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**For Immediate Release**

Advance Residence Investment Corporation  
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**Notice Concerning Acquisition of Investment Asset (RESIDIA Setagaya-Wakabayashi)**

AD Investment Management Co., Ltd. (ADIM), the asset management company to which Advance Residence Investment Corporation (ADR) entrusts the management of its assets announced its decision today to have ADR acquire an asset located in Japan (hereafter, the “Acquisition”) as detailed below as part of ADR's growth strategy.

**1. Details of the Acquisition**

ADIM 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.

Name of Asset-To-Be-Acquired <sup>(Note 1)</sup> (Asset type)	RESIDIA Setagaya-Wakabayashi (Beneficiary Interests in Trust)
Proposed Acquisition Price <sup>(Note 2)</sup> (Price / Appraisal ratio)	1,100 million yen (85.3%)
Real Estate Appraisal Value <sup>(Note 3)</sup>	1,290 million yen
NOI Yield <sup>(Note 4)</sup>	5.0%
Yield after Depreciation <sup>(Note 5)</sup>	4.0%
Building Age <sup>(Note 6)</sup>	24.1 years
Seller	Not disclosed
Scheduled Contract Date	March 29, 2022
Scheduled Acquisition Date	March 30, 2022 or a date to be separately agreed upon with the seller
Acquisition Financing (Payment Method)	Funds in hand (lump-sum payment on delivery)
Collateral	None

(Note 1) The name of the asset-to-be-acquired is scheduled to be changed after acquisition by ADR, and the name after the change is stated here.

(Note 2) “Proposed Acquisition Price” refers to the purchase price written in the transfer agreement of the beneficial interest in trust for the asset to-be-acquired and does not include various expenses needed for acquisition, such as taxes and public dues.

(Note 3) The appraisal date of the asset-to-be-acquired is as of February 1, 2022.

(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 / proposed acquisition price x 100. The calculated yield is rounded to the second decimal point. The appraisal figure for annualized NOI assumes that the exclusively owned area is to be renovated.

(Note 5) “Yield after Depreciation” 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) / proposed acquisition price x 100. The calculated yield is rounded to the second decimal point. As is the case with the existing portfolio of ADR, the depreciation cost of the asset to-be-acquired is calculated at the time of acquisition using the straight-line method under certain assumptions and estimated at 11,155,000 yen a year.

(Note 6) “Building Age” is the age of the building as of the date of this document and is rounded to the second decimal point.

A tough real estate market continues for buyers due to a limited new supply of high quality for-rental residential properties in good locations and the continuing elevated prices of centrally located properties in major cities which can attract a stable rental demand.

In this environment, ADR has decided to acquire a for-rental residential property in Setagaya-ku, Tokyo at an acquisition price equivalent to 85.3% of the appraisal value with a NOI yield of 5.0%.

On acquiring this property, ADR has highly rated the following attributes of the property:

- Demand is expected from singles and DINKs who commute to the center of Tokyo as the property has good access to transport facilities: the property is a four-minute walk from Wakabayashi Station on the Tokyu Setagaya Line, a 15-minute walk from Sangenjaya Station on the Tokyu Den-en-toshi Line, with Shibuya Station, a major terminal, being a four-minute ride <sup>(Note 7)</sup> from Sangenjaya Station.
- The area around Sangenjaya Station has many essential and convenient facilities as well as entertainment facilities.
- A further increase in the asset value is expected with the renovation of the property's exclusively owned area after acquisition.

(Note 7) Ride time when using express train

Wakabayashi Rikkyo

Wakabayashi Sta.

Nishi-taishido Sta.

Sangen-jaya Sta.

