change are stated. As of today, the names are "COSMOS REID Higashinippori" for RESIDIA Higashinippori and "COSMOS REID Kameido" for RESIDIA KameidoII.

(Note 2) "Planned Acquisition Price" is the amount stated in the real estate transaction contract for the acquired asset (excluding various expenses required for acquisition (brokerage fees, taxes and public dues, etc.)).

(Note 3) "Appraisal Value" of the asset-to-be-acquired is as of July 1, 2026.

(Note 4) "NOI Yield" is calculated as follows: annualized NOI written in the appraisal document at the time of the acquisition of the asset-to-be acquired and calculated using direct capitalization method / planned acquisition price x 100. The calculated yield is rounded at the second decimal point.

(Note 5) "Yield after Deprecation" is calculated as follows: (annualized NOI written in the appraisal document at the time of the acquisition of the asset-to-be-acquired and calculated using direct capitalization method – annual depreciation cost) / planned acquisition price x 100. The calculated yield is rounded at the second decimal point. As in the case with the existing portfolio of ADR, the depreciation cost of the assets-to-be-acquired is calculated by ADR, using the straight-line method under certain assumptions and estimated at 8,821 thousand yen a year for RESIDIA Higashinippori and 7,548 thousand yen a year for RESIDIA KameidoII.

(Note 6) "Building Age" represents the age of the building as of the acquisition date and is rounded at the second decimal point.

2. Reason for the Acquisition

IRM decided on the following acquisition pursuant to the target and policy of asset management as stipulated in the Articles of Incorporation of ADR, for steady increase in asset size and diversification and enhancement of the portfolio. The decision to acquire this property was based on an evaluation of Features of the Property, etc., as stated in “3. Summary of the Asset-To-Be-Acquired”.

3. Summary of the Asset-To-Be-Acquired

(1) RESIDIA Higashinippori

Property Name		RESIDIA Higashinippori	Property Number	T-198
Type of asset		Real estate		
Address		2-15-11 Higashinippori, Arakawa-ku, Tokyo		
Land	Type of Ownership	Ownership	Zoning	Quasi-industrial districts
	Land Area	413.25 ㎡	FAR / Building Coverage Ratio	300%/60%
Building	Structure / Floors	Reinforced concrete structure with a flat roof, 7 stories		
	Type of Ownership	Ownership	Use	Apartment, office
	Total Floor Space	1,377.42 ㎡	Construction Completion Date	September 2017
	Building Designer	DAIWA HOUSE INDUSTRY CO., LTD. East Japan Mid-to-High-Rise Technology Center		
	Structural Engineer	DAIWA HOUSE INDUSTRY CO., LTD. Tokyo Structural Architects & Engineers Office、Kyapasu Design Limited Company.		
	Construction Contractor	DAIWA HOUSE INDUSTRY CO., LTD. Joto Branch		
	Building Certification Agency	URBAN HOUSING EVALUATION CENTER		
	Building Inspection Agency	URBAN HOUSING EVALUATION CENTER		
Collateral		None		
Appraisal value		1,240,000 thousand yen	Appraisal date	as of July 1, 2026
Appraiser		DAIWA REAL ESTATE APPRAISAL CO., LTD.		
Property Management Company		ITOCHU Urban Community Co., Ltd. (planned)		
Master Lessee		ITOCHU Urban Community Co., Ltd. (planned)	Master Lease type	Pass-through
Lease Conditions				
	Total Tenants	1	Point in Time	As of July 31, 2026
	Leasable Units	26		
	Leased Units	24		
	Leasable Floor Area	1,157.52 ㎡	Occupancy Rate (based on floor area)	92.2%
	Leased Area	1,067.76 ㎡		
	Total Monthly Rent	3,711 thousand yen		
	Deposits, Guarantees, etc.	5,402 thousand yen		

Number of Units by Type (Excluding Operated Rental Residence)	Single	Compact	Family	Large	Other
	0	25	0	0	1

