

Advance Residence Investment Corporation

26th Financial Results Summary

Fiscal period ending July 31, 2023 (February 1, 2023 - July 31, 2023)



Table of Contents

01 Financial Highlights

FP 07-2023 Financial Highlights	4
FP 07-2023 Financial Results	5
Distribution Details for FP 07-2023	6

02 Asset Acquisitions and Sales

Asset Acquisitions and Sales	8
Real estate acquisition status	9

03 Asset Management

Trends in Internal Management Indicators	11
Trends in Amount of Rent Change	12
Rental Market Overview	13
Rent and Revenue Trends	14

04 Individual Apartment Unit Renovation Works

New Initiatives for Reinforcement of the Revenue Base, etc.	16
Distribution Strategy for Realization of Stable Distributions	17
Individual Apartment Unit Renovation Works Planning Results	18
Example of Individual Apartment Unit Renovation Works	19

05 Finance

Finance	21
Long-term Stable Financial Structure	22

06 Sustainability

External Sustainability Evaluation	24
Sustainability Initiatives	25
Triennial Resident Survey	26

07 Outline of Public Offering

Offering Highlights	28
Asset-to-be-Acquired	29
Initiatives to Build a Stable Portfolio	30
Sponsor Pipeline (After acquisition of asset-to-be-acquired)	31

08 Earnings Guidance

Earnings Guidance	33
Change in Dividend Per Unit	34
Effects of Public Offering	35

Financial Highlights



FP 07-2023 Financial Highlights

Net income **+945** mn yen (+13.5%) from forecast

Net Income Per Unit EPU **5,732** yen Change from forecast +683 yen +13.5%

Dividend Per Unit DPU **5,850** yen Change from forecast +80 yen +1.4%

FFO per unit	7,557 yen	Change from previous FP	-0.5%
NAV per unit	348,536 yen	Change from previous FP	+0.4%
(Excluding reserve for temporary difference adjustment)	(327,473 yen)		
Unrealized gains	260 billion yen	Unrealized profit ratio	59.2%

Asset acquisitions and sales

Selected acquisitions
Gain on sales 840 million yen

	Number of properties	Amount transacted*1	NOI Yield*2
Acquisitions	1 property	1.9 billion yen	4.5%
Sales	2 assets	2.5 billion yen	2.8%

Investment management

Maintain high Occupancy rate
Replacement Rent Increases

	FP under review	compared to previous FP
Average Occupancy rate during the period	96.5%	-0.0pt.
Replacement Rent Increase*3	+4.0%	+1.5pt.
Renewal Rent Increase*3	+0.8%	-0.2pt.

Finance

Reduction of Interest Rate Payment

	Repayment	Procurement
Total	10.7 billion yen	12.7 billion yen
Avg. Interest Rate	1.04%	0.72%
Avg. Initial Duration	8.5 years	6.5 years

Renovation works

Exceed expectations
Replacement Rent Increase

	FP under review
Number of units constructed	100 units
Number of units contracted	66 units
Replacement Rent Increase*4	+19.5%

*1 "Acquisition Price" is the total Acquisition Price and "Disposition Price" is the total Disposition Price. Disposition Price is calculated based on the quasi co-ownership interest of 49% in RESIDIA Azabudai.

*2 Acquired properties are calculated by dividing the annual NOI in the appraisal report by the Acquisition Price. Disposition Price is calculated by dividing the NOI annual average of the actual results for the fiscal period from July 2020 to January 2023 by the Disposition Price.

*3 The figures are for units with pass-through contracts that were newly contracted or renewed during the period.

*4 The figure is the average rent rise from the Previous rent before individual apartment unit renovation works to the first contracted monthly rent after the individual apartment unit renovation works, for 66 contracted units out of 100 units for which the individual apartment unit renovation works were conducted in FP 07-2023.

FP 07-2023 Financial Results

March 16, 2023		FP 07-2023	Main Differences				FP 01-2023
million yen	(1) FP under review Forecast	(2) FP under review Result	(2)-(1)	investment management	Asset transactions		Previous FP
Operating revenue	17,644 (based on 278 properties* ¹) Average Occupancy rate during the period 96.4%	18,523 (based on 277 properties* ¹) Average Occupancy rate during the period 96.5%	+879	▶ Impact on existing properties (excluding renovations* ²) Increase in rental revenue +35 Increase in Key Money and Renewal Fee Revenues +5 Increase in other income and other revenues +7 ▶ Impact of individual apartment unit renovation works Increase in rental revenue +6	Gain on sales +840 Contribution of properties bought and sold under review -16		17,868 (based on 277 properties* ¹) Average Occupancy rate during the period 96.6%
Operating income	7,879 (NOI 13,286) (Depreciation 3,392) (Property tax 931)	8,800 (NOI 13,319) (Depreciation 3,368) (Property tax 935)	+920 (NOI +32)	▶ Impact on existing properties (excluding renovations) Increase in rental management expenses, etc. -5 Decrease in advertising expenses +29 Increase in repair expenses -35 Decrease in depreciation +10 Decrease in general and administrative expenses +9 Increase in other expenses -16 ▶ Impact of individual apartment unit renovation works Decrease in repair expenses +17 Decrease in depreciation +10	Decrease in rental expenses, etc. +3 Decrease in depreciation +1 Decrease in general and administrative expenses +15		8,950 (NOI 13,307) (Depreciation 2,957) (Property tax 921)
Ordinary income	6,994	7,939	+945	Decrease in financial expenses, etc. +18 Increase in non-operating revenue +3			8,074
Net income	6,994	7,939	+945				8,074
Earnings Per Unit	5,049 yen	5,732 yen (Excluding Gain on sales 5,125 yen)	+683 yen (+76yen)	+72 yen	+610 yen		5,829 yen (Excluding Gain on sales 5,460 yen)
Retained earnings/unit	-	-606yen	-606yen	Gain on sales generated FP under review 840 million yen (606 yen/unit) All Retained earnings			-369yen
Distributions from Retained earnings/unit	137yen	175yen	+38yen	Retained earnings of 680 million yen after the previous FP distribution, of which 240 million yen (175 yen/unit) was distributed Retained earnings after distribution 1.28 billion yen (924 yen/unit)			137yen
Reversal of reserve/unit (Fixed-amount reversal)	242yen	242yen	-	Reserves* ³ Balance 28.4 billion yen			242yen
Reversal of reserve/unit (Additional reversal)	340yen	306yen	-34yen				
Dividend per unit	5,770 yen	5,850 yen	+80 yen	Number of investment units issued and outstanding at end of period 1,385,000 units			5,840 yen
LTV (Total assets base)	49.6%	49.5%					49.3%

*1 The number of properties as of the end of the period.

*2 "Renovations" refers to individual apartment unit renovation works. The same applies thereafter.

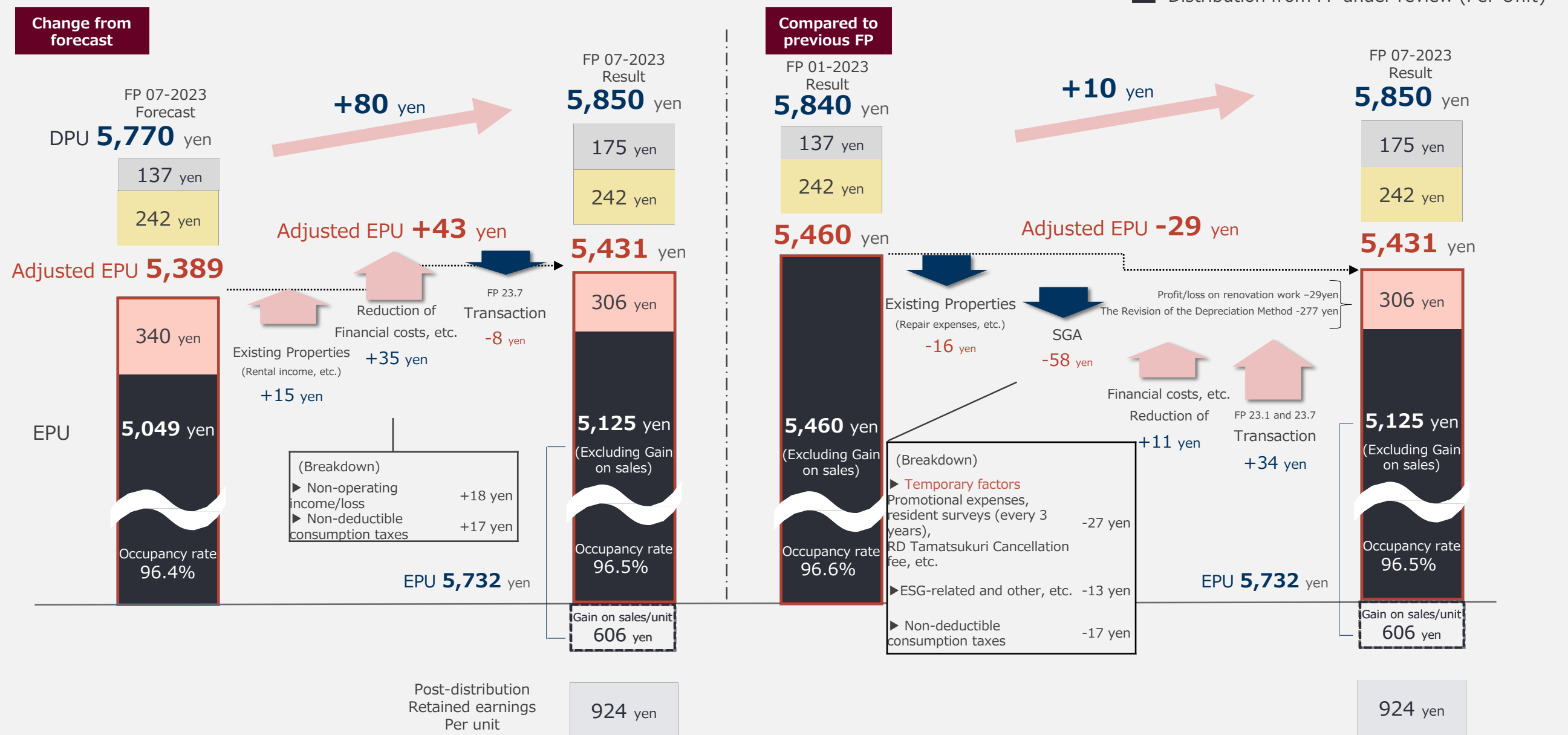
*3 "Reserve" refers to the Reserve for temporary difference adjustments and shows the balance after reversal in connection with the distribution under review.

DPU Details for FP 07-2023

Factors affecting dividend per unit

Realization of sustainable increasing distributions

DPU 5,850 yen (+80 yen from forecast)



*1 "Reserve" refers to the Reserve for temporary difference adjustments.

*2 Reserve for additional reversal from Reserve for temporary difference adjustments for negative operating income due to individual apartment unit renovation works and The Revision of the Depreciation Method.

Assets Acquisitons and Sales



Asset Acquisitions and Sales

Acquired **1** property (**1,920** mn yen) and sold **2** properties (**2,530** mn yen) in FP 07-2023
Gain on sales of **840** mn yen

Acquired Asset

RESIDIA Tamatsukuri



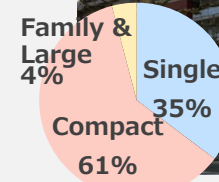
Located a 7-minute walk from Tamatsukuri Station on JR West Osaka Loop Line, the property has access to Tamatsukuri Station on Osaka Metro Nagahori Tsurumi-ryokuchi Line and Imazato Station on Osaka Metro Sennichimae Line and Imazatosuji Line. All units are 2LDK type, which are scarce, and solid family demand is expected.

Family & Large
100% *3

Location	Higashinari-ku, Osaka City, Osaka
Acquisition Date	February 1, 2023 (FP 07-2023)
Acquisition Price	1,920 mn yen
Appraisal Value	2,060 mn yen
NOI Yield*1	4.5%
Building Age*2	7.9 years

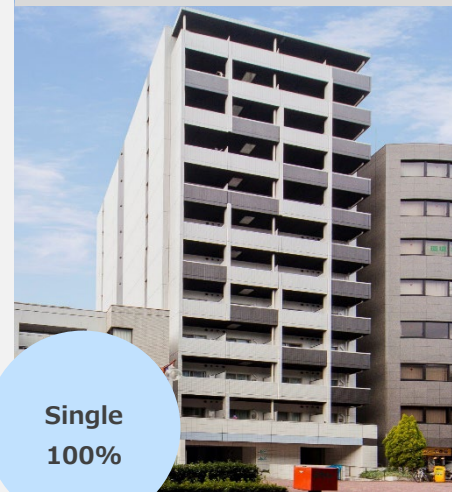
Sold Asset

RESIDIA Azabudai



	49% Quasi co-ownership	51% Quasi co-ownership
Date of Sale	July 3, 2023 (FP 07-2023)	August 1, 2023 (FP 01-2024)
Disposition Price	1,611 mn yen (49% quasi co-ownership)	1,676 mn yen (51% quasi co-ownership)
Gain (loss) on sale*4	838 mn yen	871 mn yen (Estimated)
NOI Yield*5 <small>Based on Disposition Price (Based on Acquisition Price)</small>		2.4% (4.9%)
Building Age	-	17.4 years

RESIDA Sakae



Single
100%

Date of Sale	April 28, 2023 (FP 07-2023)
Disposition Price	919 mn yen
Gain (loss) on sale	2 mn yen
NOI Yield <small>Based on Disposition Price (Based on Acquisition Price)</small>	4.1% (4.4%)
Building Age	15.4 years

*1 Information based on Acquisition Price based on the annual NOI in the appraisal report at the time of acquisition.

*2 Building Age as of the acquisition/sale settlement date.

*3 Calculated on the basis of leasable area and only for residential units.

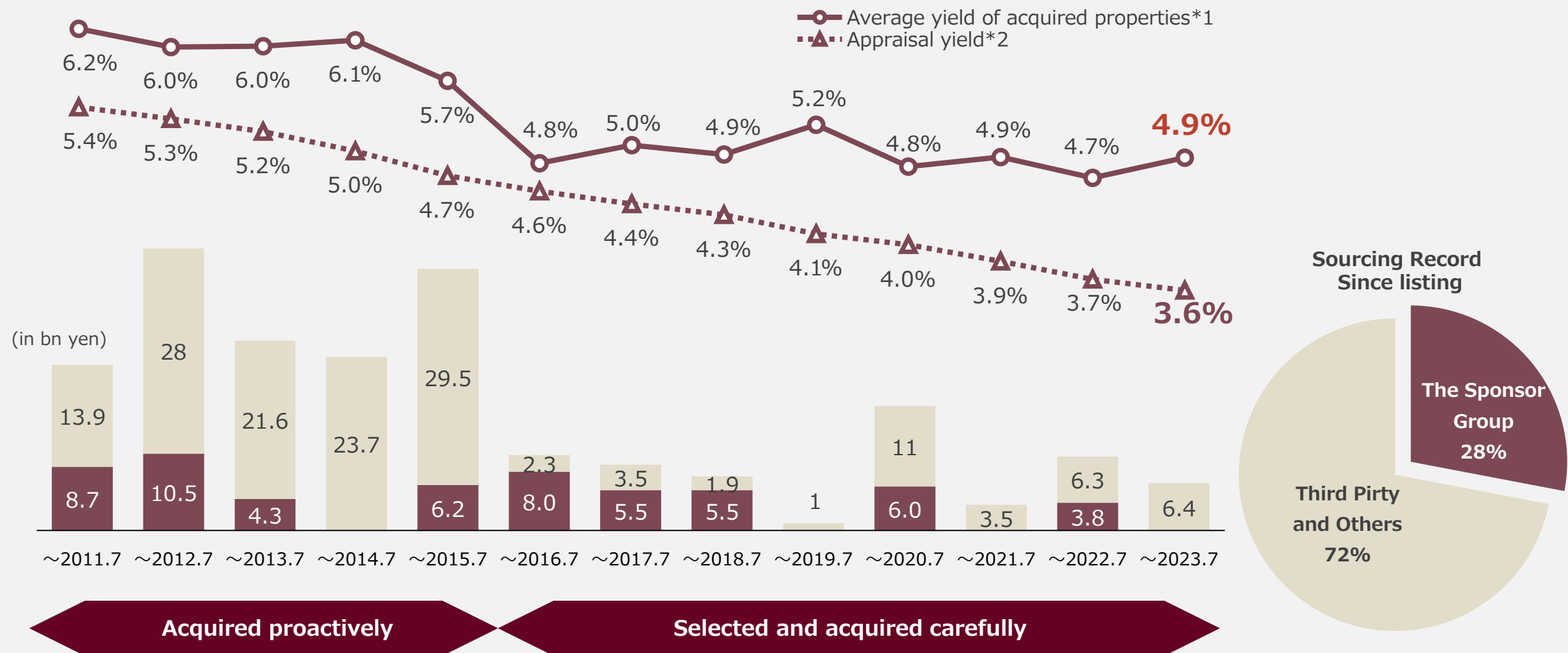
*4 Gain on sales is stated after deduction of various expenses.

*5 Calculated based on the actual NOI annual average for the period from July 2020 to January 2023.

Real Estate Acquisition Status

Real estate prices remain high; acquisitions selective

Sourcing Track Record



*1 Average yield of acquired properties: Based on NOI listed on the appraisal report at the time of acquisition of each property ÷ acquisition price

*2 Appraisal yields for the entire portfolio as of July 31 of each year.

