ESG Report
2025

Advance Residence Investment Corporation

ITOCHU REIT Management Co., Ltd.

Contents

About This ESG Report

・Advance Residence Investment Corporation ("ADR") and their asset management company, ITOCHU REIT Management Co., Ltd. ("IRM") strive to disclose the status of its sustainability initiatives. This report was written to provide information regarding sustainability policies and the implementation status of its initiatives as disclosed on ADR and IRM websites to our stakeholders in an easy-to-understand manner.

・The disclosure in this report was prepared with reference to the GRI Standards（GRI 1: Foundation 2021）.
For comparisons, please refer to the Comparative Table with GRI Standards.

・All numerical information included in this report is as of the end of October 2025, unless otherwise noted.

Date of Issue: October 31, 2025

Inquiries:

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Disclaimer

Overview of the investment corporation and asset management company

ADR IRM

Advance Residence Investment Corporation

Japan‘s largest* J-REIT specializing in rental residences

One of the largest residential J-REITs in terms of assets. Based on the basic policy of 'realizing long-term, stable distributions of profits', it has built a well-balanced portfolio with diversified investments in investment areas and types of residential units. ADR has developed the rental residential brand RESIDIA. It responds to various lifestyles and offers the value of comfortable living.

Name of Investment Corporation	Advance Residence Investment Corporation
Representative	Wataru Higuchi, Executive Director
Address of Head Offic	17th Floor, Jimbocho Mitsui Building 1-105 Kanda-Jimbocho, Chiyoda Ward, Tokyo
Type of Assets under Management	Residential Property
Fiscal Term End	Six-month period from Feb.1 to Jul.31, and Aug.1 to Jan.31


RESIDIA TOWER Kami-Ikebukuro


Park Tower Shibaura Bayward Urban Wing


RESIDIA TOWER Nogizaka

＊Based on the disclosure data (number of properties, leasable floor space, leasable units, and asset size) of each J-REIT specializing in residential properties as of October 31, 2025.

ITOCHU REIT Management Co., Ltd.

IRM is an asset management company that handles asset management operations for ADR (J-REIT), Advance Private Investment Corporation (private REIT), private funds, etc., as well as private placement operations for overseas real estate funds.

Management Company	ITOCHU REIT Management Co.,Ltd.
Representative	Junichi Shoji, Representative Director, President & CEO
Established	February 2, 2005
Capital	¥300 million
Shareholders	ITOCHU Corporation 80% ITOCHU Property Development, Ltd. 20%
Business	Investment management business Type II financial instruments business Investment advisory and agency business
Licenses and Registrations	Building Lots and Building Transactions Business License, Governor of Tokyo (5) No. 84325 Entrustment-based Agency Services for Transactions, etc. License, Minister of Land, Infrastructure, Transport and Tourism License No. 37 Financial Instruments Business Operator Registration, Director-General of the Kanto Local Finance Bureau (Financial Instruments) No. 309 First-class Architect Office: Governor of Tokyo Registration No. 58856
Memberships	The Investment Trusts Association, Japan Type II Financial Instruments Firms Association Japan Investment Advisors Association The Association for Real Estate Securitization
Headquarter Address	17th Floor, Jimbocho Mitsui Building 1-105 Kanda-Jimbocho, Chiyoda Ward, Tokyo

Message from Top Management

ADR IRM

Advance Residence Investment Corporation (ADR) is a listed investment corporation boasting one of the largest asset holdings in Japan among J-REITs specializing in residential properties. ADR is managed by ITOCHU REIT Management Co., Ltd. (IRM), which is an asset management company of the ITOCHU Corporation Group. Upholding the basic policy of realizing stable, long-term profit sharing, ADR creates its portfolio with a focus on balance through diversified investments in terms of investment areas and housing types. Following the corporate mission of *Sampo-Yoshi* (Japanese for “good for all three sides”: good for the seller, good for the buyer, and good for society) upheld by their sponsor, ITOCHU Corporation, ADR and IRM aim to solve social challenges while maximizing investor values and proactively promote initiatives relating to the Environment, Social and Governance (ESG) to remain entities that provide all stakeholders with a sense of security, trust, and hope.

