Advance Residence Investment Corporation

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For Immediate Release

Real Estate Investment Trust Securities Issuer:
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(Securities Code : 3269)
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Notice Concerning Acquisition of Real Estate in Japan (RESIDIA Sakaisuji-Hommachi)

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 Sakaisuji-Hommachi (Real estate) (Note 2)
Acquisition Price (Note 3) (Price / Appraisal ratio)	710 million yen (89.3%)
Appraisal Value (Note 4)	795 million yen
NOI Yield (Note 5)	4.5%
Yield after Depreciation (Note 6)	3.7%
Building Age (Note 7)	10.7 years
Seller	Not disclosed
Broker Availability	Applicable
Scheduled Contract Date	November 25, 2025
Scheduled Acquisition Date	December 10, 2025 or a date to be separately agreed upon with the seller
Acquisition Financing (Payment Method)	Borrowings and 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 "Prime Tree Uchikyuhoji".

(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) "Acquisition Price" is the amount stated in the real estate transaction contract for the acquired asset (excluding various expenses required for acquisition (brokerage fees, taxes and public dues, etc.)).

(Note 4) "Appraisal Value" of the asset-to-be-acquired is as of October 1, 2025.

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

(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) / 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 5,352 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. 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".

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

Property Name		RESIDIA Sakaisuji-Hommachi	Property Number	R-089
Type of asset		Real estate		
Address		4-4-12 Uchikyuhojimachi, Chuo-ku, Osaka City, Osaka		
Land	Type of Ownership	Ownership	Zoning	Commercial Districts
	Land Area	155.23 ㎡	FAR / Building Coverage Ratio	800%/80%
Building	Structure / Floors	Reinforced concrete structure with a flat roof, 11 stories		
	Type of Ownership	Ownership	Use	Apartment, store
	Total Floor Space	1,085.23 ㎡	Construction Completion Date	April 2015
	Building Designer	Kreis First-Class Architects Office		
	Structural Engineer	Do Structural Design Office		
	Construction Contractor	Fujii Komuten Co., Ltd.		
	Building Certification Agency	Giken Co., Ltd.		
	Building Inspection Agency	Giken Co., Ltd.		
Collateral		None		
Appraisal value		795,000 thousand yen	Appraisal date	as of October 1, 2025
Appraiser		JLL Morii Valuation & Advisory K.K.		
Property Management Company		Haseko Livenet Co., Ltd. (planned)		
Master Lessee		Haseko Livenet Co., Ltd. (planned)	Master Lease type	Pass-through
Lease Conditions				
	Total Tenants	1	Point in Time	As of October 31, 2025
	Leasable Units	26		
	Leased Units	26		
	Leasable Floor Area	965.60 ㎡	Occupancy Rate (based on floor area)	100.0%
	Leased Area	965.60 ㎡		
	Total Monthly Rent	3,021 thousand yen		
	Deposits, Guarantees, etc.	242 thousand yen		

Number of Units by Type (Excluding Operated Rental Residence)	Single	Compact	Family	Large	Other
	0	25	0	0	1
Number of Operated Rental Residence	0				

Features of the Property
・The property is located approximately a 6-minute walk from Matsuyamachi Station on the Osaka Metro Nagahori Tsurumi-ryokuchi Line, an 8-minute walk from Sakaisuji-Hommachi Station on the Osaka Metro Chuo and Sakaisuji Lines, and a 10-minute walk from Tanimachi 4-chome Station on the Osaka Metro Chuo and Tanimachi Lines, offering excellent access to multiple subway lines. ・The surrounding area features several supermarkets and convenience stores, providing a highly convenient living environment for daily life.

Special affairs
None

Summary of Building Conditions Investigation Report			
Investigator	Tokio Marine dR Co., Ltd.	Investigation Report Date	November 5, 2025
Emergency Repair Costs	-		
Short-term Repair Costs (within 1 year)	-		
Long-term Repair Costs (within 12 years)	29,042 thousand yen		
Building Replacement Price	329,000 thousand yen		

Summary of Earthquake Risk Analysis			
Investigator	Tokio Marine dR Co., Ltd.	Investigation Report Date	November 5, 2025
Probable Maximum Loss Ratio（PML）	8.7%		

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 (General Building Research Corporation of Japan) 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

The seller of the assets to be acquired is a domestic special purpose company (SPC). However, we are unable to disclose further details as we have not obtained consent from the seller. Please note that this company is not a party with special interests in relation to our investment corporation or our asset management company.

5. Summary of the brokerage

The brokerage is not considered a party with a special interest in ADR or IRM; therefore, the disclosure is omitted.

6. Outlook

The impact of this Acquisition on the earnings forecasts for the 31st fiscal period (from August 1, 2025 to January 31, 2026) and the 32nd fiscal period (from February 1, 2026 to July 31, 2026), published in the Brief Summary of Financial Results dated September 16, 2025, will be negligible, and no change will be made to the forecast.