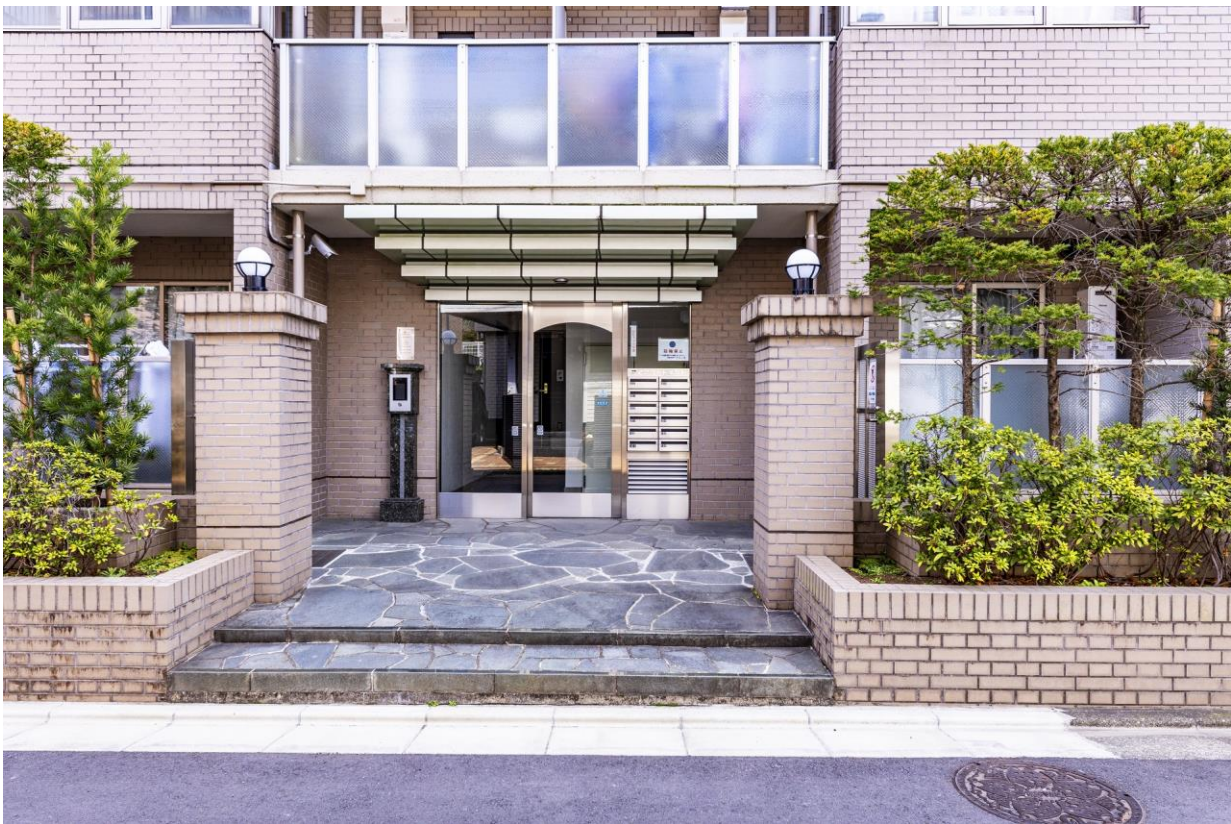
Kamiuma

The Asset To Be Acquired

f-map.jp [許諾番号 PL1504] komazawa-daigaku Sta. (C) INCREMENT CORPORATION



3. Photos of Asset-To-Be-Acquired



#### 4. Summary of Asset-To-Be Acquired

Property Number	T-181
Name of Asset-To-Be-Acquired	RESIDIA Setagaya-Wakabayashi
Address	3-7-13 Wakabayashi, Setagaya-ku, Tokyo
Land	
Type of Ownership	Proprietary ownership
Site Area	938.58m <sup>2</sup>
Zoning	Category I exclusive high and medium building residential zone
FAR / Building Coverage Ratio	200%/60%
Building	
Type of Ownership	Proprietary ownership
Total Floor Area	1,535.75m <sup>2</sup>
Structure / Floors	Reinforced concrete with flat roof / 3 floors
Use	Multi-family housing
Construction Completion Date	March 16, 1998
Building Inspector	Setagaya-ku
Building Designer	Total Housing K.K.
Structural Engineer	C&C Office LLC
Construction Contractor	Tokyo Branch, Kabuki Construction Co., Ltd.
Trustee	Sumitomo Mitsui Trust Banking Corporation (planned)
Trust Contract Period	From March 30, 2022 to March 31, 2032 (planned)
Property Manager	ITOCHU Urban Community Ltd.(planned)
Master Lessee	ITOCHU Urban Community Ltd. (planned)
Master Lease Type	Pass-through
Summary of Building Conditions Investigation Report	
Investigator	Tokio Marine dR Co., Ltd.
Investigation Date	February 7, 2022
Emergency Repair Costs	-
Short-term Repair Costs (within 1 year)	-
Long-term Repair Costs (next 12 years)	46,053 thousand yen
Building Replacement Price	367,000 thousand yen
Earthquake PML	9.7%
Lease Conditions	
Point in Time	As of February 28, 2022
Total Tenants	1
Leasable Units	42
Leased Units	40
Leasable Floor Area	1,239.26m <sup>2</sup>
Leased Floor Area	1,165.46m <sup>2</sup>
Occupancy Rate (based on floor area)	94.0%
Monthly Rent (including common service charges)	4,195 thousand yen
Deposits, Guarantees, etc.	4,262 thousand yen
Number of Units by Type	
Single	18
Compact	24
Family	0
Large	0
Dormitory	0
Other	0
Special Notation	
	None

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/financial/bukken/>)

## 5. Appraisal Report Summary

RESIDIA Setagaya-Wakabayashi

Price as of February 1, 2022

Appraiser	Japan Real Estate Institute		Appraisal Value	1,290,000 thousand yen
Appraisal Items		Appraisal Value (thousands of yen)	Basis	
Income Capitalization Approach Value		1,290,000	Income capitalization approach value was appraised using both the DCF method and direct capitalization method.	
	Direct Capitalization Price		1,310,000	
	Total Potential Income		70,511	
	Rent Income	67,213	Estimated the unit price levels of rents steadily receivable over the medium to long term, based on the average rent under existing lease agreements, as well as rent levels that assume the leasing of the target property after renovation.	
	Other Income	3,298	Recorded income such as key money and renewal fee income by estimating the annual average renewal rate and the average contract period.	
	Total Effective Income		67,339	