Companies are expected to contribute more actively to a sustainable society, and their responsibilities are becoming greater. To address these challenges, IRM has developed the Sustainability Policy, while ADR has established goals and KPIs to tackle materiality issues (priority sustainability challenges) and effectively implement this policy. ADR is committed to various objectives, including achieving Net Zero status by 2050, serving local communities, enhancing tenant satisfaction, and promoting DEI (diversity, equity, and inclusion) among officers and employees.

ADR and IRM identify combating climate change and conserving natural capital as crucial challenges, and endorse the philosophy of the TNFD (Taskforce on Nature-related Financial Disclosures). IRM joined the TNFD Forum in April 2025. To demonstrate its intention to conduct analysis and disclosure based on the framework recommended by the TNFD, ADR registered as a TNFD Adopter in August 2025, identifying nature-related risks and opportunities and assessing their financial impacts. This ESG report presents the results of this analysis along with the data obtained using our conventional analysis framework recommended by the TCFD (Task Force on Climate-related Financial Disclosures) for more comprehensive disclosure.

To make its sustainability initiatives more transparent and trustworthy, ADR is actively participating in external assessment and certification programs and working to improve its evaluation results. ADR was selected for the “A List” of companies with the highest score of “A” for Leadership level for the first time, in response to the 2024 CDP Climate Change questionnaire. On the supplier engagement side, the company was also recognized with the highest rating as a “ Supplier Engagement Leader”, which is another first-time achievement.

From the social aspect, we focus on creating an environment where all officers and employees can reach their full potential. We incorporate voices from regular employee satisfaction surveys into comprehensive measures, including enhancing our HR systems and employee benefits and developing a healthy, hygienic, and comfortable work environment. Through these initiatives, we are actively fostering a facilitating work environment and expanding growth opportunities.

This ESG Report describes the status of sustainability efforts at ADR and IRM, including those mentioned above, to foster a broad understanding among our investors and other stakeholders. The Report explains our Sustainability Policy, its promotion structure, specific sustainability initiatives, external assessments of the outcome of such initiatives, and other data. We will endeavor to continue to make a contribution in building a sustainable society to the best of our ability and strive to communicate the implementation status of our efforts in an easy-to-understand manner.

We would greatly appreciate your continued support.

Wataru Higuchi

Executive Director

Advance Residence Investment Corporation

Junichi Shoji

Representative Director , President & CEO

ITOCHU REIT Management Co., Ltd.

Supported Initiatives / External Evaluations and Certifications

ADR IRM

ADR and IRM regard addressing social issues—such as climate change; the conservation of biodiversity and the natural environment; human rights; and diversity, equity, and inclusion (DEI)—as critical to achieving a sustainable society. Based on this commitment, we are working to sign and endorse the initiatives below and to promote, obtain, and improve external evaluations and certifications.

Supported Initiatives

IRM — Japan Climate Initiative (JCI)
Supported July 2019

IRM — Task Force on Climate-related Financial Disclosures (TCFD)
Supported March 2020

IRM — TCFD Consortium
Membership in April 2020

ADR — SBTi (SBT Initiative)
Acquired SBT certification in March 2023

IRM — Principles for Responsible Investment (PRI)
Signatory of:
Supported March 2024

IRM — Task Force on Nature-related Financial Disclosures (TNFD)
Forum Member
April 2025
Joined the TNFD Forum

ADR — TNFD Adopter
We are a TNFD Adopter
Became a TNFD Adopter in August 2025

Obtaining external evaluations/certifications

ADR — The 2024 CDP Climate Change questionnaire
Climate CDP A List 2024
Leadership Level "A" Score
"A-List" Company Certification

ADR — The 2024 CDP Climate Change Program Supplier Engagement Assessment
Supplier Engagement Leader CDP 2024
Selected as a "Supplier Engagement Leader,"

ADR — MSCI ESG Ratings
MSCI ESG RATINGS A
CCC | B | BB | BBB | A | AA | AAA
Received "A" rating in May 2025

ADR — GRESB Real Estate Assessment
GRESB REAL ESTATE ★★★☆☆ 2025
8th time in total
"**3 Stars**" rating
Ranked #1 among participants in "Listed, Residential, Japan" *2

