Advance Residence Investment Corporation

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For Immediate Release

Real Estate Investment Trust Securities Issuer:
Advance Residence Investment Corporation
(Securities Code : 3269)
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Notice Concerning Acquisition of Domestic Real Estate and Disposition of Domestic Real Estate Trust Beneficiary Interests (Acquisition: RESIDIA Sakura-shimmachi / Disposition: RESIDIA Tenjinbashi)

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 acquire and dispose of assets (hereafter, such acquisition and disposition will be referred to as the "Acquisition" and the "Disposition," respectively, and collectively as the "Transaction") as detailed below.

1. Summary of the Acquisition

Property Name(Note 1) (Type of asset)	RESIDIA Sakura-shimmachi (Real estate) (Note 2)
Planned Acquisition Price (Note 3) (Price / Appraisal ratio)	1,600 million yen (92.0%)
Appraisal Value (Note 4)	1,740 million yen
NOI Yield (Note 5)	4.2%
Yield after Depreciation (Note 6)	3.3%
Building Age (Note 7)	21.7years
Seller	Not disclosed
Broker Availability	None
Scheduled Contract Date	August 26, 2026
Scheduled Acquisition Date	September 30, 2026
Acquisition Financing (Payment Method)	Cash on hand (Lump-sum payment on delivery)

(Note 1) The property name of the acquired asset is planned to be changed after its acquisition by the Investment Corporation. For this reason, the post-change name is stated. Please note that its current name as of today is “Residence Sakura-shimmachi Square ”.

(Note 2) The property will be acquired in the form of beneficiary interests in trust and, on the same day, the trust agreement will be terminated and the asset will thereafter be held as real estate.

(Note 3) Planned Acquisition Price refers to the purchase price written in the beneficiary transfer agreements for the asset-to-be-acquired, and does not include various expenses needed for the acquisition (such as brokerage fees, taxes and public dues).

(Note 4) “Appraisal Value” of the asset-to-be-acquired is as of July 1, 2026.

(Note 5) “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. The appraisal figure for annualized NOI assumes that the exclusively owned area is to be renovated.

(Note 6) "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 13,752 thousand yen a year.

(Note 7) "Building Age" represents the age of the building as of the acquisition date and is rounded at the second decimal point.

2. Summary of the Disposition

Property Name	RESIDIA Tenjinbashi
Type of Specified Asset	Beneficiary Interest in Trust
Planned Disposition Price	1,230 million yen
Appraisal value or survey price(Note 8)	1,210 million yen
Book Value(Note 9)	728 million yen
Difference between Disposition Price and Book Value	501 million yen
Counterparty	Not disclosed
Broker Availability	None
Scheduled Contract Date	August 26, 2026
Scheduled Disposition Date	September 30, 2026 or a date to be separately agreed upon
Payment Method	Full payment on delivery

(Note 8) "Appraisal values or survey prices" is as of July 31, 2026.

(Note 9) "Book value" is the estimated amount as of anticipated disposition date.

3. Reasons for the Transaction

ADR adheres to a policy of dynamically executing asset repositioning to enhance portfolio competitiveness and long-term unitholder value. Funds obtained from dispositions will be flexibly utilized for initiatives that contribute to enhancing unitholder value, such as funding future property acquisitions or repaying loans. Furthermore, disposition gains will be channeled into unitholder returns through distributions and other means.

In this transaction, the proceeds from the disposition are scheduled to be allocated toward the acquisition.

Additionally, the decision regarding the acquisition was made based on the target and policy of asset management specified in the ADR's Articles of Incorporation, taking into account the property characteristics detailed in "4. Details of Acquired Assets and Disposed Assets".

On the other hand, the decision regarding the disposition was made by comprehensively considering capital efficiency, future growth potential, and other factors. The disposition price is 1,230 million yen, which exceeds the book value (728 million yen). Accordingly, this disposition is expected to generate a gain on sale of approximately 488 million yen(Note 10).

A portion of this gain on disposition is expected to be retained internally, while the remainder will be allocated to distributions.

(Note 10) 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.

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4. Details of Acquired Assets and Disposed Assets