	Losses from Vacancies, etc.		3,172	Estimated steady levels of occupancy rates over the medium to long term based on the occupancy status and supply-demand trends of comparable properties as well as the occupancy status and future trends of the target property.
	Losses from Delinquencies		0	Recording this item was considered unnecessary given lessee situations.
	Expenses from Rental Business		12,197	
	Maintenance and Management Fees		2,636	Estimated by referring to historical figures and the levels of comparable properties and taking into account the uniqueness of the target property.
	Utilities Costs		550	Estimated by referring to historical figures and taking into account the levels of comparable properties and the uniqueness and other factors of the target property.
	Management Commission Fees		1,925	Estimated by referring to fees under planned contract terms and taking into account fees of comparable properties and the uniqueness and other factors of the target property.
	Taxes and Public Dues		2,608	Estimated based on documents concerning taxes and public dues.
	Non-life Insurance Premiums		88	Estimated by taking into account insurance premiums of insurance policies and insurance premiums of buildings comparable to the target building.
	Leasing Expenses		2,770	Renewal fees such as administrative fees and advertising fees required for attract new tenants are estimated by referring to contract terms and the lease terms of comparable properties and taking into account the annual average turnover rate and occupancy rate.
	Repair Costs		1,620	In addition to restoration costs based on the usual levels of such costs and the percentage to be borne by lessees, repair costs are estimated by taking into account historical figures, the levels of comparable properties, and the annual average of repair/renewal costs in the ER.
	Other Expenses		0	
	Net Operating Income		55,142	
	Earnings from Deposits		51	Estimated as the number of months of steady security deposits over the medium to long term, multiplied by the occupancy rate, and then multiplied by an estimated investment return of 1.0%.
	Capital Expenditures		2,687	Estimated by considering the level of capital expenditures of comparable properties, building age, the annual average repair/renewal expenses in the ER, and other factors.
Net Cash Flow DCF Price		52,506		
Cap Rate		4.0%	Estimated by adjusting the yield spread determined by location of the target asset, building specifications, and other conditions from the base yield for each area while also considering future uncertainties and actual cap rates in deals for comparable properties.	
DCF Price		1,260,000		
Discount Rate		3.4%	Estimated by comprehensively considering the uniqueness of the target property, with reference to investment returns for comparable properties.	
Terminal Cap Rate		3.7%	Estimated by considering potential increases in capital expenditures due to the building's deterioration with age as well as the impact of property market uncertainties and aging of the building on liquidity.	
Cost Approach Value		1,330,000		
Land Ratio		95.0%		
Building Ratio		5.0%		
Other Matters of Consideration				
None				