Asset Management

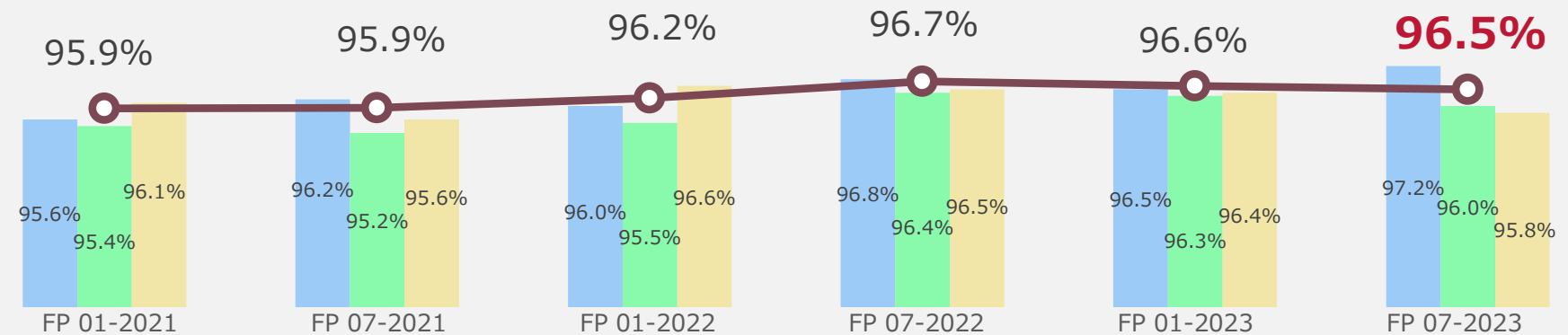


Changes in Internal Management Indicators

Occupancy Rate

○ Period Average Occupancy rate
96.5% (0.0pt. from previous FP)

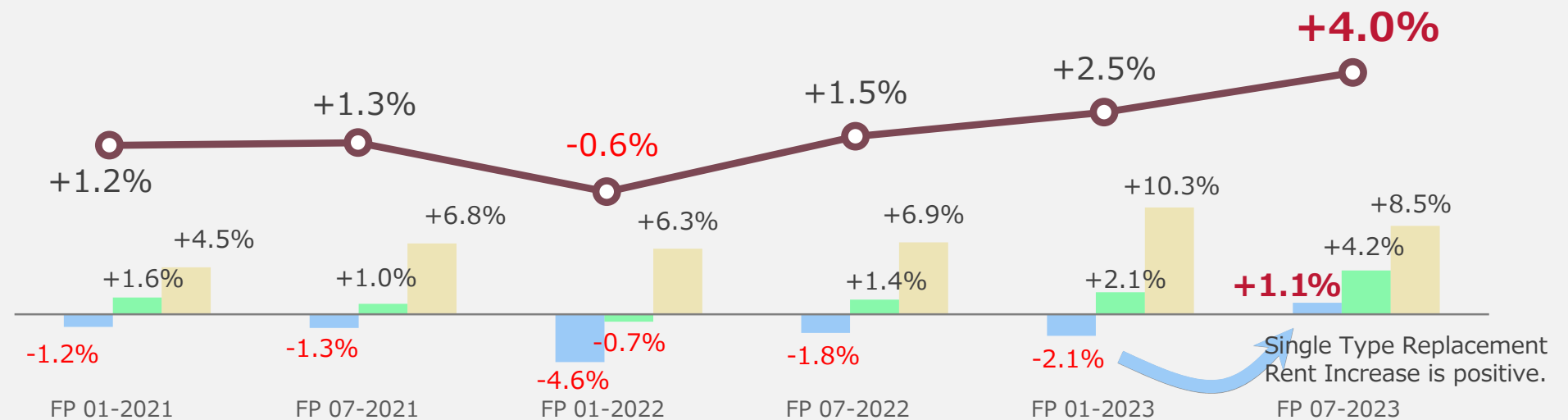
■ S: Single
■ C: Compact
■ F&L: Family & Large



Replacement Rent Increase^{*1}

○ Period Average Replacement Rent Increase
+4.0% (+1.5 pt. from previous FP)

Type ■ S ■ C ■ F&L
+1.1% **+4.2%** **+8.5%**
(from previous FP) **+3.2pt.** **+2.1pt.** **-1.7pt.**

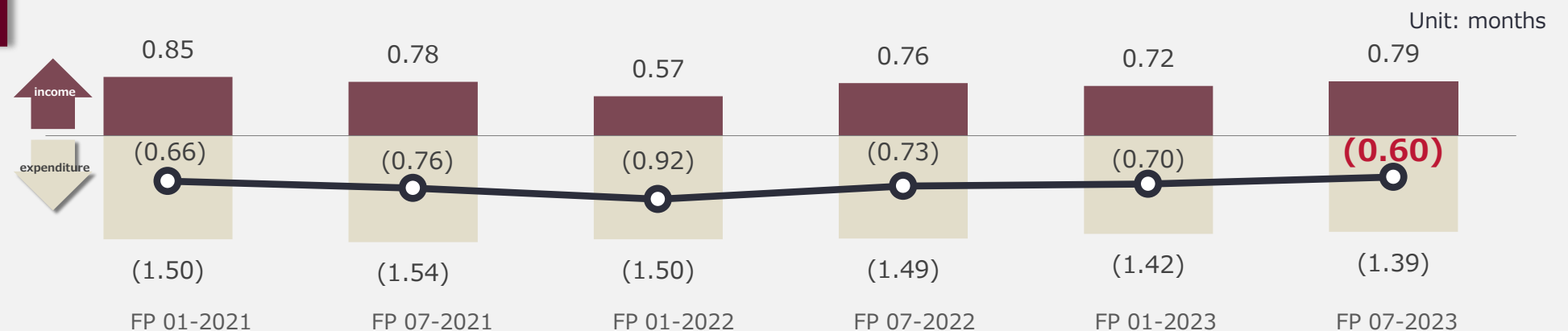


Key Money & Leasing Expenses^{*2}

■ Key Money
0.79 months
(+0.08 months from previous FP)

■ Leasing Expenses
1.39 months
(-0.03 months from previous FP)

● Leasing Expenses - Key Money
0.60 months
(-0.10 months from previous FP)



*1 Rent change for pass-through units that went through replacement during the period.

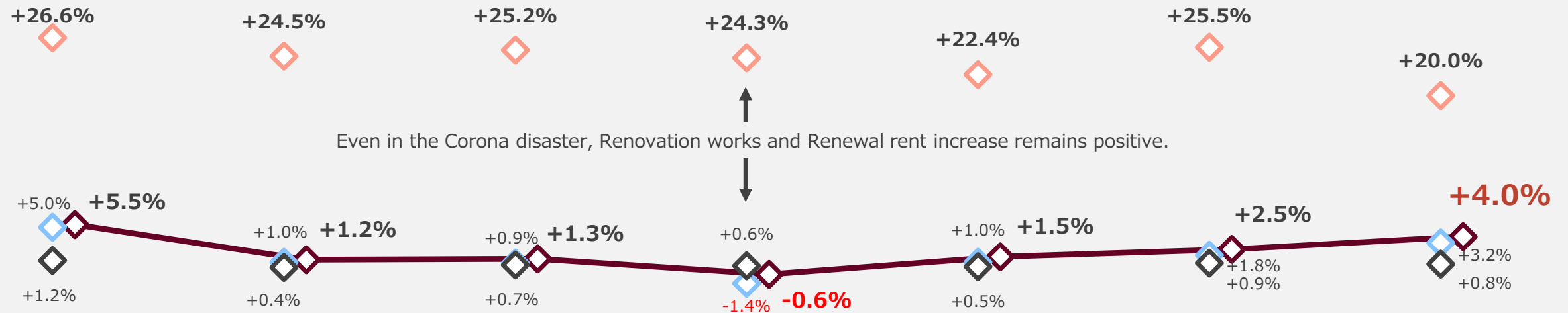
*2 Calculations are based on dwelling units only.

Trends in Amount of Rent Change

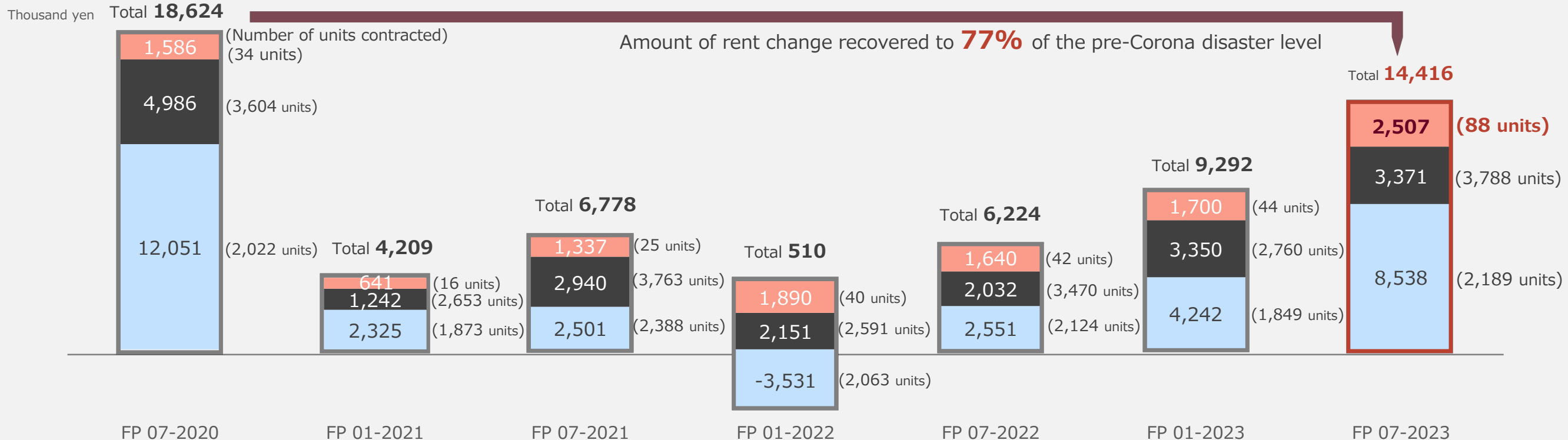
Steady increase in amount of rent change,
a constant positive factor for earnings

- ◆ Replacement unit
- ◆ Replacement unit (Restoration work)
- ◆ Replacement unit (Renovation work)
- ◆ Renewal unit

Rent Increase*1



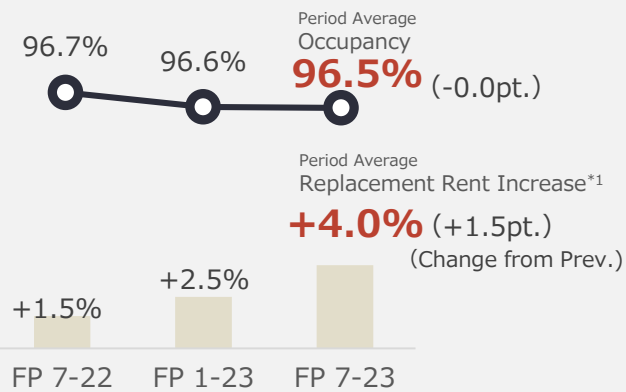
Amount of Rent Change*1



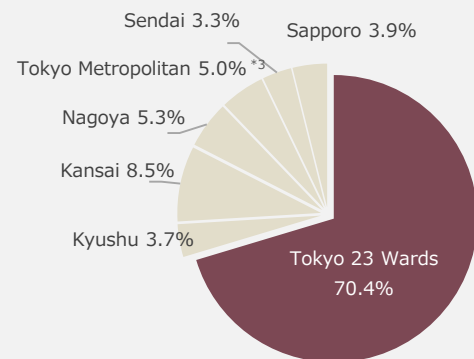
*1 The figures are for units with pass-through contracts that were newly contracted or renewed during the period.

Rental Market Overview

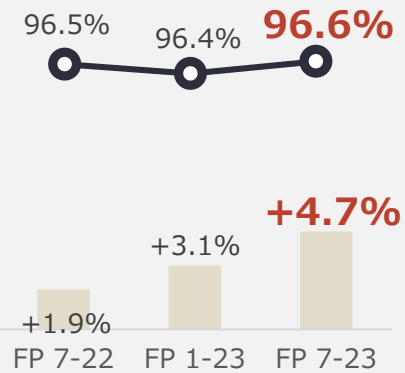
Entire Portfolio



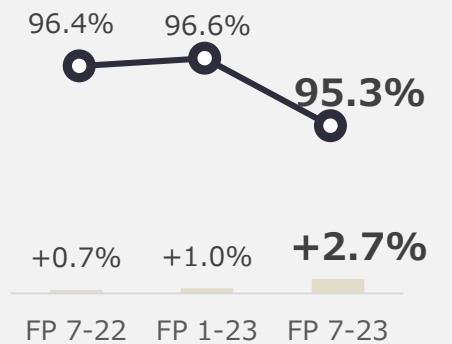
Contract Share*2 (based on previous rent)



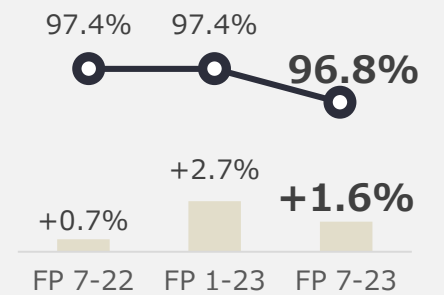
Tokyo 23 Wards



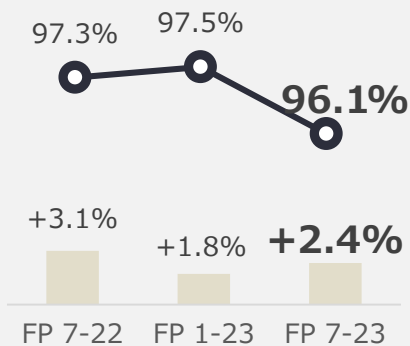
Sapporo



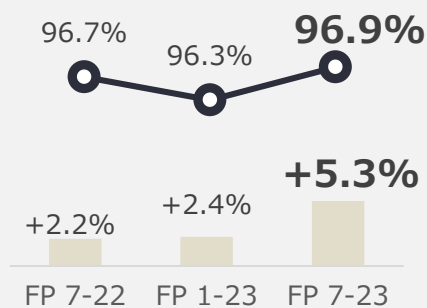
Sendai



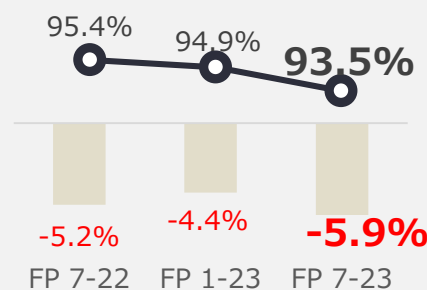
Kyushu



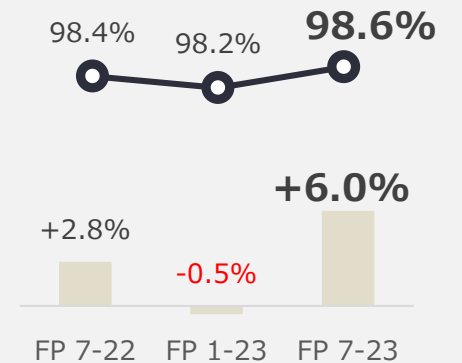
Kansai*4



Nagoya



Tokyo Metropolitan



*1 Rent change for pass-through units that went through replacement during the period.

*2 Based on previous rent of replacement units in pass-through units, excluding the leasing of whole buildings

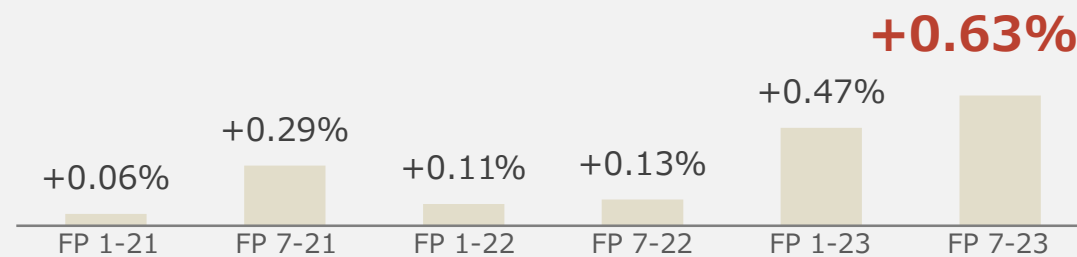
*3 "Tokyo Metropolitan" refers to Tokyo excluding the 23 wards of Tokyo, Kanagawa, Saitama and Chiba prefectures,. The same applies hereafter.

*4 "Kansai" includes properties in Hiroshima and Okayama prefectures.