Number of Operated Rental Residence	0		
Features of the Property			
	・It offers excellent access to Minowa Station on the Tokyo Metro Hibiya Line, located approximately a 7-minute walk away. Ueno Station, served by JR and Tokyo Metro lines, can be reached in approximately 5 minutes, providing convenient access to major areas of Tokyo. ・Several supermarkets, drugstores, and other daily-use facilities are located nearby, offering excellent convenience for everyday living.		
Special affairs			
	None		
Summary of Building Conditions Investigation Report			
Investigator	Tokio Marine dR Co., Ltd.	Investigation Report Date	July 30, 2026
Emergency Repair Costs	-		
Short-term Repair Costs (within 1 year)	-		
Long-term Repair Costs (within 12 years)	29,961 thousand yen		
Building Replacement Price	429,000 thousand yen		
Summary of Earthquake Risk Analysis			
Investigator	Tokio Marine dR Co., Ltd.	Investigation Report Date	July 30, 2026
Probable Maximum Loss Ratio（PML)	8.0%		
Matters concerning Earthquake Resistance, etc.			
	This property has received notification of structural calculation conformity assessment from a designated structural calculation inspection body (Away Building Evaluation Network Inc.) in accordance with the revision of the Building Standard Act that came into effect in June 2007.		

(2) RESIDIA KameidoII

Property Name		RESIDIA KameidoII	Property Number	T-199
Type of asset		Real estate		
Address		2-45-7 Kameido, Koto-ku, Tokyo		
Land	Type of Ownership	Ownership	Zoning	Commercial districts
	Land Area	157.46 ㎡	FAR / Building Coverage Ratio	600%/80%
Building	Structure / Floors	Reinforced concrete structure with a flat roof, 13 stories		
	Type of Ownership	Ownership	Use	Apartment, office
	Total Floor Space	988.03 ㎡	Construction Completion Date	February 2019
	Building Designer	Yuji Terasawa Art Design Studio Co., Ltd.		
	Structural Engineer	Deep Structure Limited Company.		
	Construction Contractor	TANAKA CONSTRUCTION LIMITED.		
	Building Certification Agency	Bureau Veritas Japan Co., Ltd.		
	Building Inspection Agency	Bureau Veritas Japan Co., Ltd.		

Advance Residence Investment Corporation

Collateral	None				
Appraisal value	1,310,000 thousand yen		Appraisal date	as of July 1, 2026	
Appraiser	Japan Real Estate Institute				
Property Management Company	ITOCHU Urban Community Co., Ltd. (planned)				
Master Lessee	ITOCHU Urban Community Co., Ltd. (planned)		Master Lease type	Pass-through	
Lease Conditions					
Total Tenants	1		Point in Time	As of July 31, 2026	
Leasable Units	37				
Leased Units	36				
Leasable Floor Area	930.13 ㎡		Occupancy Rate (based on floor area)	97.3%	
Leased Area	905.04 ㎡				
Total Monthly Rent	3,935 thousand yen				
Deposits, Guarantees, etc.	3,815 thousand yen				
Number of Units by Type （Excluding Operated Rental Residence）	Single	Compact	Family	Large	Other
	36	0	0	0	1
Number of Operated Rental Residence	0				
Features of the Property					
・It is an apartment located a 6-minute walk from Kameido Station on the JR Sobu-Chuo Local Line, mainly targeting single residents who prioritize convenient access to the city center. ・The surrounding area is well-equipped with shopping streets and other daily-use facilities, providing a highly convenient living environment.					
Special affairs					
None					
Summary of Building Conditions Investigation Report					
Investigator	Tokio Marine dR Co., Ltd.		Investigation Report Date	July 30, 2026	
Emergency Repair Costs	-				
Short-term Repair Costs (within 1 year)	-				
Long-term Repair Costs (within 12 years)	19,558 thousand yen				
Building Replacement Price	301,000 thousand yen				
Summary of Earthquake Risk Analysis					
Investigator	Tokio Marine dR Co., Ltd.		Investigation Report Date	July 30, 2026	
Probable Maximum Loss Ratio（PML）	4.1%				
Matters concerning Earthquake Resistance, etc.					
This property has received notification of structural calculation conformity assessment from a designated structural calculation inspection body (URBAN HOUSING EVALUATION CENTER) in accordance with the revision of the Building Standard Act that came into effect in June 2007.					