## 6. Seller Profile

The seller is a Japanese stock company. Its details are not disclosed based on the seller's wishes. The seller does not fall under a party that has a particular vested interest in ADR or ADIM.

## 7. Property Titleholder (for transactions with parties with special interest)

Omitted. Property is not acquired from parties with special interest.

## 8. Disclosures on ADIM's Vested Interest concerning the Asset-to-Be-Acquired

ADR is scheduled to sign a master lease agreement and delegate property management services regarding the assets-to-be acquired to ITOCHU Urban Community Ltd. (IUC). IUC is a related party of ADIM. Accordingly, the transaction approval procedures stipulated in ADIM's bylaws on "Rules Regarding Related Party Transaction" will be performed.

## 9. Matters Concerning Earthquake Resistance

The validity of structural calculation documents has been examined by a third-party inspector. ADR has obtained the inspection results stating that no intentional manipulations, falsifications, or other corruptions in the structural calculation document were found and that the structural calculation is deemed to have been performed in accordance with the law.

### Third-Party Inspector Profile

Trade Name	Tokio Marine dR Co., Ltd.
Head Office Location	1-5-1 Otemachi, Chiyoda-ku, Tokyo
Representative	Taizo Shimakura, President and Chief Executive Officer
Capital	100 million yen
Large Shareholder	Tokio Marine Holdings, Inc.
Principal Business	1. Examination, research, provision of information, diagnosis, consulting, seminars, publications, and training on safety, disaster prevention, health, environment, product safety, and information management, etc. 2. Contracting of corporate and other business and administration related to safety, disaster prevention, health, environment, product safety, and information management, etc. 3. Design, implementation, and supervision of construction work, civil engineering work, equipment installation, soil contamination removal work, etc. 4. Market data gathering and analysis, risk measurement, due diligence including corporate value calculation, etc.
Relationship with ADR or ADIM	None

## 10. Broker Profile

Broker Name	Chuo-Nittochi Solutions Co., Ltd.
Head Office Location	1-4-1 Kasumigaseki, Chiyoda-ku, Tokyo
Representative	Hiroshi Kisanuki, President and Representative Director
Capital	450 million yen
Brokerage Fee	Not disclosed according to the broker's wishes.
Relationship with ADR or ADIM	None

## 11. Outlook

The impact of this acquisition on the earnings forecast for the 24th fiscal period (from February 1 to July 31, 2022) and the 25th fiscal period (from August 1, 2022 to January 31, 2023), published in the Brief Summary of Kessan Tanshin (Financial Report) dated March 17, 2022, will be negligible, and no change will be made to the forecast.

### 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 to have a stable dividend in the long-term and can be considered as a defensive J-REIT, based on the stable income from residential assets and with the largest dividend reserve among J-REITs. ADR's website: <https://www.adr-reit.com>