ADR — GRESB Real Estate Residential Assessment*3
GRESB RESIDENTIAL Top Performer 2025
Certified as an Asia Top Performer*4

ADR — GRESB Public Disclosure Assessment
GRESB Public Disclosure 2025
Received "A" rating for 8 consecutive years

ADR — DBJ Green Building certification
DBJ Green Building
Number of certified
1 property

ADR — CASBEE certification
Number of certified
27 properties

ADR — BELS certification
Number of certified
4 properties

IRM — Excellent Health Management Corporation 2025 (Small and Medium-Sized Corporations)
Certified for 5 consecutive years
2025 健康経営優良法人 KENKO Investment for Health 中小規模法人部門
Certified March 2025

IRM — The Gold Certification for Excellent Health Company
Obtained 3 consecutive years
健康優良企業
Gold certification authorisation No. KYOKIN No. 159(2)
Acquired in September 2025

*1 For an overview of each initiative and evaluation, please click on the logos and visit the respective websites.
*2 Ranking within participants that meet the criteria of "Japan, Residential, Listed" in the GRESB Customized Peer Group (a system that allows participants to check their ranking within a group set up with arbitrary conditions).
*3 The Residential Assessment, introduced in 2025, aims to benchmark residential assets. Participants whose portfolios consist of 75% or more residential assets by Gross Asset Value (GAV) may voluntarily respond.
A separate overall score is assigned for this Residential Assessment, distinct from the main GRESB assessment.
*4 Top Performers are the best performers by sector and region from across the GRESB Residential Assessment. The entity with the top score, as well as the entities with a score within 1 point of the top score in a category will be recognized as a Top Performer.
ADR achieved the highest ranking among the participating entities in Asia and has been selected as "Asia Top Performer".

Sustainability Policy and Structure

ADR IRM

Sustainability Policy

IRM consider efforts to achieve Net Zero by 2050 and to address climate change and social issues as important issues in our business activities, and have established the "Sustainability Policy" and will contribute to the realization of a sustainable society by implementing this policy in our asset management operations and overall business activities.

1. Efforts toward achievement of Net Zero by 2050

We will contribute to achieving Net Zero by 2050 and to mitigating climate change by reducing greenhouse gas emissions from the operation of our property holdings by installing energy efficient equipment and adopting renewable energy.

2. Consideration and conservation of the global environment

We will contribute to the preservation of the global environment by analyzing data on environmental impacts, understanding the impact of our business activities on the environment, and giving due consideration to ecosystems and biodiversity.

3. Resource conservation and waste reduction

Through collaboration with stakeholders, We will contribute to the achievement of a society that conserves and recycles resources by encouraging tenants to conserve electricity and water and to recycle waste.

4. Creating a Great Place to Work

We will promote the creation of a work environment that is healthy and comfortable so that individual executives and employees can fully demonstrate their abilities. We will also promote initiatives that take DEI and human rights into consideration and foster an organizational culture that recognizes and respects diversity.

5. Contribution to tenants and local communities

We will strive to offer high quality properties to tenants and contribute to local communities through collaboration with our employees and other stakeholders including property management companies.

6. Legal compliance and the establishment of an organizational structure

We will establish an appropriate organizational structure to ensure compliance with ESG-related laws and regulations to prevent risks.

7. Transparent disclosure

When disclosing our ESG-related policies and initiatives, we will take the perspective of unitholders and make disclosures easy to understand.

Promoting Sustainability

To realize our Sustainability Policy, IRM has set targets for material issues—priority challenges identified by IRM and ADR as requiring solutions—and is implementing a PDCA cycle to achieve those targets.

Sustainability Promotion Framework

In order to systematically pursue sustainability improvement activities, IRM have established the Sustainability Promotion Committee, which is chaired by the representative director, and the Sustainability Practical Committee, which is composed of employees responsible for actual operations in each department.

For more information, see 'Governance (Management's roles and oversight by the Boards of Directors of IRM and each investment corporation)' on P.9.