Please refer to “Notes and definitions on items on the tables in the press releases for asset acquisition” on ADR`s website for details on items on the above table. (https://www.adr-reit.com/en/ir/news/)

4. Summary of the Seller

Name		COSMOS INITIA Co.,Ltd.
Address		5-34-6 Shiba, Minato-ku, Tokyo
Representative		Ryotaro Takachi, President
Principal business		Real estate buying and selling, leasing, brokerage, appraisal, management, and consulting services, etc.
Capital		5,000 million yen (as of June 30, 2026)
Data of establishment		June 20, 1969
Total assets		209,230 million yen (as of June 30, 2026)
Total capital		57,772 million yen (as of June 30, 2026)
Major shareholders and Shareholding ratio		DAIWA HOUSE INDUSTRY CO., LTD. (39.2%) Kyoritsu Maintenance Co., Ltd. (25.0%)
Relationship with ADR and IRM		
	Capital relations	There are no noteworthy capital relations.
	Personnel relations	There are no noteworthy personnel relations.
	Business relations	There are no business relations with ADR that need to be mentioned. It should be noted that there is a track record of asset purchase transactions involving other funds managed by the IRM.
	Related parties' status	This does not fall under the category of related parties of ADR or IRM.

5. Status of seller

Omitted since the acquisition is not from a specially interested party.

6. Transactions with Interested Parties, etc.

ITOCHU Urban Community Co., Ltd., which is scheduled to be the master lease and property management company for the asset-to-be-acquired, falls under the category of an interested party under the IRM's internal rules. Therefore, IRM has gone through the necessary deliberation, resolution and other procedures as stipulated in the internal rules.

7. Summary of the brokerage

Not applicable.

8. Outlook

The impact of this Acquisition on the earnings forecasts for the 32nd fiscal period (from February 1, 2026 to July 31, 2026) and the 33rd fiscal period (from August 1, 2026 to January 31, 2027), published in the Brief Summary of Financial Results dated March 17, 2026, will be negligible, and no change will be made to the forecast.

9. Summary of the Appraisal Report

(1) RESIDIA Higashinippori

Property name	RESIDIA Higashinippori
Appraisal Value	1,240,000 thousand yen
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Appraisal date	as of July 1, 2026

(thousand yen)