7. Summary of the Appraisal Report

Property name	RESIDIA Sakaisuji-Hommachi
Appraisal Value	795,000 thousand yen
Appraiser	JLL Morii Valuation & Advisory K.K.
Appraisal date	as of October 1, 2025

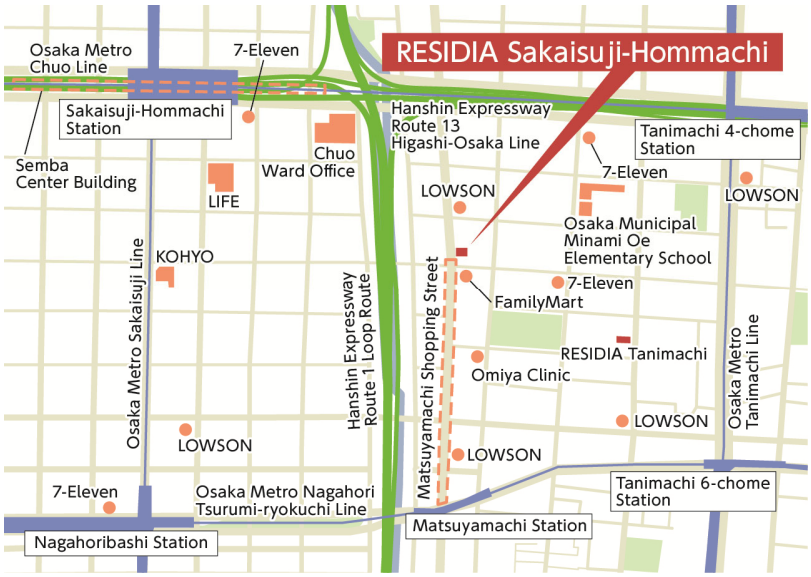
(thousand yen)

Items	Value	Summary
Income Capitalization Approach Value	795,000	The income value is estimated by prioritizing the price derived from the DCF method while also considering the price from the direct capitalization method for comparison.
Direct Capitalization Price ((6)/(7))	831,000	
(1) Total Potential Income	39,661	
Total Potential Income	41,246	
Rental income	39,779	Rental income is assessed based on current conditions and expected mid-to-long-term stability.
Other income	1,467	The actual performance is deemed reasonable and recorded accordingly.
Losses from Vacancies, etc.	1,585	The assessment considers standard vacancy rates, supply-demand balance, and the unique characteristics of the subject property.
Losses from Delinquencies	0	Amounts secured by deposits and similar instruments are excluded from calculations.
(2) Expenses from rental business	8,053	
Maintenance and Management Fees	1,584	Assessed with reference to the levels of comparable properties and actual performance.
Utilities Costs	421	Assessed with reference to the levels of comparable properties and actual performance.
Repair Costs	1,205	Restoration costs are determined by considering comparable properties, actual costs, and turnover rates. Additionally, repair and renewal costs are assessed based on the annual average amount stated in the engineering report.
Property Manager Fees	747	The proposed contract terms are evaluated with reference to the levels of comparable properties and are adopted as appropriate.
Leasing Expenses	1,200	Tenant replacement costs are assessed based on regional practices and the turnover rate of the subject property.
Taxes and Public Dues	2,101	Land: Assessed based on actual performance, with consideration of land price trends and fluctuation rates. Building: Evaluated using actual performance as a basis, factoring in age-related depreciation and reference to age-based depreciation adjustment rates. Depreciable assets: Assessed with consideration of age-related depreciation.
Insurance Premium	74	Insurance premiums are recorded based on reasonable judgments derived from the insurance contract.
Renewal fee	441	Turnover rates are considered in the assessment.
Other Expenses	280	A contingency reserve and internet-related expenses are recorded.
(3) Net Operating Income (NOI, (1)-(2))	31,608	
(4) Earnings from Deposits	2	The valuation of security deposits is determined by deducting the amount corresponding to vacant units from the total deposit amount under full occupancy, then applying a specified yield.
(5) Capital Expenditures	1,694	Repair and renewal costs are recorded based on the annual average amount stated in the engineering report.
(6) Net Cash Flow DCF Price ((3)+(4)-(5))	29,916	
(7) Cap Rate	3.6%	The discount rate is determined by incorporating the risks associated with income and capital fluctuations.
DCF price	780,000	
Discount Rate	3.4%	The base cap rate is assessed comprehensively, considering market trends and risk factors related to the regional and unique characteristics of the subject property.
Terminal Cap Rate	3.8%	The terminal cap rate is determined by incorporating uncertainties in future net income fluctuations, building deterioration, and disposition risks, while considering the spread relative to the capitalization rate.
Cost Approach Value	650,000	
Land ratio	76.1%	
Building Ratio	23.9%	
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: 4-4-12 Uchikyuhojimachi, Chuo-ku, Osaka City, Osaka



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 reserve 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/