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Advance Residence Investment Corporation
Questions & Answers at the Presentation Meeting
Concerning the Results of the Fiscal Period Ended July 2025 (FP 07-2025)

Date & Time: From 14:00 to 14:28, Wednesday, September 17, 2025

Presenter: Isao Kudo,
Managing Executive Officer,
ITOCHU REIT Management Co., Ltd.

Q1. Do you consider the Living Room Remodeling's impact temporary? If it's considered long-term, are you contemplating changes to the distribution framework, such as incorporating extra drawdowns from the reserve fund into fixed distributions?

A1. The Living Room Remodeling is planned to be implemented over approximately 13 years, and while its impact is temporary, it will still require a significant period. Furthermore, we will consider reviewing the phrasing/approach concerning the distribution framework in the future, for example, whether to integrate extra drawdowns from the reserve fund into fixed-amount distributions.

Q2. What is the background behind adding overseas real estate as a new investment target?

A2. The price of real estate in Japan continues to be elevated, with this trend anticipated to persist. Against this market backdrop, we aim to expand our growth opportunities through the diversification of our investment targets.

Q3. Regarding the rising Replacement Rent Increase rate, is it attributable to invigorated corporate demand, or rather to the replacement of tenants who secured leases during a period of market downturn?

A3. While it might be presumed that our company policy involves actively pursuing rent increases, we consider the primary factor to be the rising wages of tenants in the areas where our properties are located.

Q4. Regarding the overseas real estate rental market, what are the differences and similarities compared to real estate in Japan?

A4. Stable demand is anticipated given the projected population growth relative to Japan. The sponsor's primary investment areas are situated within the robustly demanded Sun Belt region, from which future rental growth can be expected.

Q5. What is the strategy for property sale amounts going forward?

A5. An acceleration in the pace of property disposals is not our primary objective. Instead, our policy is to adapt flexibly, considering both the scale of assets for replacement and the prevailing market environment. Crucially, we will not proceed with dispositions on a scale where the ensuing reduction in revenue would surpass the EPU growth achieved through our internal operations.

Q6. Considering your strategy to pursue rent increases at the risk of a lower occupancy rate, has this approach led to an increase in rental income? Should such an increase not have materialized recently, what are the mid-to-long-term prospects?

A6. Our projected occupancy rate is planned at 95.8%, which is slightly lower than the previous period. However, by achieving a turnover rent growth of over +10% for Restoration Units, we expect to achieve an annual EPU growth of 1% or more through internal operations. We do not intend to continuously lower the occupancy rate; instead, we will manage it with a target in the upper 95% range going forward.

Q7. What are your projections for the tenant Replacement Rent Increase and Renewal Rent Increase in your earnings forecast?

A7. Our plans for FP1-26 and FP7-26 are formulated based on the assumption of a Replacement Rent Increase of +10-13% for Restoration Units, and a Renewal Rent Increase of +3.0-3.5%.

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