Officer and Employee Training

To enhance sustainability awareness, IRM conducts regular sustainability training (led by external experts and in-house) and events for its officers and employees. In fiscal year 2024, IRM continued its initiative from the previous year by inviting external instructors to conduct training for executives, deepening their knowledge of ESG. Additionally, IRM has previously held awareness events such as home energy-saving challenges and dinner discussions (company-sponsored) centered on SDGs.

Materiality and Targets

ADR IRM

ADR and IRM have identified the following ten materiality items as important issues to be solved as a priority in promoting sustainability and are executing the PDCA cycle to achieve our goals. Also, in September 2022, ADR established targets and KPIs to enhance the effectiveness of materiality.

	Materiality (sustainability-related important issues)	Targets and KPIs	Subject	Latest Progress	Related SDGs
Environment	Management and reduction of energy consumption, CO_2 emissions, water consumption, and waste emissions	< Energy consumption >20% reduction (intensity) by FY2030 to date (vs. FY2018)	ADR	Reduction of **7.7% (intensity)** vs. FY2018 *Actual results for FY2024	6, 7, 11, 13
		< CO_2 emissions (GHG) > Scope1,2:51% reduction (total) by FY2030 to date (vs. FY2018) Net zero by FY2050 Scope3:Identification of corresponding categories and scope determination and calculation		Scope1,2 emissions: :**97.4%** (total) reduction *Actual results for FY2024 Scope3:Identified corresponding categories and determined their scope Calculated FY2024 results	
		< Water consumption > Do not increase intensity (common areas) by FY2030 to date (vs. FY2018)		Reduction of **9.5%** (intensity) vs. FY2018 *Actual results for FY2024	
		< Waste > Recycling rate 65% (emissions related to construction of exclusive use areas)		Recycling rate: **98.7%** *Actual results for FY2024	
	Acquisition of environmental and energy-saving certifications	Proportion of environmental and energy-saving certifications acquired by FY2030 30% or more (by total floor space)		Percentage of properties with certification: **33.4%** (by total floor space) *As of the end of July 2024	11, 13
	Collaboration with stakeholders on environmental considerations	・Conduct periodic supplier (PM / BM / contractors) training, exchanging opinions, and monitoring. ・Conclude green lease clauses for all newly contracted units	ADR	・Conducted regular exchange of opinions with and monitoring of suppliers ・Percentage of green lease contracts : **68.6%** *As of the end of July 2024	11, 12, 13, 17
		・Raise sustainability awareness through regular training for investment management company employees	IRM	Offered one sustainability training session for all officers/employees Offered ESG training for officers with an external lecturer *Actual results for FY2024	
Social	Improvement of tenant satisfaction, engagement with tenants	・Conduct periodic tenant satisfaction surveys ・Install disaster prevention maps in all properties ・Make disaster prevention goods available at no charge for all ・Distribute sustainability guidelines to all units ・Conduct education on sustainability and disaster prevention at all properties	ADR	・Conducted a tenant satisfaction survey in May–June 2023 ・Installed disaster prevention maps in all properties; provided free disaster prevention goods upon request ・Distributed sustainability guides to all residential units ・Provided sustainability/disaster prevention education at all properties	3, 11, 13
	Contributing to local communities	・Promote installation of AED equipment at all properties ・Promote installation of donation vending machines	ADR	・Number of AED installed: **68 units** ・Promoted installation of fundraising vending machines: **Installed 20 units** *As of the end of July 2024	3, 11