Items	Value	Summary
Income Capitalization Approach Value	1,240,000	The income value was estimated by also verifying the price determined by the DCF method against the price determined by the direct capitalization method.
Direct Capitalization Price ((6)/(7))	1,280,000	
(1) Total Potential Income	57,174	
Total Potential Income	59,566	
Rental income	58,996	Based on the current rent level under the existing lease agreement, the rent levels and trends of similar properties in the same supply-demand area, and the mid- to long-term competitiveness of the subject property, standardized assumed rental income and common area maintenance (CAM) income for the subject property were recorded.
Other income	569	Recorded income from renewal fees.
Losses from Vacancies, etc.	2,392	Based on the actual vacancy rate performance of the subject real estate and the standard vacancy rate of similar real estate, the vacancy rate applied to rental income and common area maintenance fee income, which is deemed to be stable over the medium to long term, is assessed in consideration of the competitiveness of the subject real estate, and losses due to vacancy, etc. are recorded.
Losses from Delinquencies	0	The Company determined that no recording is required, because the security deposit is deemed to be secured by a security deposit, etc.
(2) Expenses from rental business	10,551	
Maintenance and Management Fees	2,805	The building management tasks outlined in the planned contract are deemed generally standard, and the amount is recorded based on the contract amount, after verifying it against the maintenance costs level of similar properties.
Utilities Costs	504	Assessed and recorded based on the utility cost levels of similar properties and past results.
Repair Costs	1,239	The amount was recorded based on the average annual repair expenses stated in the Building Conditions Investigation Report. In addition, tenant replacement costs for the residential portion were assessed and recorded, taking into account the turnover rate and vacancy rate.
Property Manager Fees	1,100	The building management tasks outlined in the scheduled contract are deemed generally standard, and the amount is recorded based on the scheduled contract, after verifying it against the property management (PM) fee level of similar properties.
Leasing Expenses	1,592	For rental units, tenant recruitment costs, etc., were recorded for the turnover portion based on the assumed turnover rate, considering past actual figures and assessed with reference to the level of similar properties.
Taxes and Public Dues	2,912	Assumed tax amounts were recorded based on actual figures, considering the burden level.
Insurance Premium	96	The insurance estimate was deemed reasonable, and the amount was assessed with reference to property insurance premiums for comparable properties and adopted in the valuation.
Other Expenses	300	Internet costs, and miscellaneous expenses were estimated and recorded based on actual expenditures and assessed amounts.
(3) Net Operating Income (NOI, (1)-(2))	46,623	
(4) Earnings from Deposits	57	Appraised by assessing the operational yield from both operational and procurement perspectives regarding the management of lump-sum funds, and then applying this yield to the assumed security deposits, etc., to determine the resulting amount.
(5) Capital Expenditures	1,885	Verification was conducted with reference to renewal costs for comparable properties, and the amount was recorded based on the average annual renewal cost stated in the Building Conditions Investigation Report.
(6) Net Cash Flow DCF Price ((3)+(4)-(5))	44,795	
(7) Cap Rate	3.5%	Appraised by using the method based on comparisons with transaction examples of similar properties as a standard, and taking into account individual factors and feedback from investors.
DCF price	1,220,000	
Discount Rate	3.3%	Appraised by combining the method based on comparisons with transaction examples of similar properties and the method incorporating the individual characteristics of the property into the investment yields of financial assets, and also considering feedback from investors.
Terminal Cap Rate	3.7%	Appraised by referencing the transaction yields of similar properties, and comprehensively considering the potential increase in capital expenditures due to the property's aging and the uncertainties in the sales market trends.
Cost Approach Value	1,420,000	
Land ratio	76.3%	
Building Ratio	23.7%	
Other items considered by the appraiser in the appraisal		None

(2) RESIDIA KameidoII

Property name	RESIDIA KameidoII
Appraisal Value	1,310,000 thousand yen
Appraiser	Japan Real Estate Institute
Appraisal date	as of July 1, 2026

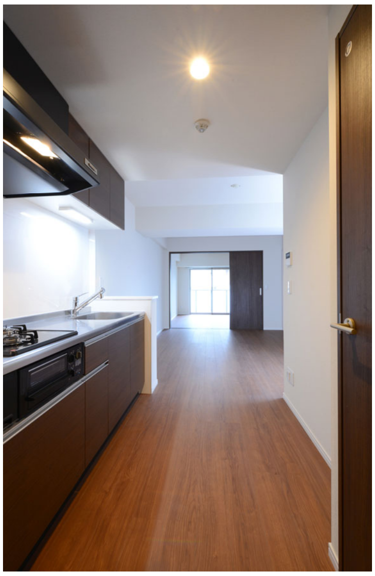
(thousand yen)

