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Determination of Sustainability Targets and KPIs and
Raising of Target Values to Achieve Carbon Neutrality by 2050

Advance Residence Investment Corporation (ADR) hereby announces that it determined targets and key performance indicators (KPIs) for all of the 10 important sustainability-related issues (materiality) in September 2022. The 10 items were identified in order to enhance the effectiveness of its initiatives to address materiality, which is a priority issue to be solved in promoting sustainability. Furthermore, regarding those concerning environmental performance, ADR raised its target values in an effort to achieve carbon neutrality by 2050.

1. Targets and KPIs for Materiality

ADR has identified a total of 10 material issues in the three categories of E (Environment), S (Society), and G (Governance). In order to enhance the effectiveness of solutions to the material issues thus identified, ADR set targets and KPIs for all three categories in September 2022. While working toward these targets, we will strive to achieve medium- to long-term growth.

With regard to the current targets concerning environmental performance (CO₂ emissions, energy consumption, waste production, and water consumption), we have raised their values as stated below in compliance with the Paris Agreement and the Japanese Government's 2050 Carbon Neutrality Declaration.

[Targets Concerning Environmental Performance]

Field	Targets and KPIs
CO ₂ emissions (GHG)	Scope 1 & 2: 51% reduction (total) by FY2030 (vs. FY2018) Net zero by FY2050 Scope 3: Identification of corresponding categories and scope determination and calculation
Energy consumption	20% reduction (intensity) by FY2030 (vs. FY2018)
Waste emissions	Recycling rate 65% (emissions related to construction of exclusive use areas)
Water consumption	Do not increase (common areas) by FY2030

(Previous targets CO₂ emissions and energy consumption: 1% reduction per year, 5% reduction by 5 years (intensity); waste emissions and water consumption: no increase)

Concerning CO₂ emissions (GHG), on top of the long-term target of achieving net zero emissions by FY2050, we now base our reduction targets on total volume rather than emissions intensity and set an interim target of reducing emissions by 51% (vs. FY2018) by FY2030. For Scope 3 emissions, which cover all indirect emissions other than Scope 1 and Scope 2 emissions in the supply chain (emissions by other organizations related to ADR's activities), we will determine the definitions of target substances for calculation to monitor such emissions. Through these initiatives, we will contribute to the realization of a sustainable and carbon-free society.

Please refer to the following website for details on materiality, targets and KPIs.

ADR targets and KPIs : <https://www.adr-reit.com/en/sustain/08>

2. Future Initiatives of the Investment Corporation and Asset Management Company

ADR and ITOCHU REIT Management Co., Ltd. (IRM) the asset management company to which ADR entrusts the management of its assets recognizes the importance of sustainability through environmental consideration, social contributions and improving its tenants' satisfaction to maintain and add value to ADR's assets in the medium to long-term. We will continue to promote these activities to further raise our unitholder's value going forward.

About Advance Residence Investment Corporation

Advance Residence Investment Corporation is the largest J-REIT specializing in residential properties and is managed by ITOCHU REIT Management Co., Ltd. (IRM), the asset management company of the ITOCHU Group, 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.

"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/>