Rent and Revenue Trends

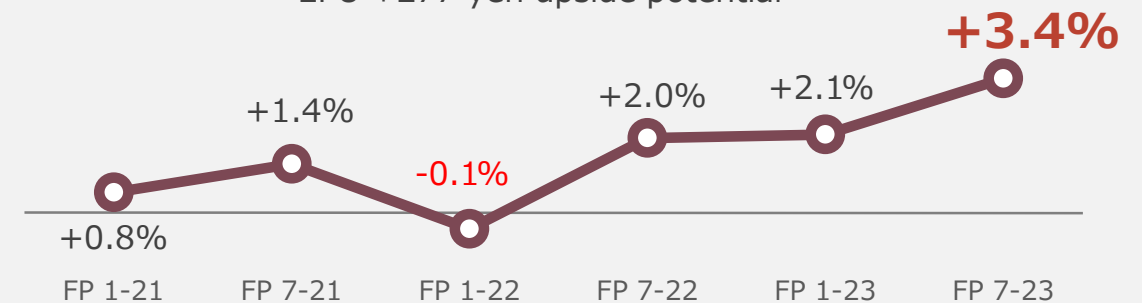
Change in portfolio rent per tsubo*1

Achieved rent increase for **18** consecutive periods

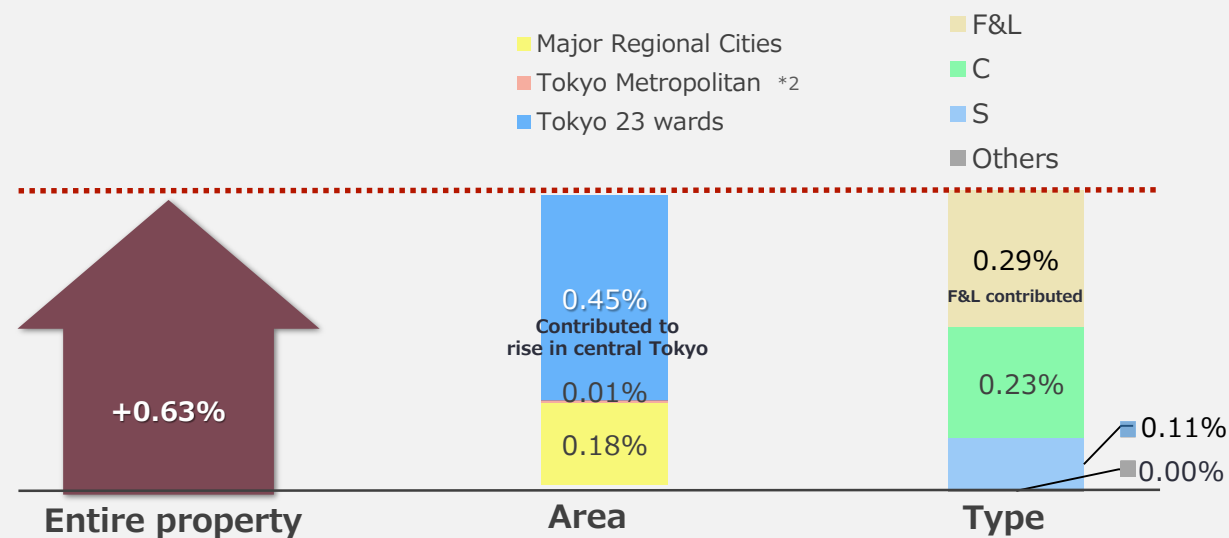


Portfolio Rent Increase Potential*3

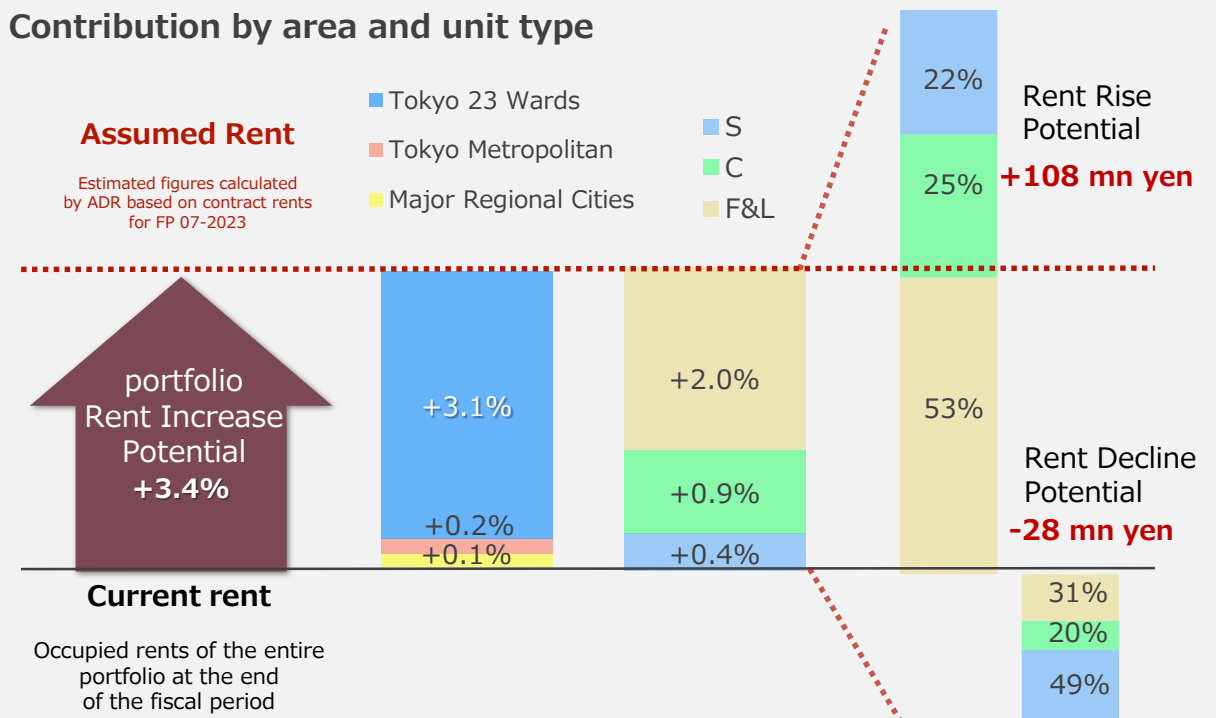
EPU +277 yen upside potential*4



Contribution by area and unit type



Contribution by area and unit type



*1 Rent increase is calculated by comparing rent per tsubo at the beginning of each period to rent per tsubo at the end of the period for properties owned throughout the period.

Properties that changed from a rent-guarantee contract to a pass-through type during each period are excluded.

*2 "Major Regional Cities, etc." means Major Regional Cities and their equivalents that are located outside the Tokyo Metropolitan area. The same applies hereafter.

*3 The degree of impact on the rent of the entire portfolio if all units under contract at the end of FP 07-2023 were replaced at the contracted rent level for FP 07-2023.

*4 Outstanding investment units assuming that the maximum number of investment units to be issued through the public offering announced on September 12, 2023 are all issued and outstanding. The impact on EPU when the Rent Increase Potential at the end of FP 07-2023 is eliminated is calculated based on the assumption that the number of units is 1,433,000.

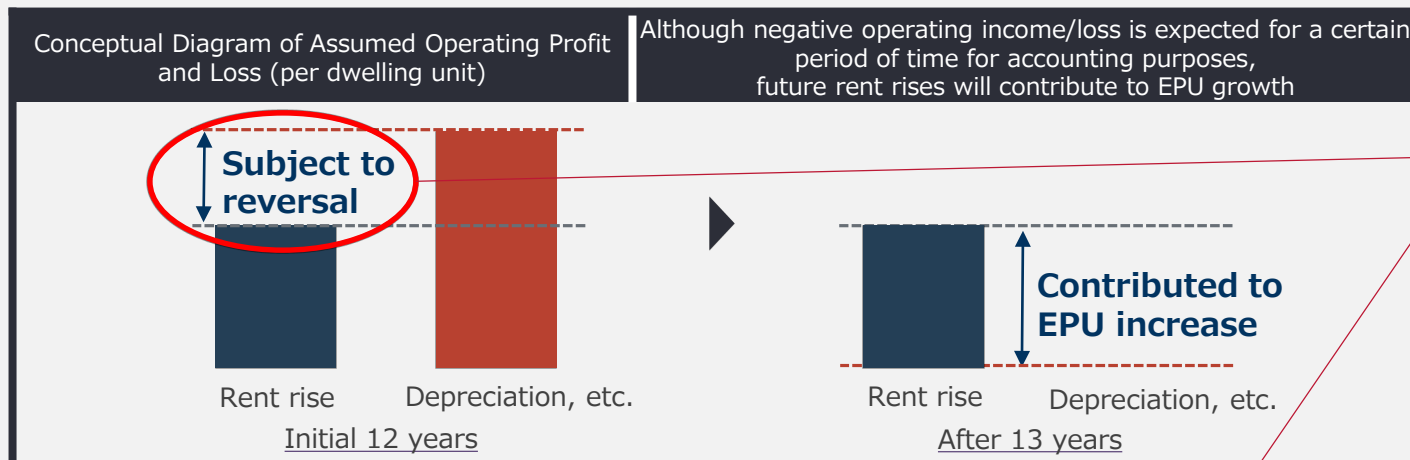
Individual Apartment Unit Renovation Works



New Initiatives for Reinforcement of the Revenue Base, etc.

01 Expand and promote individual apartment unit renovation works Planned 8,000 units Timeframe: approx. 13 years

Concerns about declining competitiveness due to age-related deterioration; therefore, aims to increase revenues by expanding and promoting individual apartment unit renovation works



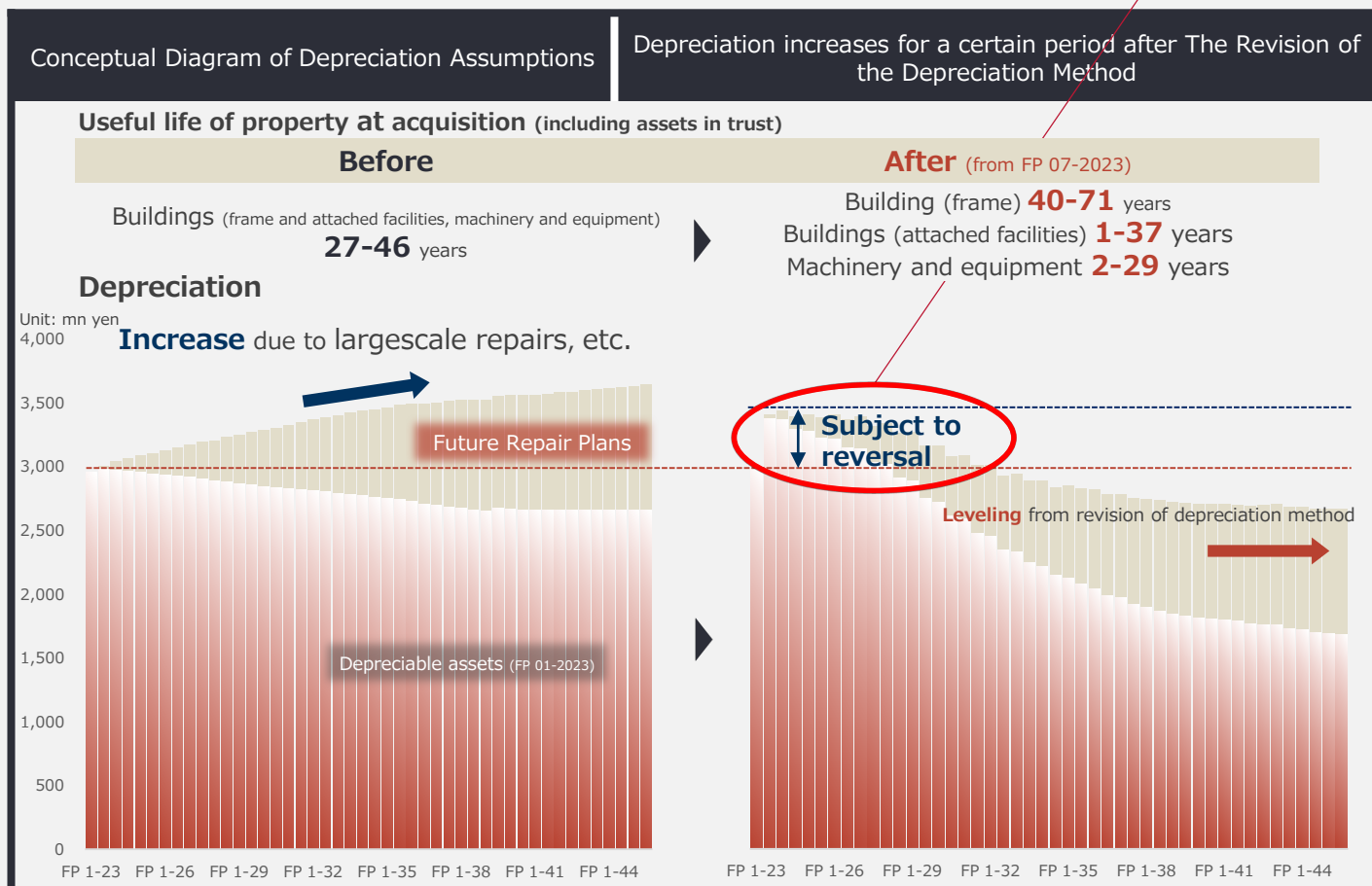
Additional reversal of reserve for temporary difference adjustment

Promotion of expansion of individual apartment unit renovation works and The Revision of the Depreciation Method
For one-time negative operating income/loss factors
Additional reversal of Reserve for temporary difference adjustments (negative goodwill)

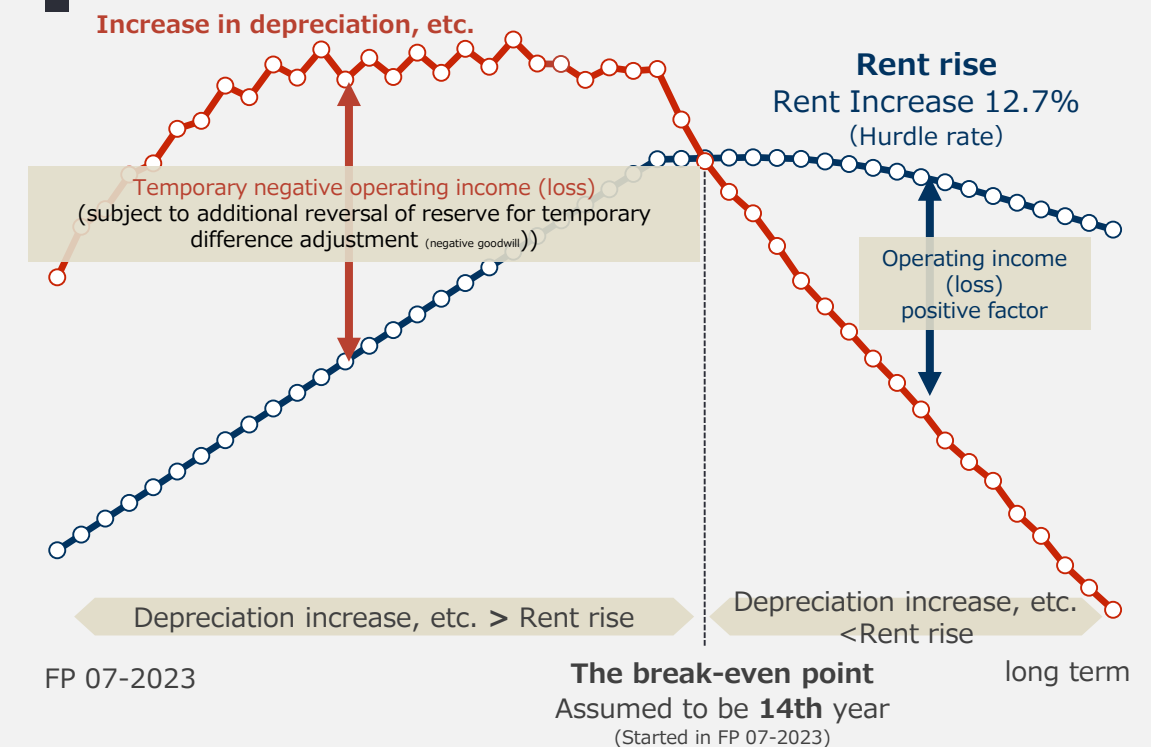
**In the long term, rent rises will exceed depreciation and other expenses.
Contributed to positive operating income**

02 The Revision of the Depreciation Method

Since depreciation is expected to increase due to largescale repairs, etc., the Revision of the Depreciation Method will be used to equalize depreciation expenses.



Conceptual diagram of "rent rise" and "depreciation increase, etc."

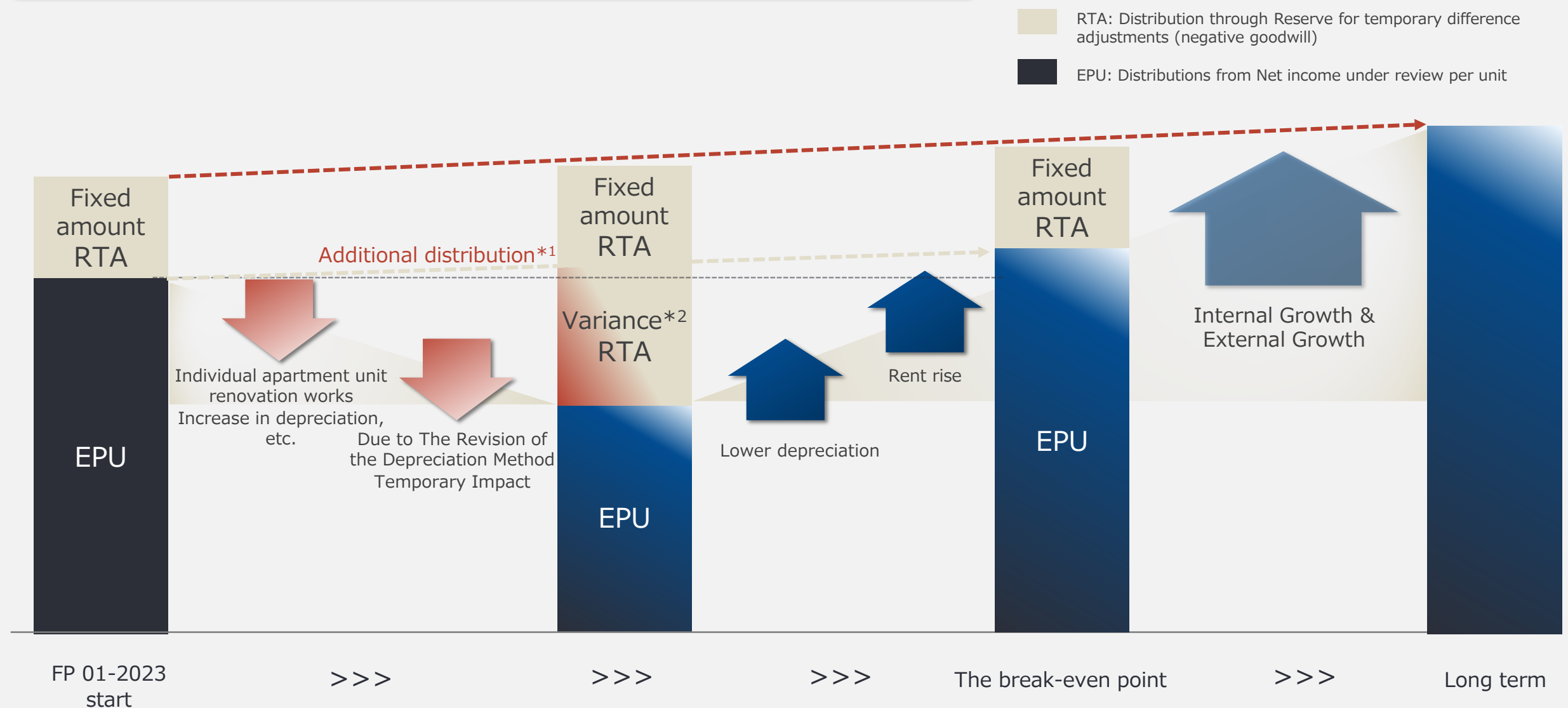


The "Conceptual Diagram of Operating Profit and Loss Assumption for Individual Apartment Unit Renovation Works (per unit)" and "Rent Rise" and "Depreciation Increase, etc." are shown in the following table.
The "Conceptual Diagram" is only an image. In reality, the actual situation may vary depending on the economic environment, trends in the real estate market, the condition of assets held, and the financial condition of the company.
The amount of rent rise, etc. may fluctuate depending on the In addition, there is no guarantee that the amount of Dividend per unit will increase in the future.