Items	Value	Summary
Income Capitalization Approach Value	1,310,000	The income capitalization approach based on the direct capitalization method and the income capitalization approach based on the DCF method are correlated to estimate the income approach value of the subject property.
Direct Capitalization Price ((6)/(7))	1,310,000	
(1) Total Potential Income	58,769	
Total Potential Income	61,216	
Rental income	59,431	The unit rent level sustainably collectible over the medium to long term was assessed and accounted for, based on the average rent under existing lease agreements, the prospective new rent levels assuming the subject property were newly leased, and the attributes of the current tenants.
Other income	1,755	Recorded income from motorcycle parking, bicycle parking, key money and renewal fees.
Losses from Vacancies, etc.	2,447	Recorded after assessing a stable mid- to long-term Occupancy rate level based on the occupancy status and supply-demand trends of similar properties, as well as the occupancy status and future trends for the subject property.
Losses from Delinquencies	0	The Company determined that no recording is required, taking into account the situation of the lessee and other factors.
(2) Expenses from rental business	12,983	
Maintenance and Management Fees	4,000	The amount is recorded in consideration of the individual characteristics of the subject property, with reference to past performance figures and the level of similar properties.
Utilities Costs	506	The amount is recorded in consideration of the individual characteristics of the subject property, with reference to past performance figures and the level of similar properties.
Repair Costs	899	Restoration costs were accounted for based on the typical level of reinstatement expenses and the landlord's share of responsibility. Additionally, repair costs were calculated considering historical data, typical levels for comparable properties, and the annual average of repair and renewal expenses as per the Building Conditions Investigation Report.
Property Manager Fees	1,117	Recorded with reference to the remuneration rate based on the terms of the scheduled contract, etc., and taking into consideration the remuneration rate for similar properties and the individual characteristics of the subject property.
Leasing Expenses	1,609	Administrative fees required when recruiting new tenants, with reference to contract terms and lease terms of similar properties, and advertising expenses, etc., assessed based on actual results of previous years, were accounted for.
Taxes and Public Dues	3,575	Recorded based on tax and public dues related documents, etc.
Insurance Premium	64	Insurance premiums were accounted for, taking into consideration both the premiums stipulated by existing insurance contracts and the premium rates for comparable buildings.
Renewal fee	833	Turnover rates and occupancy rates are considered in the assessment.
Other Expenses	380	Recorded the internet usage fees.
(3) Net Operating Income (NOI, (1)-(2))	45,786	
(4) Earnings from Deposits	48	Appraised by multiplying the amount obtained by multiplying the occupancy rate by the number of months of stable security deposits over the medium to long term, and then by a certain investment yield.
(5) Capital Expenditures	1,141	The amount was assessed on the assumption that expected future expenditures would be set aside evenly over each period, taking into account capital expenditure levels for comparable properties, the age of the building, and the average annual repair and renewal expenses stated in the Building Conditions Investigation Report, among other factors.
(6) Net Cash Flow DCF Price ((3)+(4)-(5))	44,693	
(7) Cap Rate	3.4%	Appraised by adding/subtracting the spread resulting from the subject property's location, building conditions, and other conditions to/from the standard yield of each area, and also by taking into account future uncertainties and transaction yields on similar properties, etc.
DCF price	1,300,000	
Discount Rate	3.1%	Appraised by comprehensively taking into account the individual characteristics of the subject property, etc., with reference to the investment yields, etc., in transactions with similar properties.
Terminal Cap Rate	3.4%	Appraised by comprehensively considering future trends of investment yields, riskiness of the subject property as an investment, general forecasts of future economic growth rates, and trends of real estate prices and rents, etc., with reference to the transaction yields of similar properties.
Cost Approach Value	1,140,000	
Land ratio	80.1%	
Building Ratio	19.9%	
Other items considered by the appraiser in the appraisal		None

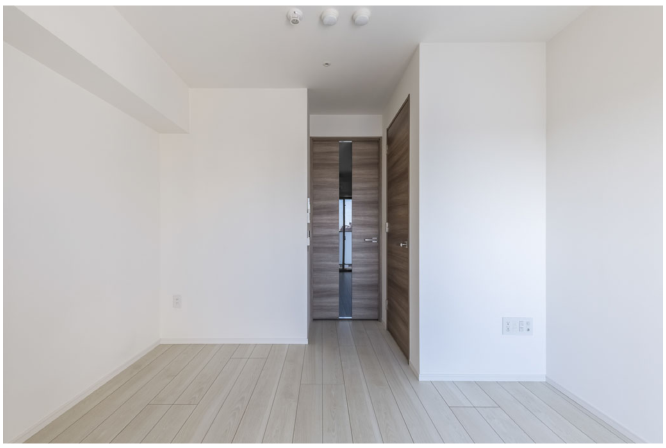
Appendix 1. Photos of the Asset-To-Be-Acquired

(1) RESIDIA Higashinippori





(2) RESIDIA KameidoII

Appendix 2. Map of the Asset-To-Be-Acquired

(1) RESIDIA Higashinippori (2-15-11 Higashinippori, Arakawa-ku, Tokyo)

(2) RESIDIA KameidoII (2-45-7 Kameido, Koto-ku, Tokyo)

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 negative goodwill 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/