(1) Details of the Acquired Assets

Property Name		RESIDIA Sakura-shimmachi		Property Number	T-200
Type of asset		Real estate			
Address		2-30-14 Sakura-shimmachi, Setagaya-ku, Tokyo			
Land	Type of Ownership	Ownership		Zoning	Quasi-industrial districts
	Land Area	618.74 ㎡		FAR / Building Coverage Ratio	200%/60%
Building	Structure / Floors	Reinforced concrete structure with a flat-topped roof; 5 stories			
	Type of Ownership	Ownership		Use	Apartment
	Total Floor Space	1,291.26 ㎡		Construction Completion Date	January 2005
	Building Designer	Ishibashi Architects Inc.			
	Structural Engineer	Ishibashi Architects Inc.			
	Construction Contractor	TORAY CONSTRUCTION Co., Ltd. Tokyo Head Office			
	Building Certification Agency	The Housing Loan Progress Association			
	Building Inspection Agency	The Housing Loan Progress Association			
Collateral		None			
Appraisal value		1,740,000 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	26			
	Leased Units	21			
	Leasable Floor Area	1,182.96 ㎡		Occupancy Rate (based on floor area)	80.0%
	Leased Area	946.69 ㎡			
	Total Monthly Rent	4,405 thousand yen			
	Deposits, Guarantees, etc.	5,055 thousand yen			
Number of Units by Type (Excluding Operated Rental Residence)	Single	Compact	Family	Large	Other
	0	16	10	0	0
Number of Operated Rental Residence		0			
Features of the Property					

	・This property is located an 8-minute walk from Sakura-shimmachi Station and a 13-minute walk from Yoga Station on the Tokyu Den-en-toshi Line. It offers excellent access to Shibuya, a major transportation hub, as well as key business districts such as Otemachi and Nihonbashi. ・The area around Sakura-shimmachi Station and the property offers a wide range of amenities, including supermarkets and restaurants, providing a highly convenient and comfortable living environment.			
Special affairs				
	None			
Summary of Building Conditions Investigation Report				
	Investigator	Tokio Marine dR Co., Ltd.	Investigation Report Date	August 3, 2026
	Emergency Repair Costs	-		
	Short-term Repair Costs (within 1 year)	-		
	Long-term Repair Costs (within 12 years)	58,953 thousand yen		
	Building Replacement Price	411,000 thousand yen		
Summary of Earthquake Risk Analysis				
	Investigator	Tokio Marine dR Co., Ltd.	Investigation Report Date	August 3, 2026
	Probable Maximum Loss Ratio（PML)	11.8%		
Matters concerning Earthquake Resistance, etc.				
	The results of a third-party investigation into the validity of the structural calculation documents confirmed that no intentional alteration, forgery, or other fraudulent activities were found, and that the structural calculations were performed in compliance with relevant laws.			

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/)

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(2) Details of Disposed Assets

Property Number	R-011
Property Name	RESIDIA Tenjinbashi
Location	3-10-18 Tenjinbashi, Kita-ku, Osaka City, Osaka

Land	
Type of Ownership	Ownership (However, for the private road portion (Lot number 46-1), a 63/153 co-ownership share is included)
Land Area	568.77 ㎡ (However, this does not include the area corresponding to the co-ownership share of the private road portion.)
Zoning	Commercial Districts
FAR/Building Coverage Ratio	400%/80%

Building	
Type of Ownership	Ownership
Total Floor Space	2,372.06 ㎡
Structure / Floors	Steel-framed reinforced concrete structure with a flat-topped roof, galvanized steel sheet roofing; 12 stories
Use	Apartment
Construction Completion Date	February 2000

Trustee	Mitsubishi UFJ Trust and Banking Corporation
Trust Contract Period	Until March 31, 2033

Lease Conditions	
Point in Time	As of July 31, 2026
Total Tenants	1
Leasable Units	78
Leased Units	73
Leasable Floor Area	2,113.91 ㎡
Leased Area	1,977.78 ㎡
Occupancy Rate (based on floor area)	93.6%
Total Monthly Rent	5,478 thousand yen
Deposits, Guarantees, etc.	5,214 thousand yen

Number of Units by Type（Excluding Operated Rental Residence）	
Single	71
Compact	7
Family	0
Large	0
Other	0

Number of Operated Rental Residences	0

Special affairs	The boundary between the trust land and the adjacent land on the south side (Lot number: 27) has not been determined.

5. Financial Impact on ADR in the Event of Failure to Fulfill Forward Commitment, etc.

The Beneficiary Interests in Trust Sales and Purchase Agreement pertaining to this transaction (hereafter, the “Agreement”) constitutes a forward commitment, etc. (Note 11) by an investment corporation defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. published by the Financial Services Agency.

The Agreement provides that if this Investment Corporation or the counterparty violates a provision of the Agreement, the non-breaching party has the right to terminate the Agreement and claim an amount equivalent to 20% of the transaction price of the beneficiary interest for which the agreement was terminated as a penalty. Furthermore, even if damages exceeding such penalty arise due to the termination of the Agreement, neither party can claim any amount beyond the penalty from the other. Likewise, if the damages are less than the penalty amount, neither party can claim a reduction of the penalty.

However, this Investment Corporation is not obliged to pay penalties to the counterparty for the expiration or cancellation of the Agreement except where this Investment Corporation is at fault.

(Note11) Refers to a postdated sales agreement under which payment and property delivery shall be made at least one month after the conclusion of the agreement, or any other agreement similar thereto.