		・Support employees' volunteer activities, donate to charitable organizations, etc. ・Participate in regional activities, Local revitalization through dialogue with local communities	IRM	・Supported employees' volunteer activities; donated to charitable organizations and others ・Participated in local activities; revitalized local communities through dialogue (Implementing industry-academia collaboration initiatives with nearby universities)	
	Pursuit of unitholders' profit through customer-oriented business conduct	・Establish system for managing conflicts of interest in the oversight of multiple funds	IRM	・Organized a framework for conflict-of-interest management in operating multiple funds	8, 17
		・Conduct honest, transparent disclosure ・Pursue unitholders' interests through the establishment of an asset management fee structure linked to investment performance	ADR	・Conducted honest and highly transparent information disclosures ・Pursued unitholder interests through establishing an asset management fee structure linked to investment performance	
	Promoting diversity and talent development	Initiatives to promote the success of diverse talent (e.g., promoting women's empowerment) ・Proportion of female employees : 30% or more ・Proportion of female managers : 30% or more ・Proportion of male employees taking childcare leave : 100% Human resource development and career development support ・ To support the continuous skill development of employees, conduct training sessions, encourage attendance, and provide assistance for obtaining certifications (monitoring the training expenditure per employee)	IRM	・Proportion of female employees :**27.8%** ・Proportion of female managers :**14.3%** ・Proportion of male employees taking childcare leave :**25%** ・Training costs for employee:**¥83,921** *Actual results for FY2024	4, 5, 8
	Creating a work environment for Decent Work	Initiatives to enhance work-life balance through the promotion of diverse working styles ・Average monthly overtime : Less than 20 hours ・Leave acquisition ratio : 70% or more Improvement of employee engagement ・Leave acquisition ratio : 70% or more Improvement of employee engagement	IRM	Initiatives to enhance work-life balance through the promotion of diverse working styles ・Average monthly overtime : **21 hours 4 minutes** *Actual results for FY2024 ・Leave acquisition ratio :**71. 4 %** *Actual results for FY2024 Improvement of employee engagement ・Leave acquisition ratio **64%** *Actual results for FY2025	3, 8
Governance	Strong corporate governance structure	・Increase in the number of fund officers and appointment of female officers comprising 25%	ADR	・Appointed female officers; percentage of female officers reached **50%** *As of October 27, 2025	16
		・Development of governance structure ・Conduct in-house compliance training, achieve 100% participation rate ・Conduct an internal audit once a year to ensure the feasibility of internal controls.	IRM	・Organized a governance structure ・Conducted in-house compliance training and confirmation test**: 100%** ・Conducted annual internal audits to ensure the effectiveness of internal controls *Actual results for FY2024	
		・Maintain and improve the effectiveness of committees and the Board of Directors	Common	・Maintained and improved the effectiveness of committees and Board of Directors	
	Strengthening of resilience	・Response to severe disasters (earthquakes, floods, etc.) ・Response to TCFD (assessment and calculation of climate change-related risks and opportunities) ・Participation in CDP / Acquisition of SBT Certification	ADR	・Implementation of measures for severe disasters (Installation of water barriers at properties with high flood risk) ・Took measures for TCFD (evaluated/calculated climate change risks and opportunities) ・In the 2024 CDP Climate Change questionnaire, Achieved the highest "**A**" rating and selected as an "**A List**" company. ・Obtained SBT certification (for Scope 1+2 reduction targets)	13
		・Conduct annual BCP training	IRM	・Conducted confirmation of information gathering systems and communication methods during earthquakes as part of BCP training	