Distribution Strategy for Realization of Stable Distributions

Increasing distributions*1 using Reserve for temporary difference adjustments

Distribution transition due to individual apartment unit renovation works and the revision of the depreciation method



*As before, if DPU is less than 5,000 yen, additional reversal will be made to maintain the amount above 5,000 yen.

*1 The amount of the final distribution to be paid will be determined based on the approval of ADR's board of directors, taking into consideration a comprehensive range of factors, including business performance (including the level of profit carried forward), financial condition, cash on hand, and future prospects as of the relevant date.

*2 Variable RTA is assumed to be the amount corresponding to one-time gains or losses such as the impact of individual apartment unit renovation works and The Revision of the Depreciation Method.

Individual Apartment Unit Renovation Works Planning Results

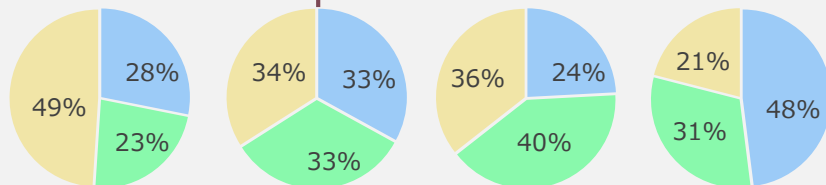
Status of Construction implementation

Performance exceeded expectations, and construction work will continue to be aggressively promoted

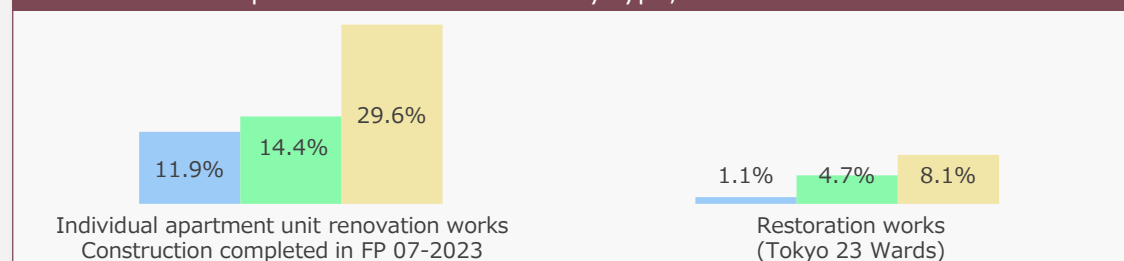
	Track record since listing	FP 07-2023		(Reference) Assumed value for the time being
		Results	Plans	
Number of renovated units	686 units	100 units	149 units	per period 300 units
Number of units contracted	652 units	66 units	75 units	-
Construction cost*1	2,488 mn yen	247 mn yen	315 mn yen	More than 3 mn yen per unit
Replacement rent change*2	+22 mn yen	+1.8 mn yen	+1.8 mn yen	-
Replacement rent increase*2	+20.2%	+19.5%*5	+14.1%	+12.7%
Estimated payback period*3	9.4 years	11.0 years	14.1 years	16.1 years
Assumed ROI*4	10.6%	9.1%	7.1%	6.2%

By Type
Percentage of construction
(based on number of units)

Single
Compact
Family & Large

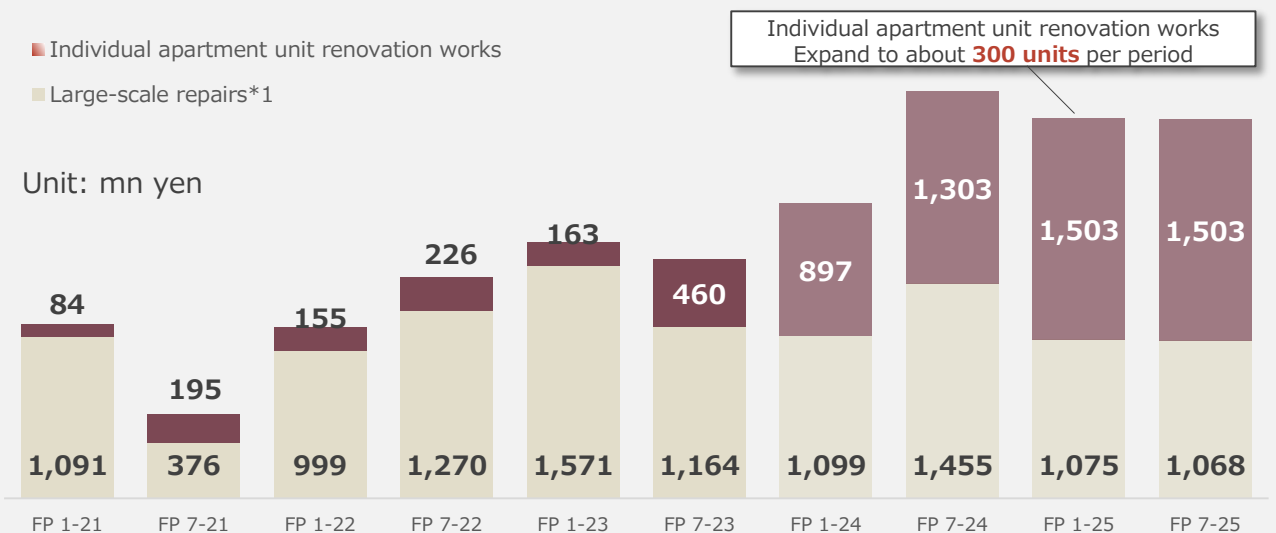


Replacement rent increase by type, FP 07-2023 Result

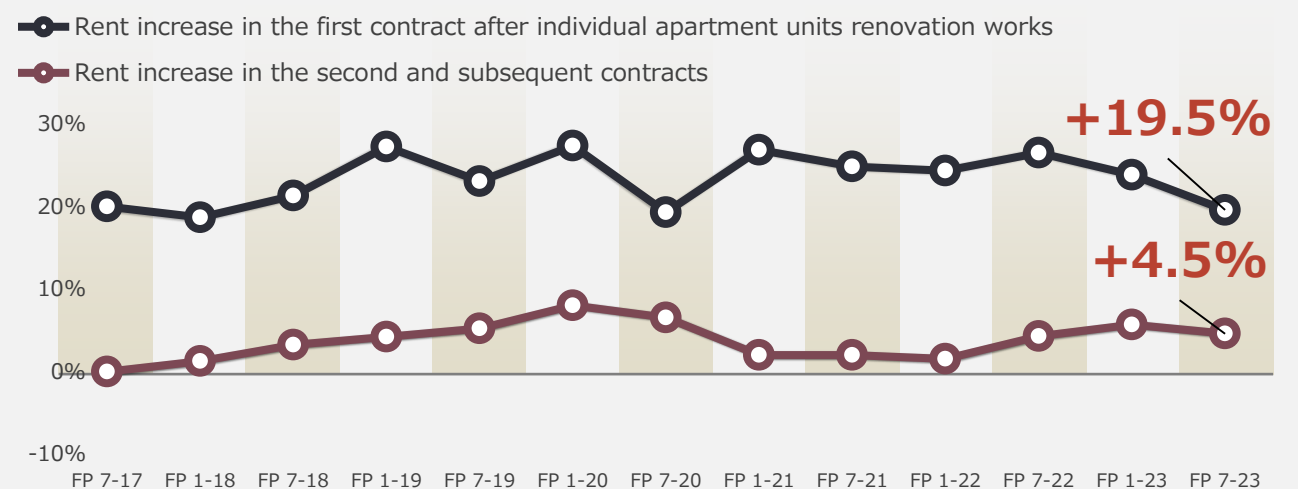


Construction Plans (based on total construction cost)

Management of risk of future rent decline



Maintain rent level for second and subsequent new contracts



*1 Construction amount is the total construction cost (excluding tax) of the contracted units. From FP 07-2023 onward, some daily repair expenses are excluded from the total.

*2 The replacement rent change is the amount of increase in the monthly rent for the first contract after the individual apartment unit renovation works. The Rent Increase is calculated by dividing the amount of the replacement rent change by the monthly rent before the individual apartment unit renovation works.

*3 The estimated payback period is calculated by dividing the construction amount by the increase in monthly rent (per year) for the first contract after the individual apartment unit renovation works are implemented. The figures are calculated based on the assumption that there will be no change in the contracted rent.

*4 Estimated ROI is calculated by dividing the increase in monthly rent (per year) for the first contract after implementation of individual apartment unit renovation works by the construction amount. The figures are calculated based on the assumption that there will be no change in contracted rent.

*5 The figure is the average rent increase from the previous rent before individual apartment unit renovation works to the first contracted monthly rent after the individual apartment unit renovation works, for 66 contracted units out of 100 units for which the renovation works were conducted in FP 07-2023.

Example of Individual Apartment Unit Renovation Works

RESIDIA Tower Meguro-Fudomae



Floor plan: 2LDK Exclusive area: 60.66 m² Construction cost*¹ : 7.1 mn yen
Construction work: Floor tile replacement, Partial accent cloth, Renewal of facilities (UB, washbasin, toilet), Renewal of fixtures.



RESIDIA Nishi-Azabu



Floor plan: 1R, exclusive area: 33.83 m² Construction cost: 3.9 mn yen
Construction work: Floor tile replacement, Partial accent cloth, Renewal of facilities (UB, washbasin, toilet), Renewal of fixtures.



*1 Construction amounts are shown exclusive of tax.

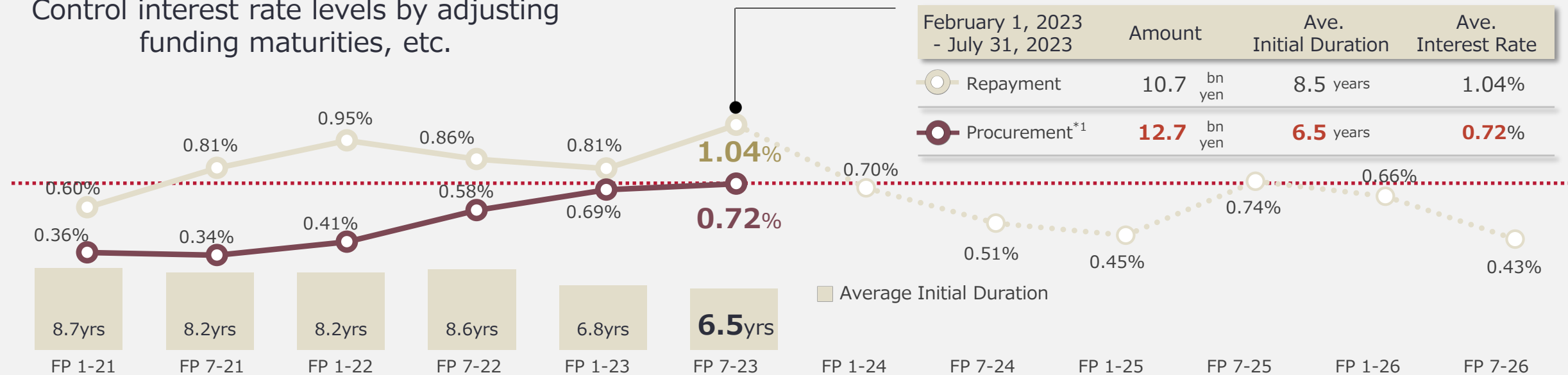
Finance



Finance

FP 07-2023 Repayment and Financing Results

Control interest rate levels by adjusting funding maturities, etc.



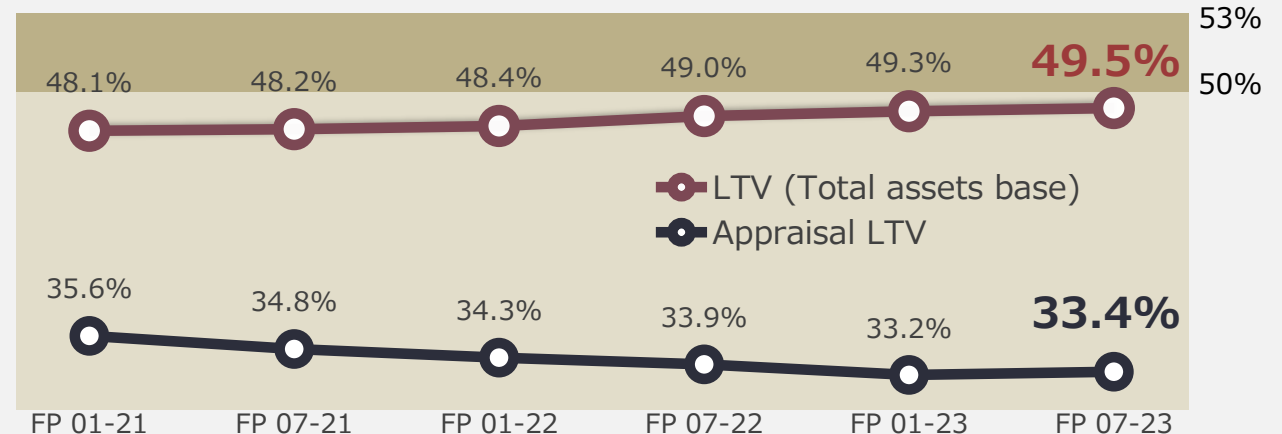
Key Figures on Debts

Credit Ratings JCR: **AA** (Stable) R&I: **AA-** (Stable)

	FP 01-2023	FP 07-2023	compared to prev.
Loans	196.7 bn yen	201.7 bn yen	86.5% +5 bn yen
Bonds	34.6 bn yen	31.6 bn yen	13.5% -3 bn yen
Total	231.3 bn yen	233.3 bn yen	100% +2 bn yen

LTV Management

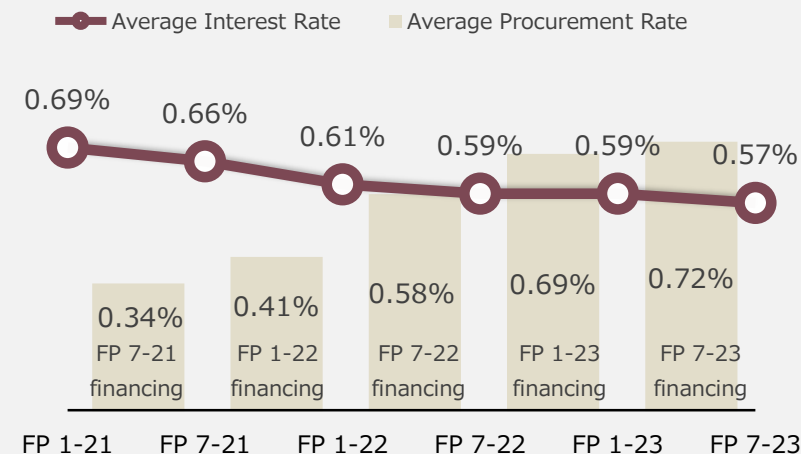
LTV (Total assets base) of **53%** or less and appraisal LTV of **50%** or less
Borrowing capacity up to **50%** LTV (Total assets base) **4.6** billion yen



*1 Average Procurement Rate is based on the applicable interest rate at the time of procurement.