6. Summary of the Parties Involved in the Transaction

The seller of the assets to be acquired and the buyer of the assets to be transferred are both domestic special purpose companies (SPC). However, we are unable to disclose further details as we have not obtained their consent. Please note that this company is not a party with special interests in relation to ADR or IRM.

7. Status of seller

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

8. 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.

9. Summary of the brokerage

Not applicable.

10. Outlook

The impact of transaction on the earnings forecasts for 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.

11. Summary of Appraisal Report or Due Diligence Report

(1) Acquired Assets

Property name	RESIDIA Sakura-shimmachi
Appraisal Value	1,740,000 thousand yen
Appraiser	Japan Real Estate Institute
Appraisal date	as of July 1, 2026

(thousand yen)

Items	Value	Summary
Income Capitalization Approach Value	1,740,000	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))	1,760,000	
(1) Total Potential Income	79,681	
Total Potential Income	82,999	
Rental income	80,730	Based on the average rent under the current lease agreements, the projected market rent for new leases of the subject property, and the attributes of the existing tenants, the unit rent level that can be stably collected over the medium to long term after renovation work was assessed and applied.
Other income	2,269	Recorded income from motorcycle parking, renewal fees and telecommunications equipment electricity usage fees.
Losses from Vacancies, etc.	3,318	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	12,857	
Maintenance and Management Fees	2,800	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	650	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	1,921	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 condition survey report.
Property Manager Fees	1,550	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	2,667	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 a ctual results of previous years, were accounted for.
Taxes and Public Dues	2,871	Recorded based on tax and public dues related documents, etc.
Insurance Premium	86	Insurance premiums were accounted for, taking into consideration both the premiums stipulated by existing insurance contracts and the premium rates for comparable buildings.
Other Expenses	312	Recorded the internet communication charges, etc.
(3) Net Operating Income (NOI, (1)-(2))	66,824	
(4) Earnings from Deposits	27	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	3,439	The appraisal was made based on the assumption that the expected future expenditures would be accumulated on average each period, taking into account the level of Capital Expenditures of similar properties, Building Age, and the average annual amount of repair and renewal expenses in the engineering report, etc.
(6) Net Cash Flow DCF Price ((3)+(4)-(5))	63,412	
(7) Cap Rate	3.6%	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	1,720,000	
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	1,640,000	
Land ratio	93.4%	
Building Ratio	6.6%	
Other items considered by the appraiser in the appraisal		None

(2) Disposed Assets

Property name	RESIDIA Tenjinbashi
Appraisal value or survey price, etc	1,210,000 thousand yen
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Appraisal date	as of July 31, 2026

(thousand yen)

Items	Value	Summary
Income Capitalization Approach Value	1,210,000	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))	1,220,000	
(1) Total Potential Income	71,321	
Total Potential Income	75,543	
Rental income	68,288	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	7,254	Revenue from parking fees, key money (and similar payments), renewal fees, vending machine income and utility income was accounted for.
Losses from Vacancies, etc.	4,222	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	16,719	
Maintenance and Management Fees	2,677	The current contract amount has been determined to be appropriate and is included.
Utilities Costs	2,148	Recorded with reference to past years' results.
Repair Costs	2,958	Repair costs are projected based on the annual average amount stated in the Building Condition Survey Report. Additionally, tenant turnover costs are accounted for, considering the tenant turnover rate.
Property Manager Fees	2,041	Based on the current contract, an amount equivalent to 3.0% of the rental income and other related revenues is recorded.
Leasing Expenses	1,845	Based on the levels of comparable properties, an amount equivalent to 1.5 months' rent from new incoming tenants is projected.
Taxes and Public Dues	4,640	The assessment is made based on actual results, taking into consideration the level of burden.
Insurance Premium	108	Recorded based on the current actual amount.
Other Expense	300	Mat lease fees, etc., are assessed based on actual amounts.
(3) Net Operating Income (NOI, (1)-(2))	54,601	
(4) Earnings from Deposits	51	The operational yield is assessed based on a comprehensive consideration of the actual management of lump-sum payments, from both their operational and procurement aspects.
(5) Capital Expenditures	6,982	Renewal costs are accounted for based on the annual average amount stated in the Building Condition Survey Report.
(6) Net Cash Flow DCF Price ((3)+(4)-(5))	47,671	
(7) Cap Rate	3.9%	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	1,200,000	
Discount Rate	3.7%	Assessed based on discount rates related to transactions of similar real estate, comparisons with yields of other financial products, etc.
Terminal Cap Rate	4.1%	The assessment is made by taking into consideration the marketability and other factors of the subject property at the end of the holding period, in relation to the capitalization rate.
Cost Approach Value	1,150,000	
Land ratio	81.8%	
Building Ratio	18.2%	
Other items considered by the appraiser in the appraisal		None

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

Appendix 2. Map of the Asset-To-Be-Acquired: 2-30-14 Sakura-shimmachi, Setagaya-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/