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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 Real Estate in Japan (RESIDIA Yokohama Odori-Koen)

ITOCHU REIT Management Co., Ltd. (IRM), 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. Summary of the Acquisition

| | |
|--|---|
| Property Name ^(Note 1) (Type of asset) | RESIDIA Yokohama Odori-Koen (Real estate) |
| Acquisition Price ^(Note 2) (Price / Appraisal ratio) | 589 million yen (88.4%) |
| Appraisal Value ^(Note 3) | 667 million yen |
| NOI Yield ^(Note 4) | 4.2% |
| Yield after Depreciation ^(Note 5) | 3.3% |
| Building Age ^(Note 6) | 3.5years |
| Seller | SYLA Co., Ltd. |
| Broker Availability | Presence |
| Scheduled Contract Date | September 25, 2024 |
| Scheduled Acquisition Date | October 16, 2024 or a date to be separately agreed upon with the seller |
| Acquisition Financing (Payment Method) | 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. The name of the property as of today is “MAISON LE REVE KANNAI”.

(Note 2) “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 taxes and public dues.

(Note 3) “Appraisal Value” of the asset-to-be-acquired is as of August 1, 2024.

(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 / acquisition price x 100. The calculated yield is rounded at the second decimal point.

(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) / 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 4,757 thousand yen a year.

(Note 6) “Building Age” is the age of the building as of the date of this document 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”. The Building Age of the Asset-To-Be-Acquired is 3.5 years, which is much lower than the average Building Age of the entire portfolio of 17.2 years ^(Note7) as of the fiscal period ended July 31, 2024.

(Note 7) The Average Building Age for the entire portfolio is the weighted average Building Age of the properties in the portfolio, weighted by Acquisition Price and rounded to the second decimal place.

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

| | | | | | |
|---|--|---|-------------------------------|---------------------|-------|
| Property Name | | RESIDIA Yokohama Odori-Koen | | Property Number | S-038 |
| Type of asset | | Real estate | | | |
| Address | | 1-16-9, Eiraku-Cho, Minami-Ku, Yokohama City, Kanagawa Prefecture | | | |
| Land | Type of Ownership | Ownership | Zoning | Commercial district | |
| | Land Area | 166.96 m ² | FAR / Building Coverage Ratio | 400%/80% | |
| Building | Structure / Floors | Reinforced concrete structure with a flat-topped roof; 10 stories | | | |
| | Type of Ownership | Ownership | Use | Apartment | |
| | Total Floor Space | 721.93 m ² | Construction Completion Date | March 19, 2021 | |
| | Building Designer | Home Design, Inc, First-class Architect's Office. | | | |
| | Structural Engineer | Tanaka Construction Design Co., Ltd. | | | |
| | Construction Contractor | Home Design, Inc. | | | |
| | Building Certification Agency | Away Building Evaluation Network, Inc. | | | |
| | Building Inspection Agency | Away Building Evaluation Network, Inc. | | | |
| Collateral | None | | | | |
| Appraisal value | 667,000 thousand yen | Appraisal date | as of August, 1, 2024 | | |
| 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 August , 31, 2024 | | |
| Leasable Units | 19 | | | | |
| Leased Units | 18 | | | | |
| Leasable Floor Area | 658.23 m ² | Occupancy Rate (based on floor area) | 94.7% | | |
| Leased Area | 623.10 m ² | | | | |
| Total Monthly Rent | 2,558 thousand yen | | | | |
| Deposits, Guarantees, etc. | 1,894 thousand yen | | | | |
| Number of Units by Type (Excluding Operated Rental Residence) | Single | Compact | Family | Large | Other |
| | 1 | 18 | 0 | 0 | 0 |
| Number of Operated Rental Residence | 0 | | | | |

| | | | |
|--|---------------------------|---------------------------|-------------------|
| Features of the Property | | | |
| <ul style="list-style-type: none"> • This property is located just a 6 minute walk from Isezakichojamachi Station on the Yokohama Municipal Subway Blue Line, providing access to Yokohama Station in approximately 8 minutes, while also offering excellent connectivity to commercial hubs and major business districts. • The area around the nearest station, Isezakichojamachi Station, offers excellent living convenience, with restaurants, convenience stores, and supermarkets nearby." • This property features soundproof construction, allowing for musical instrument performances. As such, it is equipped with facilities that cater to the needs of individuals in the music industry and music students, offering an ideal environment. | | | |
| Special affairs | | | |
| None | | | |
| Summary of Building Conditions Investigation Report | | | |
| Investigator | Tokio Marine dR Co., Ltd. | Investigation Report Date | September 6, 2024 |
| Emergency Repair Costs | - | | |
| Short-term Repair Costs (within 1 year) | - | | |
| Long-term Repair Costs (within 12 years) | 8,213 thousand yen | | |
| Building Replacement Price | 201,000 thousand yen | | |
| Summary of Earthquake Risk Analysis | | | |
| Investigator | Tokio Marine dR Co., Ltd. | Investigation Report Date | September 6, 2024 |
| Probable Maximum Loss Ratio (PML) | 14.2% | | |
| Matters concerning Earthquake Resistance, etc. | | | |
| This property has been notified of the structural calculation conformity assessment by the designated structural calculation inspection institute in accordance (URABAN HOUSING EVALUATION CENTER) 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 | SYLA Co., Ltd. |
| Address | 7F Ebisu Prime Square, 1-1-39 Hiroo, Shibuya-ku, Tokyo |
| Representative | Yoshiyuki Yuto, President and CEO |
| Principal business | Real estate sales, condominium development, leasing, management and brokerage, real estate crowdfunding, general construction |
| Capital | 446 million yen (as of August 31, 2024) |
| Data of establishment | September 29, 2010 |
| Total assets | Non-disclosure |
| Total capital | Non-disclosure |
| Major shareholders and Shareholding ratio | SYLA Technologies Co., Ltd. (100%) |
| Relationship with ADR and IRM | |
| Capital relations | None |
| Personnel relations | None |
| Business relations | None |
| Related parties' status | None |