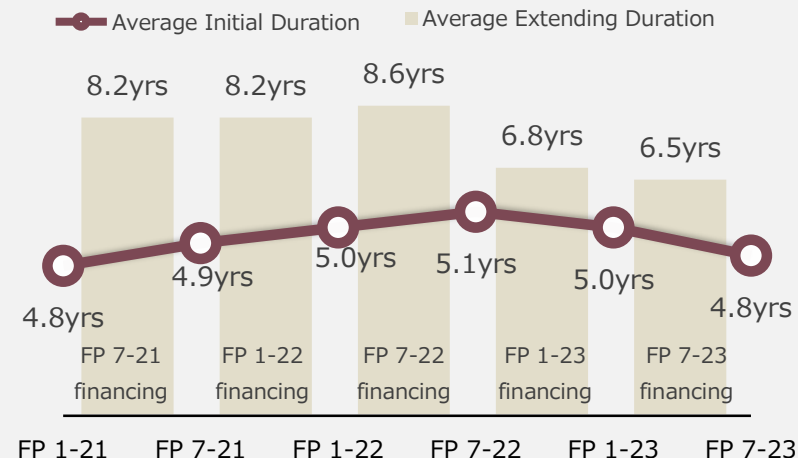
Long-term Stable Financial Structure

Maintain and Reduce Financial Expenses



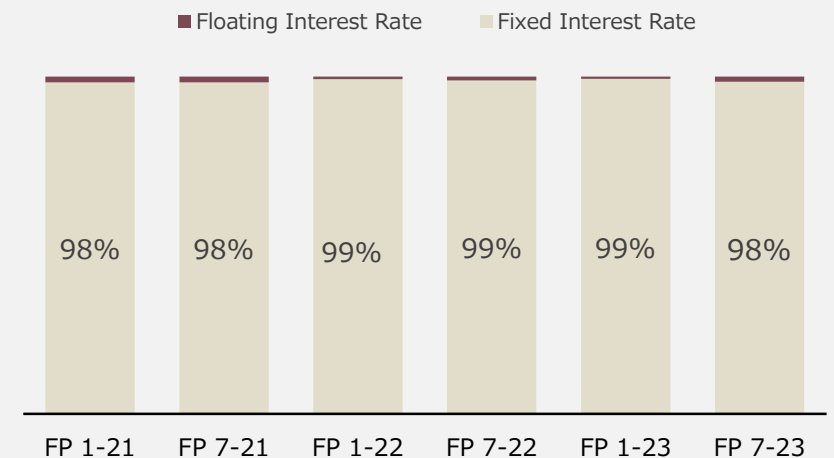
* Procurement Rate is based on the balance as of the end of each period and the applicable Procurement Rate.

Average Initial Duration

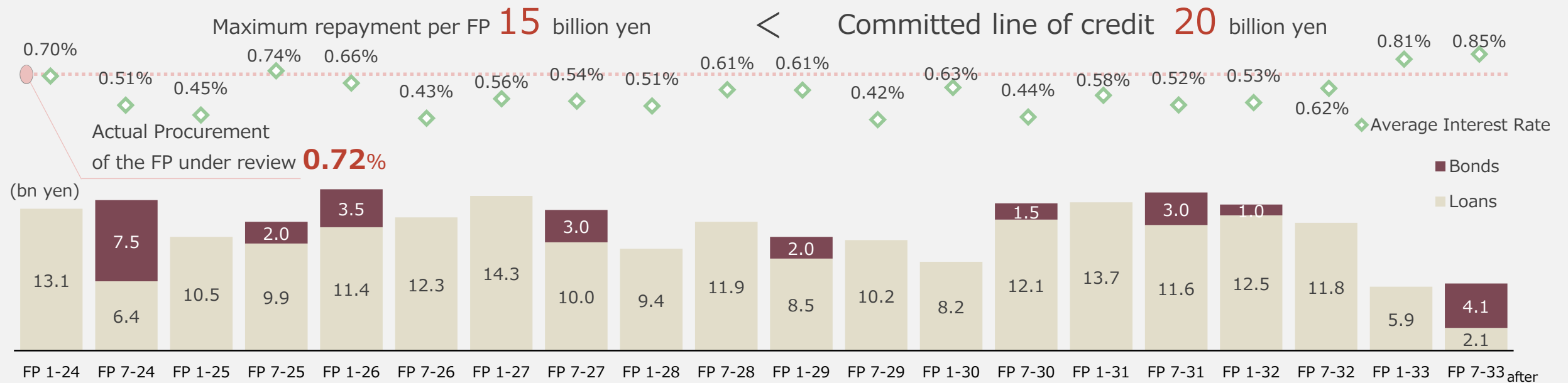


* "Extending Duration" is based on the balance as of the end of each period and the number of years for which the funds were raised.

Fixed Interest Rate Ratio



Diversification of Repayment Deadlines

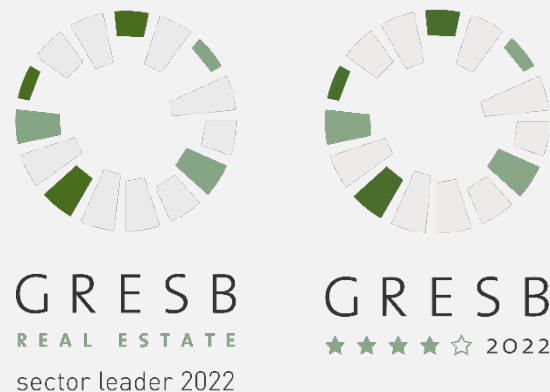


Sustainability



External Sustainability Evaluation

GRESB Real Estate Assessment*1



2022 Listed Residential sector in Asia
Selected as sector leader
(4th time in 3 consecutive years)

7 consecutive years of **Green Star**
recognition

the first residential J-REIT
to receive a **4 Star** rating

A rating for **5th** consecutive year

Green Building Energy-saving Certification

KPI : Proportion of green building certifications obtained
30 % or more (by total floor space)

Total of **24** properties, or **28.7 %**,
have environmental certification

Certification	Number of properties	Rate End of FP 07-2023 by total floor space
CASBEE real estate certification	15	23.1%
DBJ Green Building Certification	8	5.5%
BELS	1	0.1%
Total	24	28.7%

Efforts to Achieve Net Zero Greenhouse Gas Emission Reduction

Acquisition of SBT *2 Certification Greenhouse Gas Emission Reduction Targets

CO2 emissions (GHG) Scope 1 and 2 "reducing the total amount by 51% from the FY 2018 level by FY 2030" as a goal that is consistent with the level required by the Paris Agreement and based on scientific evidence, In March 2023, the first residential J-REIT to be accredited by the SBT Certification*2 initiative.

100% Offset of GHG Scope2 Emissions Achieved

Purchase FIT Non-Fossil Certificates and Green Heat Certificates with tracking, FY2022 GHG Scope2 emissions (electricity and heat energy use in property common areas) Achieved 100% offset.



	Targets and KPIs by FY2030 (vs. FY2018)	Targets and KPIs by FY2050	Results FY2022 Reduction rate (vs. FY2018)
Energy consumption	20% reduction (intensity)	-	-10.5%
CO2 emissions (GHG)	Scope1-2: 51% Reduction (Total)	net zero	-97.6%
	Scope 3: Identification of corresponding categories and scope determination and calculation	-	Scope1 -14.2% Scope2 -100.0% 100% offset achieved



Mark certifying the use of green heat (Japan Natural Energy) by Japan Natural Energy Company Limited

*1 GRESB Real Estate Assessment (Global Real Estate Sustainability Benchmark) is a benchmark established by a group of European pension funds to measure the sustainability considerations of real estate companies and managers, and is used by major institutional investors in Europe, the United States and Asia when selecting investments.

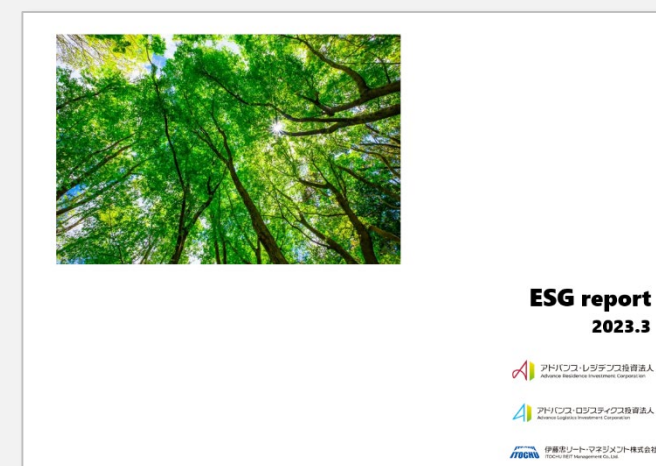
*2 SBT (Science Based Targets) are GHG emission reduction targets set by companies that are consistent with the levels required by the Paris Agreement (which aims to limit the global temperature increase to well below 2°C above pre-industrial levels and 1.5°C below pre-industrial levels), emission reduction targets, and the SBT Initiative certifies companies that set SBTs.

Sustainability Initiatives

Publication of ESG Report

From ITOCHU REIT Management Co., Ltd. the asset management company, ADR and IRM's overall sustainability initiatives, ESG reports are disclosed. For details, please refer to the following URL.

URL <https://www.itc-rm.co.jp/sustain/#bge-esgreport>



Materiality KPI

We have identified materiality as a priority issue to be solved in the promotion of sustainability, and have established targets and KPIs for E, S, and G. For more information, please refer to the above ESG report and our website (<https://www.adr-reit.com/en/sustain/02>).

E (Environment)

- (1) Management and reduction of Energy consumption, CO2 emissions, water consumption, and waste emissions
- (2) Acquisition of Environmental Certification, Energy-saving Certification, etc.
- (3) Collaboration with stakeholders on environmental considerations

S (Social)

- (1) Improvement of tenant satisfaction, engagement with tenants
- (2) Contribution to local communities
- (3) Pursuit of unitholders' profit through customer-oriented business conduct
- (4) Promoting diversity and talent development
- (5) Creating a work environment for Decent Work

G (Governance)

- (1) Strong corporate governance structure
- (2) Strengthening of resilience

measure	FP 07-2023	Percentage *1	compared to previous FP
Electricity metering system*2 Installation	70 properties	50.4%	-
Introduction of LED lighting	128 Properties	46.2%	+2.2pt.
Establishment of green lease clauses	-	Approx. 66.6%	+2.2pt.

measure	FP 07-2023
Conducted tenant satisfaction survey	Number of respondents: 5,533 / 18,821 Response rate : 29.4%

Future Measures
A proposal to increase the number of supervisory directors by one (female) will be submitted to the general meeting of unitholders of the investment corporation to be held in October 2023. If approved, to 25% female board members.

*1 The installation ratio of electricity metering systems to the entire portfolio is calculated based on total floor space, and the installation ratio of LED lighting to the entire portfolio is calculated based on the number of properties.

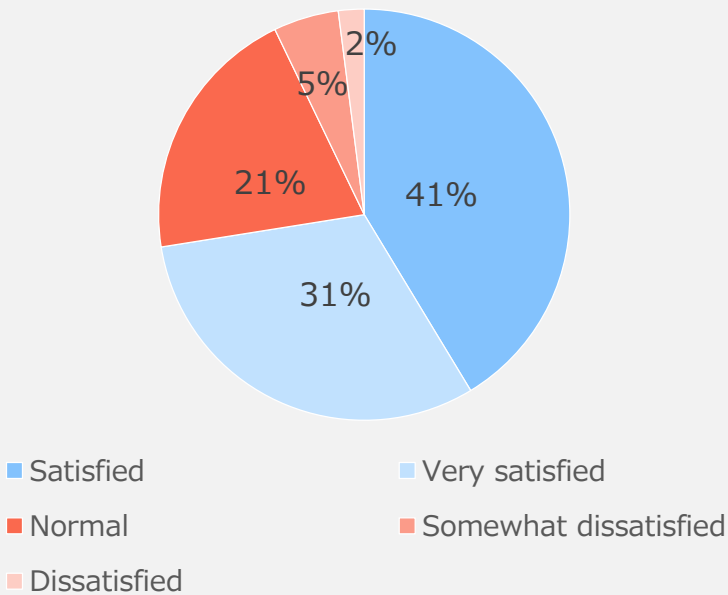
*2 This system is installed to improve the coverage of actual electricity consumption in the properties owned, and measures the electricity consumption of the entire property, including private areas.

Triennial Tenants Survey

Results of a survey conducted during FP 07-23

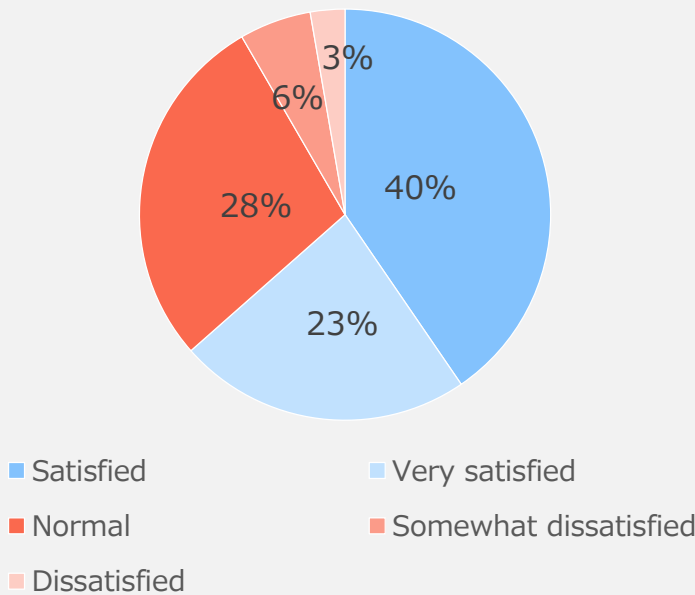
Satisfaction Survey Cleaning Condition of Common Areas

About 70% of all respondents are satisfied.



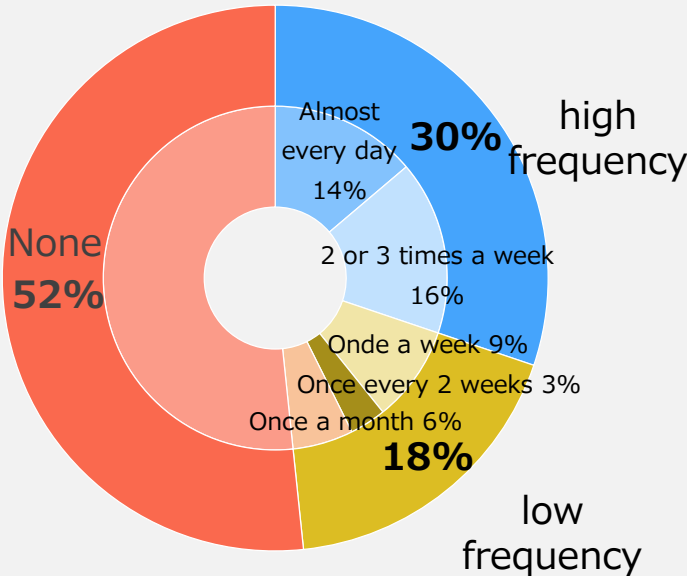
Satisfaction Survey Condominium Management and Services

About 70% of all respondents are satisfied.

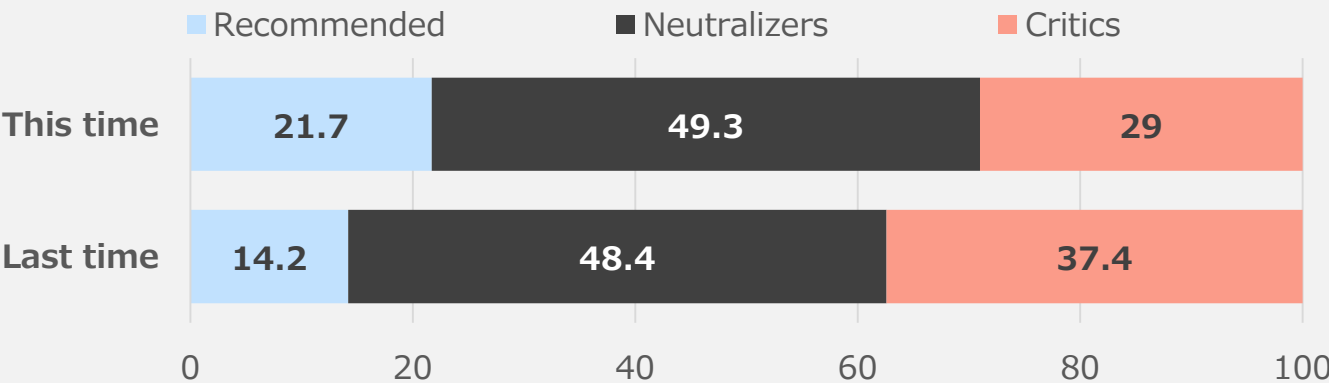


(Reference) About telework Q. Are you currently teleworking (at home)?

Half of all are teleworking.



The NPS®*1 , a leading customer loyalty index, improved to **-7.4** points from -23.1 points in the previous survey and is **rated** relatively **high**.



Top NPS® Ranking Cases in the Real Estate Industry

	NPS®	Number of companies	Survey Year (Year)
Property Manager	-45.7	9	2021
Information Search Site	-36.7	5	2019
Developer	-36.3	6	2018

Source: NTT.com Online NPS® Ranking & Awards

*1 NPS® stands for "Net Promoter Score" and is an indicator to measure customer loyalty. To measure NPS®, we ask the question, "How likely are you to recommend this company (product/service/brand) to a friend or colleague? The NPS® score is calculated by classifying customers scoring 9 to 10 as "recommenders," 7 to 8 as "neutrals," and 0 to 6 as "critics," and subtracting the percentage of critics from the percentage of recommenders among all respondents to arrive at the NPS. The NPS® is calculated by subtracting the percentage of critics from the total respondents. NPS® is a registered product or service mark of Bain & Company, Fred Reichheld, and Satmetrix Systems.