Integrated TCFD and TNFD Disclosure

Climate Change and Natural Capital Initiatives

Note

・TCFD/TNFD analyses' respective estimates are based on ADR's past investment performance, climate scenarios provided by international institutions and other entities, parameters published by relevant government bodies and third-party organizations, and other available data, and do not represent the actual impacts on our business.

・Countermeasures anticipated based on scenario analysis are hypothetical assumptions for the purpose of impact assessment and do not represent our current plans or decisions to implement them. We will develop specific measures and adjust implementation schedules based on changes in circumstances.

・As a general rule, the figures presented in this report are based on data as of FY2024, with the financial figures representing the 28th and 29th terms.

・While we have considered the characteristics of each scenario and consulted with third-party organizations and other entities, we do not guarantee the accuracy, completeness, or comprehensiveness of this analysis.

・This report is not intended to recommend investment or other decisions. Final investment decisions should be made at your own discretion and responsibility.

Climate Change and Natural Capital Initiatives

IRM

Our policies on Climate-Related and Nature-Related Issues

IRM clearly understands that climate change issues have significant impacts on the environment, economic activities, and our business activities. We are also fully aware that since our business activities impact and depend on natural capital (water, land, biodiversity, etc.), its health is essential for the sustainability of our corporate value and society. We believe that combating climate change and conserving natural capital are closely interrelated, requiring comprehensive approaches to both challenges. Going forward, we will continue contributing to sustainability by identifying, analyzing, and disclosing key climate-related and nature-related issues.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

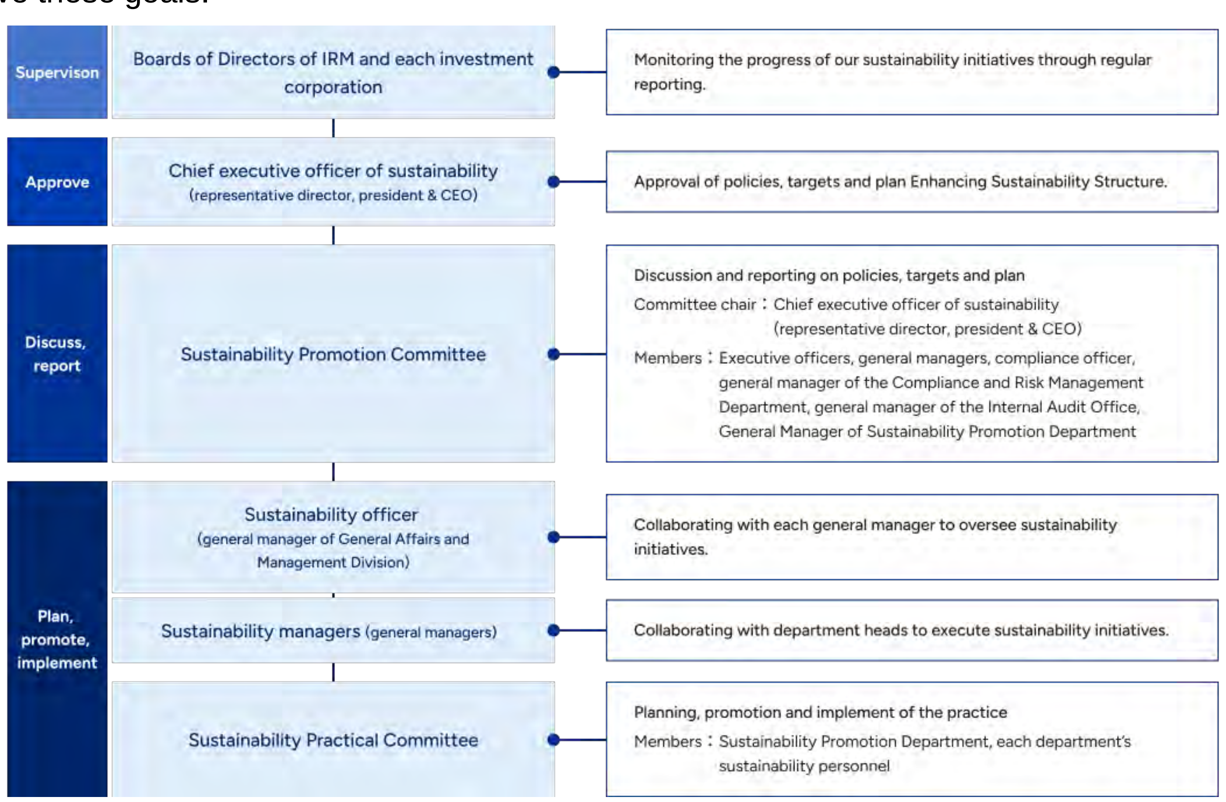
Integrated disclosure based on the TCFD and TNFD frameworks

To identify key climate-related and nature-related issues, IRM first endorsed the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) in March 2020 and has been assessing and disclosing climate-related risks and opportunities. Furthermore, in 2025, to deepen our analysis of nature-related issues, we expressed support for the TNFD (Taskforce on Nature-related Financial Disclosures) policies, and have been collecting information as a TNFD Forum member. Based on these initiatives, this report will disclose climate-related and nature-related issues based on the four pillars of the TCFD and TNFD disclosure frameworks: **Governance**, **Strategy**, **Risk management**, and **Metrics and Targets**.