5. Status of the Seller

Omitted. Because this seller has no special interest in ADR or IRM.

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

Omitted. Because this broker has no special interest in ADR or IRM.

8. Outlook

The impact of this Acquisition on the earnings forecasts for the 29th fiscal period (from August 1, 2024 to January 31, 2025) and the 30th fiscal period (from February 1, 2025 to July 31, 2025) , published in the Brief Summary of Financial Results dated September 17, 2024, will be negligible, and no change will be made to the forecast.

9. Summary of the Appraisal Report

| | |
|-----------------|---------------------------------------|
| Property name | RESIDIA Yokohama Odori-Koen |
| Appraisal Value | 667,000 thousand yen |
| Appraiser | DAIWA REAL ESTATE APPRAISAL CO., LTD. |
| Appraisal date | as of August, 1, 2024 |

(thousand yen)

| Items | Value | Summary |
|--|---------|---|
| Income Capitalization Approach Value | 667,000 | Estimated the income value of the subject property by relating the income value obtained by the DCF method to the income value obtained by the direct capitalization method. |
| Direct Capitalization Price ((6)/(7)) | 684,000 | |
| (1) Total Potential Income | 31,495 | |
| Total Potential Income | 32,796 | |
| Rental income | 32,504 | 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 | 291 | Renewal fee income is recorded based on an assessment of the renewal rate, considering property management fees. |
| Losses from Vacancies, etc. | 1,300 | Vacancy loss is recorded after assessing the vacancy rate for rental income and common area maintenance (CAM) income, based on the actual vacancy rates of the subject property and the standard vacancy rates of similar properties, considering the competitiveness of the subject property. This assessment reflects a stable mid- to long-term vacancy rate deemed appropriate. |
| 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 | 6,998 | |
| Maintenance and Management Fees | 1,558 | 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 | 478 | The amount is recorded with reference to the actual results of past fiscal years and taking into consideration the level of similar properties and the individual characteristics of the subject property. |
| Repair Costs | 791 | Based on the building condition survey report, repair and maintenance costs were recorded after verifying them against the level of similar properties. Additionally, tenant replacement costs were assessed and recorded, considering the turnover rate and vacancy rate. |
| Property Manager Fees | 936 | 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 | 874 | 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 | 1,766 | Assumed tax amounts were recorded based on actual figures, considering the burden level. |
| Insurance Premium | 43 | The insurance estimate was deemed appropriate, and the amount was recorded after verifying it against the premium levels of similar properties. |
| Other Expenses | 550 | Town council fees, internet costs, and miscellaneous expenses are recorded based on assessed amounts according to actual expenditures. |
| (3) Net Operating Income (NOI, (1)-(2)) | 24,497 | |
| (4) Earnings from Deposits | 23 | 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 | 563 | Verification was conducted based on the level of renewal costs for similar properties, and a certain percentage of the building replacement cost was appraised and recorded accordingly. |
| (6) Net Cash Flow DCF Price ((3)+(4)-(5)) | 23,957 | |
| (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 | 659,000 | |
| 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 | 727,000 | |
| Land ratio | 71.8% | |
| Building Ratio | 28.2% | |
| Other items considered by the appraiser in the appraisal | | None |

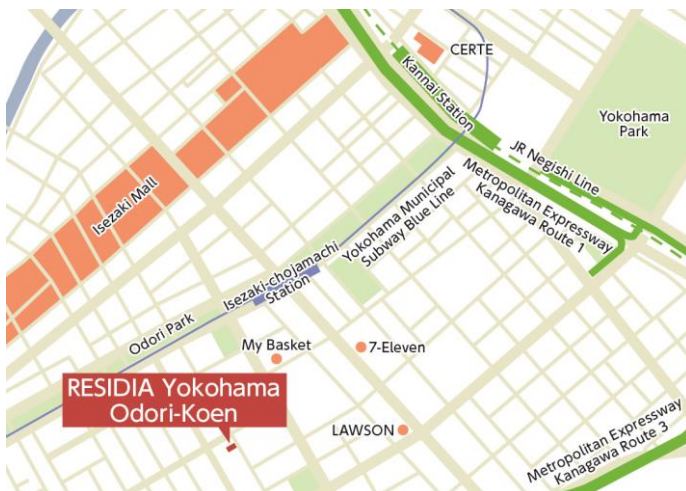
Appendix

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



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

1-16-9, Eiraku-Cho, Minami-Ku, Yokohama City, Kanagawa Prefecture



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 280 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 490 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/>