Outline of Public Offering



Offering Highlights

1. Acquired 11 properties of 22.5 billion yen, mainly in Tokyo 23 Wards

Asset size to 287 properties, 494.0 billion yen

11 properties **22.5** billion yen **4.4%** (NOI Yield)

Acquisition of properties
from sponsor pipeline

9 properties **20.6** billion yen

Rental Residence 63%

7 properties **14.1** billion yen

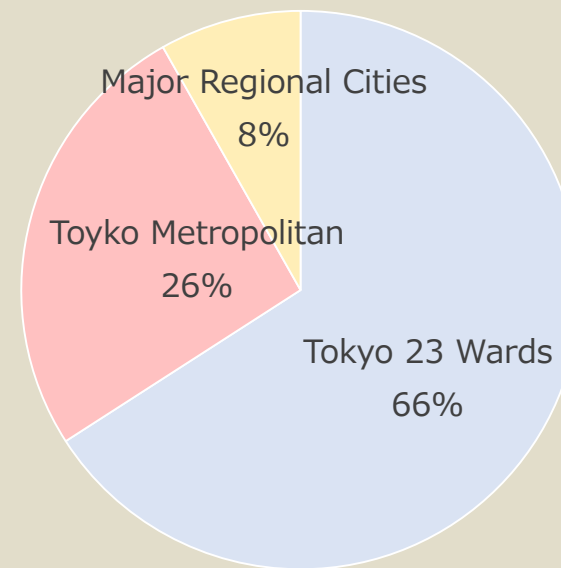
4.2% (NOI Yield)

Dormitory properties 37%

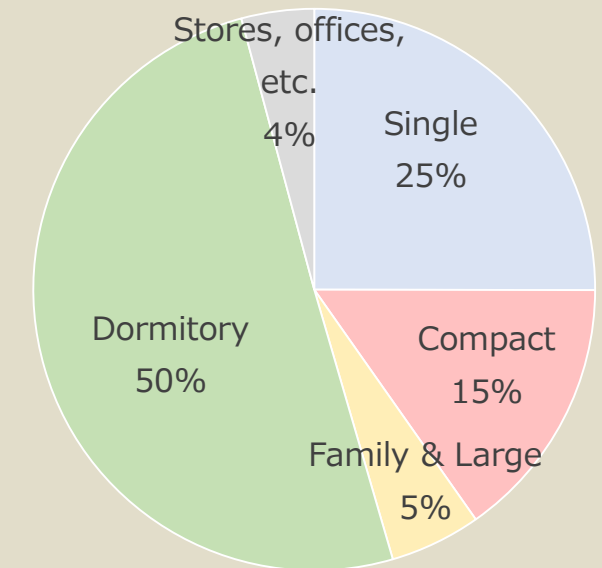
4 properties **8.3** billion yen

4.7% (NOI Yield)

Share by area
(Based on Planned Acquisition Price)



Share by type
(based on leasable area)



2. Outline of the Public Offering

3. Improvement of financial base

4. Increase unitholders' value

Date of resolution
to issue September 12, 2023

Number of new
units issued **48,000** units
(including third-party allotment) (maximum)

Issue Price **328,087** yen

Issue Value **317,992** yen

Total Issue Amount **15.2** billion yen
(maximum)

LTV
(Total assets base)

Acquire capacity to LTV (Total assets base) 50%
17.6 billion yen
(After acquisition of asset-to-be-acquired)

49.5%

48.2%

FP 07-2023

After aquisition of asset-
to-be-acquired

NAV per unit

348,536yen

350,135yen

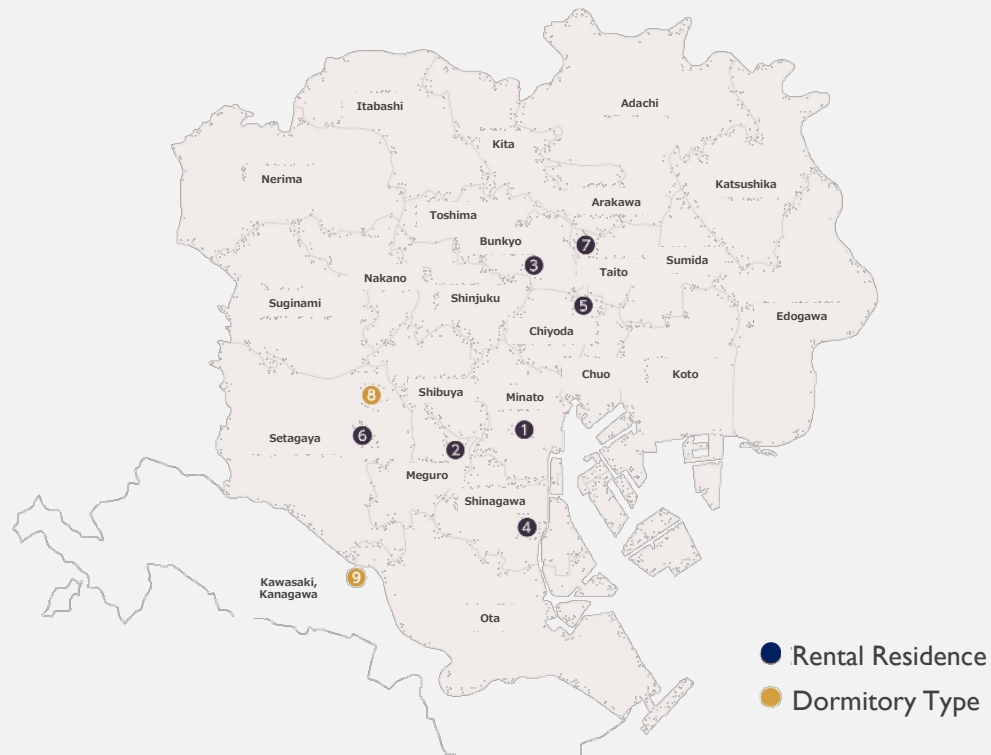
FP 07-2023

After aquisition of
asset-to-be-acquired

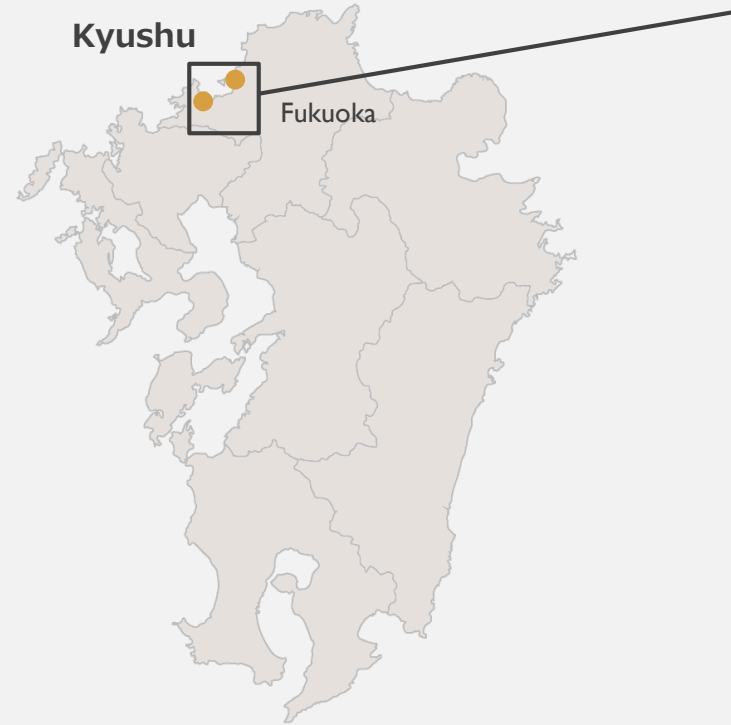
* Notes regarding this page are provided on P.37. In addition, the LTV (total assets base), acquisition capacity, and NAV per unit after acquisition of asset-to-be-acquired are calculated based on the closing price of the Investment Units in regular trading on the Tokyo Stock Exchange as of August 31, 2023 (Thursday).

Asset-to-be-acquired

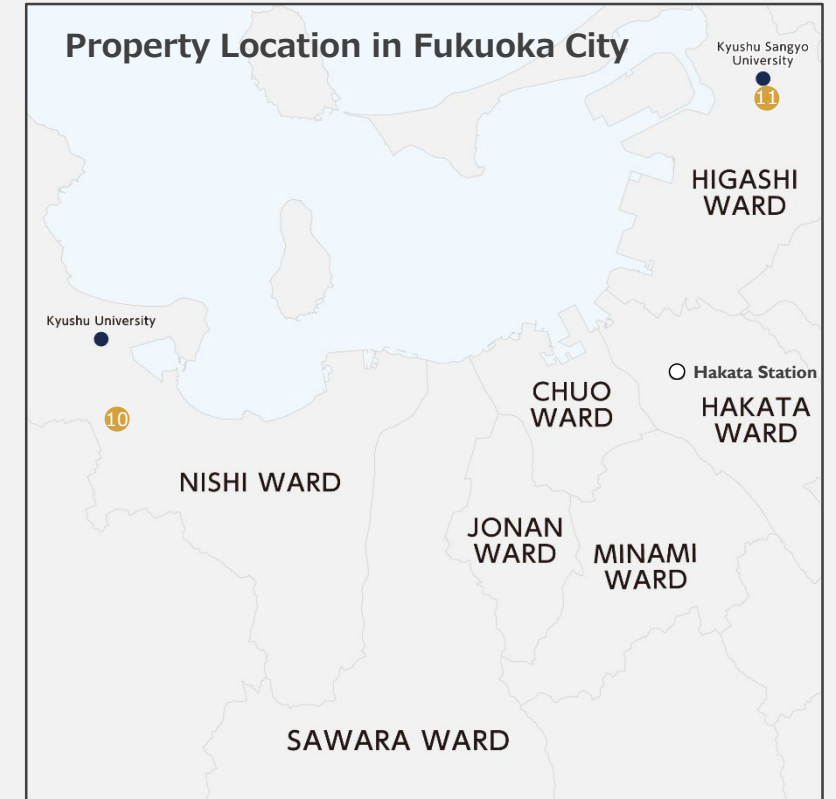
Location of properties in Tokyo Metropolitan










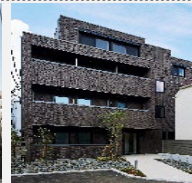



Kyushu



Property Location in Fukuoka City



List of assets-to-be-acquired

Acquired by	Sponsor group									Third party		Total & Average
No.	1	2	3	4	5	6	7	8	9	10	11	
Asset type	Rental Residence							Dormitory type				
Property Name	RESIDIA Shirokane-Takanawa II	RESIDIA Meguro IV	RESIDIA Bunkyo Koishikawa II	RESIDIA Shinagawa Seaside	RESIDIA Ochanomizu III	RESIDIA Sangenjaya III	RESIDIA Sendagi	Share Place Shimo-kitazawa	Tokyo Student-House Musashi-Kosugi	RESIDIA Kyudai-Gakkentoshi	RESIDIA Kyusandaimae	-
Location	Minato, Tokyo	Meguro, Tokyo	Bunkyo, Tokyo	Shinagawa, Tokyo	Chiyoda, Tokyo	Setagaya, Tokyo	Taito, Tokyo	Setagaya, Tokyo	Kawasaki City, Kanagawa	Fukuoka City, Fukuoka	Fukuoka City, Fukuoka	-
Appearance												
Assumed Acquisition Price (mn yen)	1,009	1,853	1,772	3,315	1,279	2,016	2,912	694	5,835	1,048	806	22,539
Appraisal Value (mn yen)	1,140	2,090	2,000	3,660	1,460	2,300	3,270	780	6,320	1,210	918	25,148
NOI Yield	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.7%	4.5%	5.1%	5.2%	4.4%
Building Age	8.1 years	7.7 years	7.0 years	5.5 years	6.8 years	6.4 years	5.9 years	2.0 years	6.6 years	3.5 years	1.6 years	6.1 years
Scheduled acquisition date	September 29, 2023	September 29, 2023	September 29, 2023	September 29, 2023	April 18, 2024	April 18, 2024	April 18, 2024	September 29, 2023	April 18, 2024	September 29, 2023	September 29, 2023	-

* Notes regarding this page are provided on P.37.

Initiatives to Build a Stable Portfolio

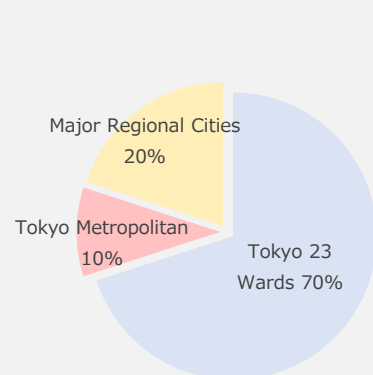
Portfolio changes before and after asset-to-be-acquired

ADR has one of the largest asset sizes among residential J-REITs. Through the acquisition of asset-to-be-acquired, we aim to further diversify our portfolio and build a more stable portfolio.

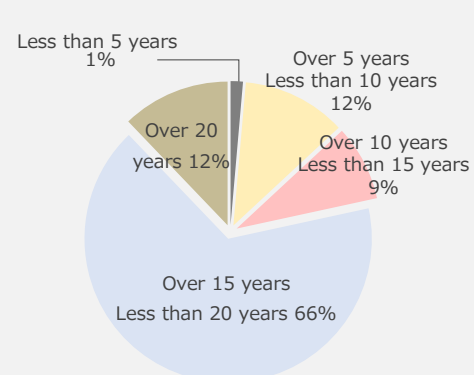
As of July 31, 2023		Asset-to-be-acquired (a) (Acquired in Sep. 2023)	Asset-to-be-acquired (b) (Acquired in Apr. 2024)	(a)+(b)	After asset-to-be-acquired
Number of properties	277 properties	7 properties	4 properties	11 properties	287 properties
Total Acquisition Price	472.3 billion yen	10.4 billion yen	12 billion yen	22.5 billion yen	494.0 billion yen
Leasable units	21,994 units	445 units	524 units	969 units	22,916 units
NOI Yield	5.7%	4.4%	4.3%	4.4%	5.6%
Yield after depreciation	4.2%	3.7%	3.6%	3.6%	4.2%
Building Age	16.7 years	5.7 years	6.4 years	6.1 years	16.4 years

Portfolio Characteristics (After asset-to-be-acquired)

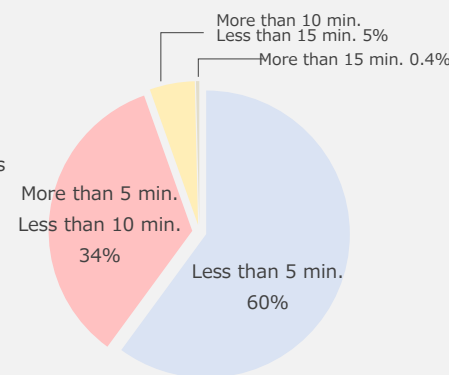
Investment Area (Based on Acquisition Price)



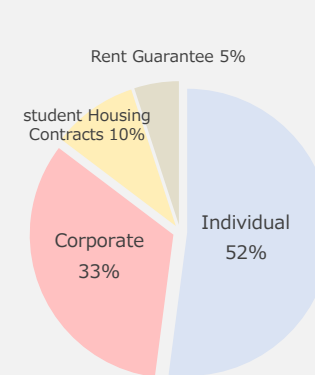
Building Age (Based on Acquisition Price)



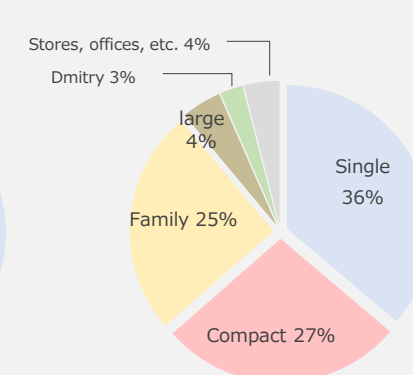
Minutes to walk (Based on Acquisition Price)



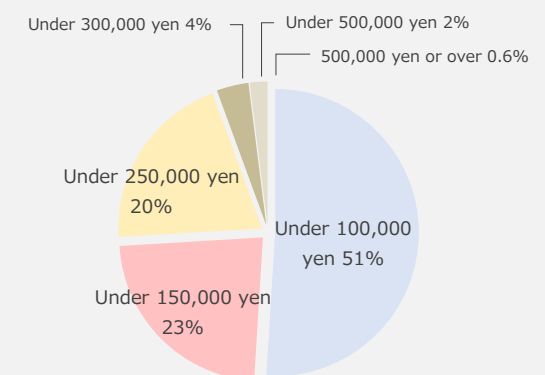
Contract type (Based on number of units)



Unit Types (Based on leasable area)



Rents (Based on number of units)



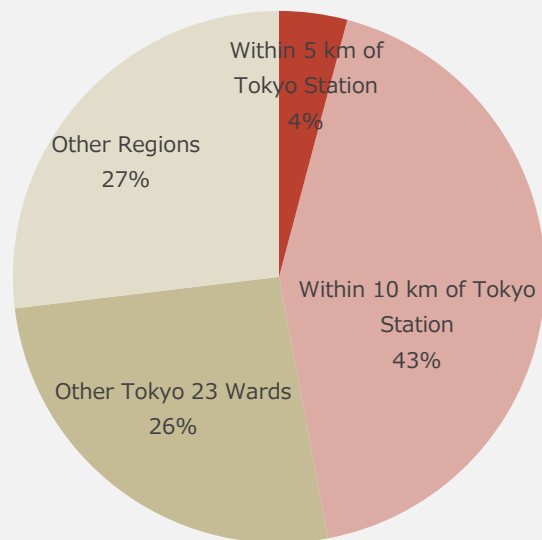
Sponsor Pipeline (After acquisition of asset-to-be-acquired)

Total **20** properties Estimated scale: approx. **40.6** billion yen (Completed: **31.1** billion yen)

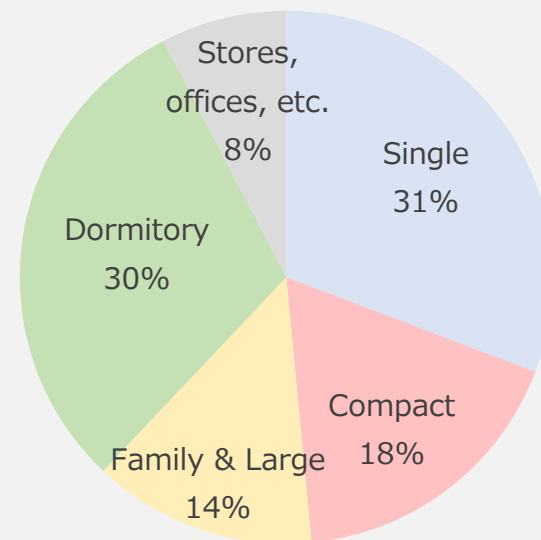
Development projects by the ITOCHU Group

	No. of Properties	No. of Units	Estimated Value (bn yen)	Completed (bn yen)
Within 5 km of Tokyo Station	1	38	1.6	1.6
Within 10 km of Tokyo Station	8	537	17.4	17.4
Other Tokyo 23 Wards	6	380	10.5	8.0
Other Regions	5	716	10.9	3.9
Total	20 properties	1,671 units	40.6 bn yen	31.1 bn yen

Area share of expected size

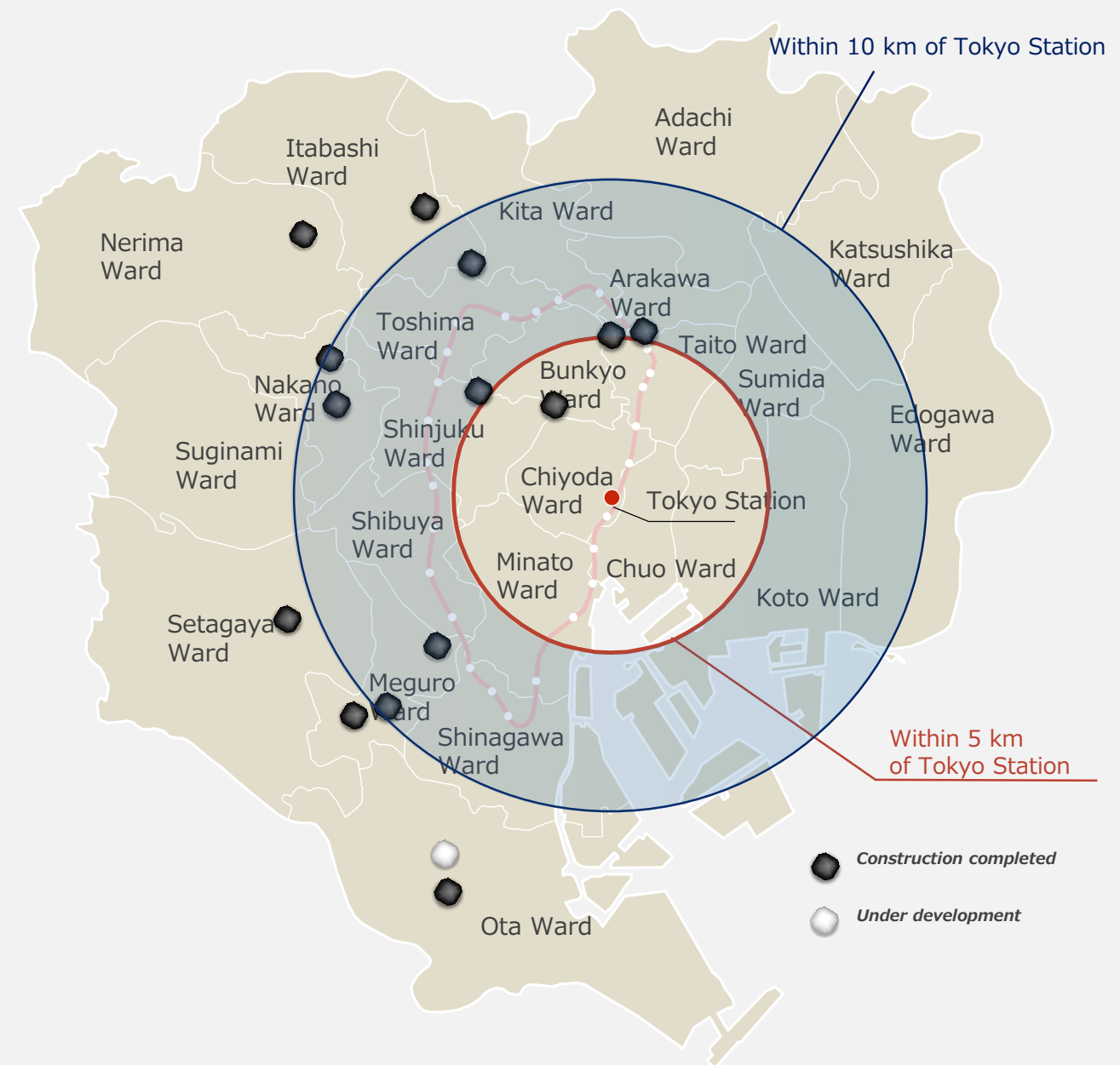


Completed Type Share



Tokyo 23 wards 73%

Location of development projects in the 23 wards of Tokyo



The estimated size is based on the estimated leasable area based on the building plans, etc. as of September 12, 2023 ("estimated leasable area"). It may differ from the actual value of the property due to future changes in plans, progress in construction, fluctuations in the assumptions for valuation, etc., and there is no guarantee that the total value will be the same as the Real Estate Appraisal Value. There is also no guarantee that ADR will be able to acquire the property at an amount equivalent to the said value. ADR has no specific plans to acquire these properties as of September 12, 2023, and there is no guarantee that ADR will be able to acquire these properties in the future.

Earnings Guidance



Earnings Guidance

Unit: mn yen	FP 07-2023	FP 01-2024	(2)-(1)	Main differences		FP 07-2024
	(1) FP under review Result	(2) Current FP Forecast		Investment management	Asset transactions	(3) Forecast for next FP
Operating revenue	18,523 (Based on 277 properties* ¹) Average Occupancy rate during the period 96.5%	18,623 (Based on 283 properties* ¹) Average Occupancy rate during the period 96.5%	+99	▶ Impact on existing properties (excluding renovations) Increase in rental revenue +84 Decrease in Key Money, Renewal Fees -116 Decrease in other revenues -23 ▶ Impact of renovation works Increase in rental revenue +1	Increase in Gain on sales +31 Decrease due to transaction under review -62 Increase in revenue due to current FP acquisitions +185	18,186 (Based on 287 properties* ¹) Average Occupancy rate during the period 96.5%
Operating income	8,800 (NOI 13,319) (Depreciation 3,368) (Property tax 935)	8,861 (NOI 13,440) (Depreciation 3,458) (Property tax 946)	+60 (NOI +120)	▶ Impact on existing properties (excluding renovations) Decrease in rental management costs +63 Decrease in advertising costs +7 Decrease in repairs and maintenance +28 Decrease in GA costs +14 Increase in depreciation -34 Increase in other costs -14 ▶ Impact of renovation works Increase in repairs and maintenance -29 Increase in depreciation -30	Decrease in operating expenses due to transaction under review +19 Increase in operating expenses due to current FP acquisitions -62	7,905 (NOI 13,632) (Depreciation 3,481) (Property tax 956)
Ordinary income	7,939	7,944	+4	Increase in financial expenses, etc. -18 Increase in reserve for repairs, etc. -26	Increase in financial expenses due to FP under review transactions - Increase in financing costs due to current FP acquisitions -10	7,719
Net income	7,939	7,944	+4			7,179
Earnings Per Unit	5,732 yen (Excluding Gain on sales 5,125yen)	5,543 yen (Excluding Gain on sales 4,935yen)	-189 yen (Excluding Gain on sales -190yen) Dilution: -192yen	Impact of individual apartment unit renovation works: -42yen The Revision of the Depreciation Method: -25yen	+72 yen	5,010 yen
Retained earnings/unit	-606yen	-608yen	-2yen			-
Distributions from Retained earnings/unit	175yen	339yen	+164yen	Distribute 260 million yen (190 yen/unit) out of the 1.28 billion yen of retained earnings after the previous FP distribution Retained earnings after distribution 1.88 billion yen (1,363 yen/unit)		283yen
Reversal of reserve/unit (Fixed-amount reversal)	242yen	234yen	-8yen			234yen
Reversal of reserve/unit (Additional reversal)	306yen	360yen	+54yen	Additional reversal decrease due to dilution: 13 yen	Reserves* ² Balance 27.5 billion yen	362yen
Dividend Per Unit	5,850 yen	5,870 yen	+20 yen	Number of investment units issued and outstanding at FP 07-2023: 1,385,000 units Number of investment units issued and outstanding at FP 01-2024: 1,433,000 units		5,890 yen
LTV (Total assets base)	49.5%	47.7%				48.5%

*1 The number of properties as of the end of the period.

*2 "Reserve" refers to the Reserve for temporary difference adjustments and shows the balance after reversal in connection with the distribution under review.

Dividend per unit forecast

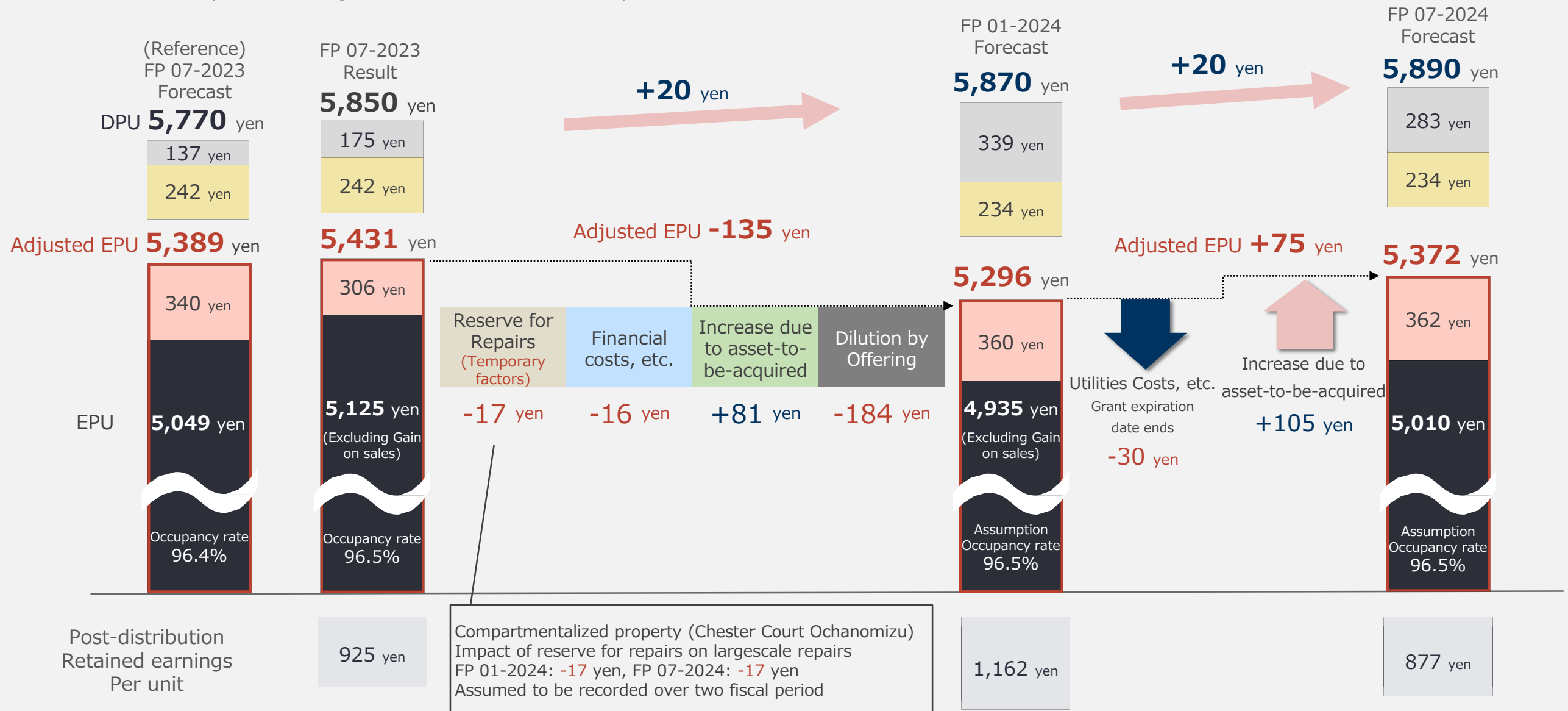
Difference from Previous Period and Factors of Change

Aiming for a sustainable increasing distribution

Assuming **DPU +20 yen or more compared to the previous FP**

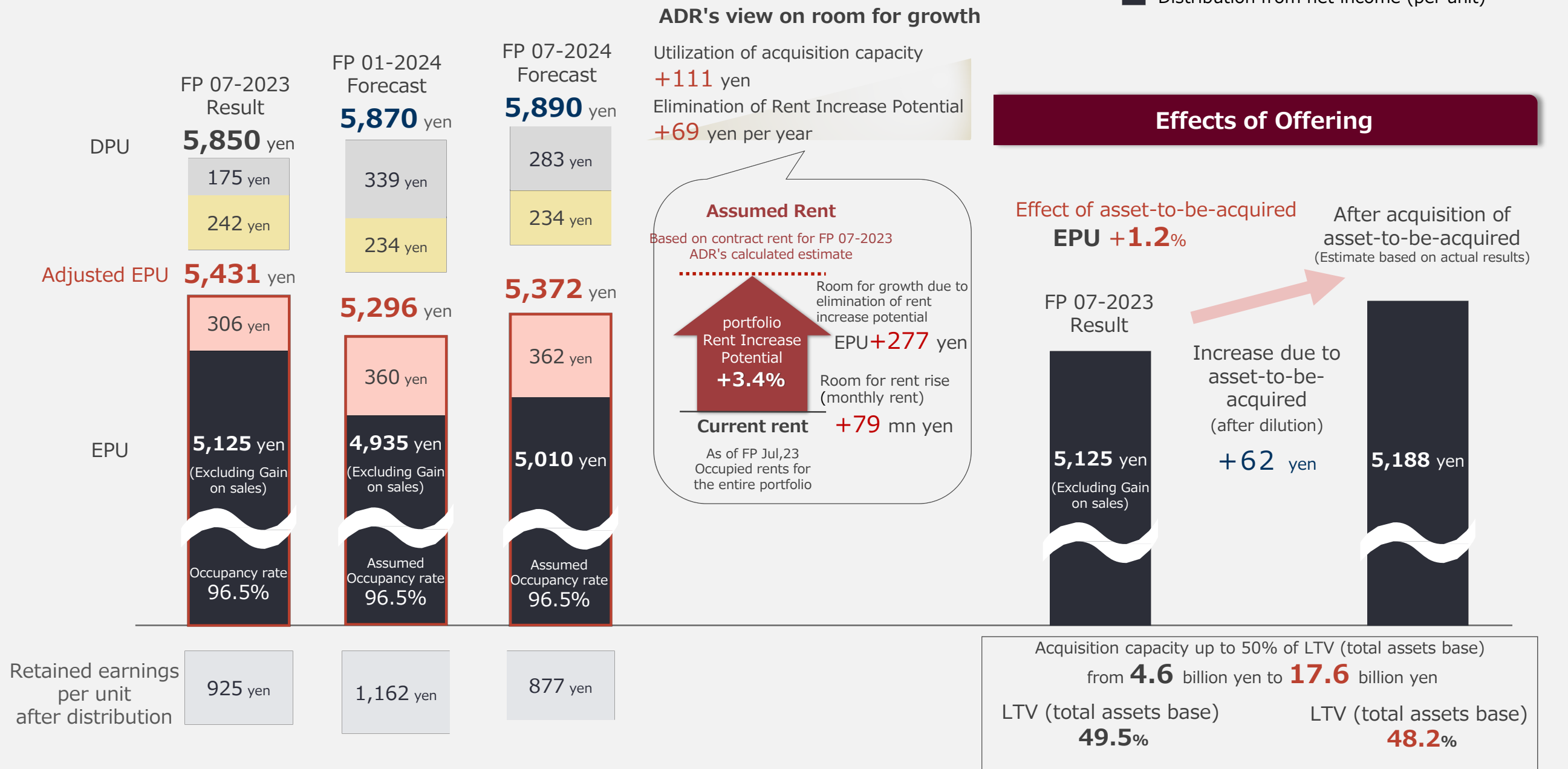
Full-period earnings from all 11 asset-to-be-acquired will be reflected after FP 01-2025.

- Distribution from retained earnings (per unit)
- Fixed-amount reversal of reserve (per unit)
- Additional reversal of reserve (per unit)
- Distribution from net income (per unit)



Effects of Public Offering

Change in Dividend per unit



* Notes regarding this page are provided on P.37. In addition, the LTV (total assets base) and capacity for acquisition after the asset-to-be-acquired are calculated based on the closing price of the Investment Units in regular trading on the Tokyo Stock Exchange as of August 31, 2023 (Thursday).

ITOCHU REIT Management

as of September 12, 2023



ITOCHU REIT
Management Co., Ltd.

Location:	17F Jimbocho Mitsui Bldg., 1-105 Kanda-Jimbocho, Chiyoda-ku, Tokyo
Company Representative:	Junichi Shoji, Representative Director and President
Amount of Capital:	300 million yen
Type of Business:	Asset Management, Type II Financial Instruments Business, Investment Advisory and Agency Business
Number of Employees:	104
Registrations and Licenses:	Real Estate Brokerage License (The Governor of Tokyo (4) No.84325) Discretionary Real Estate Transaction Agent (Minister of Land, Infrastructure, Transport and Tourism Approval, No.37) Registered Financial Instruments Business Operator (Kanto Local Finance Bureau registration No.309) Registered First-Class-Architect Office (The Governor of Tokyo No. 58856)
Member Associations:	The Investment Trusts Association, Japan Type II Financial Instruments Firms Association Japan Investment Advisers Association

ITOCHU REIT Management Co., Ltd. official website
<https://www.itc-rm.co.jp/en/>

Major Initiatives By the Asset Management Co.

- ✓ Registered as first-class architect office
- ✓ Constantly hiring new graduates every year (16 new hires in the past 9 years)
- ✓ Acquisition of Resilience Certification
- ✓ Certified as Excellent Health Management Corporation 2023 (Small and Medium Enterprise Division)
- ✓ SDG's event for internal use

Explanatory note

Page 28

(Note 1) "After the acquisition of the asset-to-be-acquired" means the point in time after the completion of the public offering, the secondary offering by over-allotment, the acquisition of the asset-to-be-acquired and the Third-Party Allotment conducted in accordance with the securities registration statement submitted on September 12, 2023. The same applies hereinafter.

(Note 2) "LTV (total assets base)" as of the end of July 2023 is calculated by the following formula. The same is applied hereafter.

Total amount of interest-bearing debts (including lease obligations) Total amount of interest-bearing liabilities (including lease obligations, the same applies below) ÷ Total assets

(Note 3) "LTV (total assets base) after asset-to-be-acquired" is calculated by the following formula. The same is applied hereafter.

Total assets LTV = (Total interest-bearing debt as of September 12, 2023: 231,809 mn yen + Estimated increase in interest-bearing debt: 5,500 mn yen) / Estimated total assets-to-be-acquired: 492,311 mn yen

The estimated increase in Debt is based on the assumption that a total of 10,100 million yen will be refinanced from September 12, 2023 to April 2024 for Loans that will become due for final repayment or redemption (15,700 million yen in total), and the remaining amount will be repaid or prepaid with the proceeds of the public offering or funds on hand. The remaining amount is to be repaid with the proceeds from the public offering or funds on hand, or repaid in advance, and a total of 11,100 mn yen is to be newly borrowed in September 2023 and April 2024 to fund property acquisitions (such borrowings are hereinafter collectively referred to as "the Borrowings"). The amount of increase is the estimated amount of increase during the relevant period.

Estimated total assets after asset-to-be-acquired = Total assets as of July 31, 2023: 471,288 million yen + Equity financing: 15,898 million yen + Estimated increase in Debt: 5,500 million yen - Reversal of reserve for temporary differences for the period ending July 31, 2023: 759 million yen -Reversal of Retained earnings for the year ending July 31, 2023: 486 mn yen + Estimated Retained earnings for the year ending January 31, 2024: 871 mn yen

Amount of equity raised = 15,103 mn yen (total issue price in the public offering) + 794 mn yen (total issue price in the third-party allotment)

The amount of funds required for the acquisition of the asset-to-be-acquired is expected to be 23,509 mn yen, which is the total of the estimated Acquisition Price (22,539 mn yen) and the estimated amount of incidental expenses (969 mn yen). ADR plans to use the equity procured amount, the funds on hand, and the borrowings to provide the necessary funds for the said asset-to-be-acquired. In calculating the Equity Proceeds, the Fund expects 15,103 million yen and 794 million yen as the total amount of the issue price in the Public Offering and the Third-Party Allotment, respectively. These amounts were calculated based on the closing price on the Tokyo Stock Exchange, Inc. as of August 31, 2023 (Thursday), assuming an issue price of 331,222 yen per unit. In addition, with respect to this third-party allotment, it is assumed that the entire amount to be paid in will be paid in by Mizuho Securities Co. Therefore, in the event that the actual issue price in the primary offering is lower than the above-mentioned assumed amount, or in the event that payment is not made for all or part of the new investment units to be issued by the third-party allotment, the amount of equity financing will be lower than the above-mentioned amount, and the amount allocated from cash on hand will be increased or new borrowings will be made for that amount. In this case, the actual LTV may be higher than the above. Conversely, if the actual issue price in the primary offering is higher than the assumed amount above, the amount of equity financing will be higher than the amount above, and the amount allocated from cash on hand will decrease, and the actual LTV may be lower than the amount above. As of September 12, 2023, ADR has not entered into any loan agreements regarding the borrowing and has not received any letters of interest for the loan from financial institutions. The borrowing is subject to, among other things, the completion of the approval by each financial institution in the loan review process, the execution of a loan agreement between ADR and each financial institution, and the fulfillment of all loan preconditions to be separately determined. Therefore, there is no guarantee that the borrowing will actually take place, and the details of the borrowing may change from those described in this document.

(Note 4) NAV per unit as of the end of each fiscal period is calculated by the method described below. The same applies hereinafter.

(Net assets as of the end of each period + Unrealized gains/losses as of the end of each period - Total distributions paid for each period) / Number of investment units issued and outstanding as of the end of each period

The NAV per unit after acquisition of the asset-to-be-acquired is calculated by the method described below. The same applies hereinafter.

(Net assets as of July 31, 2023 + Unrealized gains/losses - Total distributions paid for the fiscal year ended July 31, 2023 + Estimated Retained earnings of 871 mn yen for the fiscal year ending January 31, 2024 + Equity financing) / (July 31, 2023)

(Number of units issued and outstanding as of the end of March + Number of units newly issued through public offering + Number of units newly issued through this third-party allotment)"

Amount of equity raised = 15,103 mn yen (total issue price in the Public Offering) + 794 mn yen (total issue price in the Third-Party Allotment)

The total issue price for the primary offering and the total issue price for the third-party allotment are calculated based on the closing price of the Investment Units in regular trading on the Tokyo Stock Exchange as of August 31, 2023 (Thursday), assuming the issue price is 331,222 yen per unit. With respect to the Third-Party Allotment, it is assumed that the entire amount to be paid in will be paid in by Mizuho Securities Co. Therefore, if the actual issue price in the Public Offering or the Third-Party Allotment is lower than the aforementioned assumed amount, the total issue price in the Public Offering and the total issue price in the Third-Party Allotment will be lower than the aforementioned amount, and the actual NAV per unit after acquisition of the asset-to-be-acquired may be lower than the aforementioned amount. The NAV per unit after the actual acquisition of the Assets to Be Acquired may be lower than the aforementioned. Conversely, if the actual issue price is higher than the aforementioned assumed amount, the total amount of the issue price in the primary offering and the third-party allotment will be higher than the aforementioned amount, and the NAV per unit after the actual acquisition of the asset-to-be-acquired may be higher than the aforementioned amount. In the event that payment is not made for all or part of the new units to be issued by the Third-Party Allotment, the total amount of the issue price and the number of new units to be issued by the Third-Party Allotment will be lower than the above, and the NAV per unit after the actual acquisition of the asset-to-beacquired may be higher than the above. The NAV per unit after the actual acquisition of the Assets to Be Acquired may vary from the above.

Unrealized Gains/Losses" means, with respect to an asset-to-be-acquired, the amount obtained by deducting the Book Value at the end of the period from the Real Estate Appraisal Value at the end of the period for the asset held at the end of the period, and with respect to an asset-to-be-acquired, the amount obtained by deducting the Real Estate Appraisal Value at the time of acquisition from the Book Value at the end of the period for the asset held at the end of the period.

The amount after deducting the Acquisition Price, which is the amount of unrealized gains/losses as of the end of the fiscal period ending July 31, 2023 and the acquisition price (excluding "Residia Azabudai") for the assets-to-be-acquired as of the end of the fiscal period ending July 31, 2023. The amount of unrealized gains/losses and the amount of acquisition price as of the end of the fiscal period ending July 31, 2023 for the assets held at the end of July 2023 (excluding "Residia Azabudai").

Unrealized gains/losses on the asset-to-be-acquired are calculated as the sum of unrealized gains/losses at the time of acquisition. The amount of unrealized gains/losses is not necessarily realized. Unrealized profit" is defined as a positive figure, and "Unrealized loss" is defined as a negative figure. The same applies hereinafter.

Page 29

(Note 1) "NOI Yield" for an asset-to-be-acquired is the "Annual NOI from Direct Capitalization Method in the Appraisal Capitalization Report at the time of acquisition / Acquisition Price" of the subject asset. The "Total and Average" figures are weighted averages calculated based on the scheduled Acquisition Price. The same applies hereafter.

(Note 2) "Building Age" indicates the building age as of September 12, 2023, and "Average Building Age" is calculated and stated by weighting the building age as of September 12, 2023 by the expected Acquisition Price.

The same applies below.

Page 30

(Note 1) "Acquisition (planned) Price" means the acquisition price of real estate or Beneficiary Interests in Trust in Real Estate (hereinafter referred to as "Real Estate, etc.") owned by ADR, or the transfer of Beneficiary Interests in Trust of the Assets to be Acquired, or Beneficiary Interests in Trust of the asset-to-be-acquired The amount of the purchase price (not including various costs required for the acquisition (sales intermediary fees, taxes and public dues, etc.)) stated in the contract or the real estate sales contract. However, for real estate owned by Nippon Residential Investment Corporation at the time of its merger with the former Advance Residence Investment Corporation, the Real Estate Appraisal Value or Survey Price as of the end of February 2010 is used. The same applies hereinafter.

(Note 2) "Asset-to-be-acquired (a) (to be acquired in September 2023)" means Residia Shirokane-Takanawa II, Residia Meguro IV, Residia Bunkyo-Koishikawa II, Residia Shinagawa Seaside, Share Place Shimokitazawa, Residia Kyushu University Gakkentoshi and Residia Kyushu-San-Dai-mae. Assets to be acquired (b) (to be acquired in April 2024)" refers to Residia Ochanomizu III, Residia Sangenjaya III, Residia Sendagi and Tokyo Student House Musashi Kosugi.

(Note 3) "NOI Yield" as of the end of July 2023 is the "Total Annualized Actual NOI for the assets held at the end of July 2023 ÷ Total Acquisition Price for the assets held at the end of July 2023.

(Note 4) "Yield after depreciation" as of the end of July 2023 is "(Total annualized actual NOI Yield for assets held at the end of July 2023 - Total annualized depreciation for assets held at the end of July 2023) / Total Acquisition Price for assets held at the end of July 2023".

(Note 5) For the "Yield after depreciation" of an asset-to-be-acquired, it is calculated by dividing the subject asset's "(Total annual NOI Yield of the Direct Capitalization Method in the Appraisal Capitalization Report at the time of acquisition - Total annual depreciation*) / Total annual depreciation (*)" of the subject asset-to-be-acquired by the total annual NOI Yield of the Direct Capitalization Method in the Appraisal Capitalization Report at the time of acquisition.

The "Total of the list price" is the "Sum of the list price". In addition, "Yield after depreciation" after the acquisition of the asset-to-be-acquired is "Yield after depreciation" (excluding assets owned as of the end of July 2023 (excluding "Residia Azabudai")). Hereinafter this note.

(The same applies in the following table.) (Total annualized actual NOI for assets-to-be-acquired + Total annual NOI for assets to be acquired based on the Direct Capitalization Method in the appraisal report at the time of acquisition - Total annualized depreciation for assets held at the end of July 2023 - Total annual depreciation for assets to be acquired) / (Total acquisition price for assets held at the end of July 2023 + Total acquisition price for assets to be acquired) (Total Acquisition Price for assets-to-be-acquired + Total Annual Depreciation for assets-to-be-acquired))" ÷ (Total Acquisition Price for assets held at the end of July 2023 + Total Acquisition Price for assets-to-be-acquired) The same applies hereafter.

(*) Depreciation for the asset-to-be-acquired is an estimate calculated by ADR based on certain assumptions using the straight-line method, as is the case with ADR's existing assets under management at the time of each acquisition.

The same applies below.

(Note 6) Regarding the characteristics of the portfolio after the acquisition of the asset-to-be-acquired, except for "Building Age (based on (planned) Acquisition Price)" and "Rent Band (based on number of units)," the figures as of April 18, 2024, the date after the acquisition of the asset-to-be-acquired, are shown. The figures for "Age (based on acquisition price)" are as of September 12, 2023, and the figures for "Rent Band (based on number of units)" are as of the end of July, 2023.

Page 34

(Note 1) "Dividend per unit" and "DPU" mean Dividend per unit (excluding distributions in excess of earnings). The same applies hereafter.

(Note 2) "Reserve" means Reserve for temporary difference adjustments. (Note 2) "Reserve" means the reserve for adjustment of temporary differences, etc. The same applies hereinafter.

(Note 3) "Fixed-amount reversal of reserve" means that the reserve for temporary difference adjustments is reversed in "equal amounts over 50 years" every fiscal period in accordance with the "Regulations Concerning Calculation of Investment Corporations" and the "Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations" of The Investment Trusts Association, Japan, partially revised. "Additional reversal of reserve" means an additional reversal of the reserve in response to the negative factors of operating income and loss due to renovation work on the exclusive area and The Revision of the Depreciation Method. The same applies hereinafter.

(Note 4) "Asset-to-be-acquired" refers to the asset-to-be-acquired announced in the "Notice Concerning Acquisition of Asset (Residia Shirokane-Takanawa II and 10 other properties)" dated September 12, 2023. The same applies hereafter.

(Note 5) "Forecast for the fiscal year ending July 31, 2023" shows the DPU announced in the "REIT Financial Results for the Fiscal Year Ended January 31, 2023" dated March 16, 2023.

(Note 6) "Adjusted EPU" means the amount of distribution from Net income (excluding Gain on sales) under review (per unit) plus the amount of additional reversal of reserves (per unit). (Note 6) "Adjusted EPU" means the amount of EPU (per unit) plus the amount of additional reversal of reserve (per unit) from the net income (excluding the gain on sales). The same applies hereinafter.

(Note 7) "Public Offering" means the public offering (the "Public Offering"), the secondary offering (the "Secondary Offering by way of Over-Allotment") and the third-party allotment (the "Third-Party Allotment") to be conducted in accordance with the securities registration statement submitted on September 12, 2023. (Note 7) "Public Offering" means the public offering (the "Public Offering"), the secondary offering (the "Secondary Offering by way of Over-Allotment") and the third-party allotment (the "Third-Party Allotment") to be conducted in accordance with the securities registration statement submitted on September 12, 2023. The same applies hereinafter. The same shall apply hereinafter. Dilution by Public Offering" means the amount of decrease in EPU assuming that the maximum number of investment units to be issued by the Public Offering of 48,000 units will be all issued in the fiscal period ending January 31, 2024.

(Note 8) "Gain on sales" refers to the gain on sales of the two properties announced in the "Notice Concerning Sale of Assets (Residia Azabudai and Residia Sakae)" dated April 27, 2023. The same applies hereinafter.

Page 35

(Note 1) "Acquisition capacity" refers to the amount of new properties that can be acquired based on the assumption that ADR will acquire new properties solely with financing through Loans, etc., under the assumption that the maximum LTV (total assets base) is 50%, and is a trial calculation based on certain assumptions. The "Utilization of Acquisition Capacity" refers to the growth potential of ADR's EPU, which is calculated based on the assumed amortized yield of 3.6% and the assumed financing cost of 1.2% for Loans, etc., as the impact of acquiring new assets with the same amount of Borrowing capacity as the estimated acquisition capacity (total 17.6 billion yen) after acquiring the asset-to-be-acquired. (2) Growth Potential of EPU

(Note 2) "Portfolio Rent Increase Potential" means the percentage difference between the total estimated rent of the entire portfolio calculated by ADR based on the contract rents for the period ending July 31, 2023 and the total current rent of the entire portfolio as of the end of the period ending July 31, 2023. Room for rent rise (monthly rent)" refers to the difference between the estimated monthly rent for the entire portfolio, which ADR calculated based on contract rents for the fiscal year ending July 31, 2023, and the current monthly rent for the entire portfolio as of the end of the fiscal year ending July 31, 2023. In addition, "room for growth due to the elimination of the rent gap" refers to the room for growth of EPUs that ADR considers to exist when all rent gaps are eliminated due to the replacement of contracted units, and is calculated by subtracting expenses incurred due to the increase in rent income related to the room for increase (monthly rent) from the amount of increase in rent income, and then deducting the net income for the FPR calculated by subtracting expenses incurred due to the increase in rent income from the amount of increase in rent income related to the room for increase (monthly rent). Profit

The increase is calculated by dividing the amount of increase by the number of investment units issued and outstanding (1,433,000 units), assuming that the maximum number of investment units to be issued through the public offering is all issued and outstanding. The amount of impact of the elimination of the Rent Increase Potential per year, assuming a four-year period until all contracted units are replaced, is defined as "Elimination of Rent Gap.

(Note 3) "After the acquisition of the asset-to-be-acquired" means the point in time after the completion of the public offering, the secondary offering through over-allotment, the acquisition of the asset-to-be-acquired and the Third-Party Allotment. The same applies hereinafter.

(Note 4) The EPU for "After acquiring the asset-to-be-acquired (trial calculation based on actual results)" is calculated by assuming that the asset-to-be-acquired is in operation for the full fiscal year and adding the increase in Net income for the fiscal year ending July 31, 2023 (excluding the portion of Gain on sales retained by the Investment Corporation) to the actual Net income for the fiscal year ending July 31, 2023 (excluding the portion of Gain on sales retained by the Investment Corporation). The EPU is calculated by adding the increase in Net income for the asset-to-be-acquired to the distribution amount (per unit) from Net income (excluding the portion of gain on sale retained internally) for the fiscal period ended July 31, 2023, divided by the number of investment units issued and outstanding (1,433,000 units), assuming that the maximum number of investment units issued through the public offering is all issued and outstanding. The increase in Net income under review for the asset-to-be-acquired is calculated based on certain assumptions, taking into account not only the increase in rental revenue minus rental expenses, but also the financing costs and other expenses related to the public offering and the acquisition of the asset-to-be-acquired.

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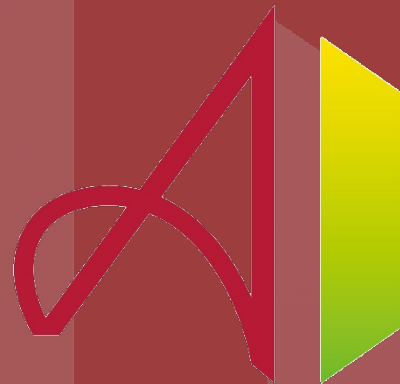
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