TNFD Forum Member

Governance (Management's roles and oversight by the Boards of Directors of IRM and each investment corporation)

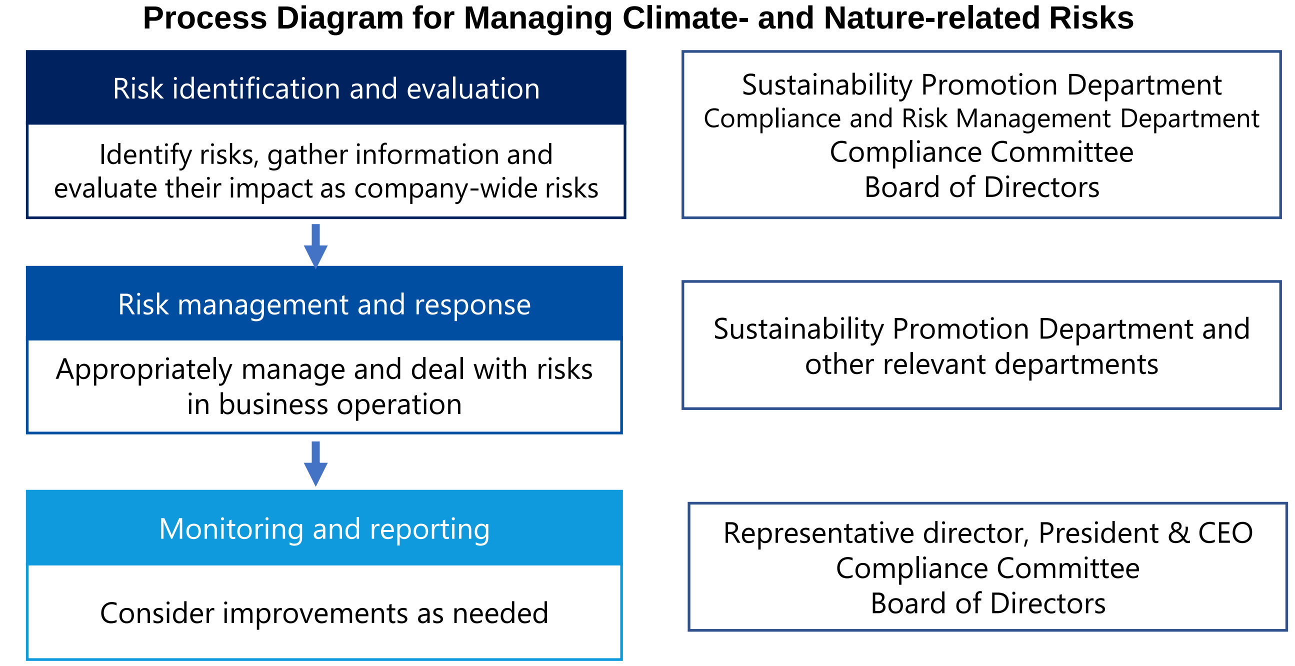
- IRM has established the Sustainability Promotion Committee, which is chaired by the representative director, and the Sustainability Practical Committee, which is composed of employees responsible for actual operations in each department.
- The Sustainability Promotion Committee meets at least twice a year to implement a PDCA cycle with the aim of improving asset value over the medium to long term. The PDCA cycle consists of the following steps: formulate sustainability goals and initiatives, identify and evaluate climate-related and nature-related risks and opportunities, analyze climate-related and nature-related risks and manage them company-wide, monitor environmental performance as well as the results of ESG evaluation by external organizations, verify the degree of achievement of goals, and reset goals for remaining and new challenges.
- Climate-related and nature-related goals are set by the representative director, who is the chief executive officer of sustainability, and the progress made toward goals and on initiatives is reported to the Board of Directors of IRM and each investment corporation at least once a year. The Sustainability Practical Committee is responsible for promoting various measures needed to achieve these goals.



Risk management (Risk identification and evaluation and integration with company-wide risk management)

- IRM has established the "Risk Management Regulations" and "Risk Management Standards" as internal regulations to clearly define fundamental risk management principles and internal control systems, aiming to contribute to the appropriate operation of business and ensure sound management. These regulations designate the President and Representative Director, who is the Chief Executive Officer (CEO), as the overall risk management officer; the heads of each department and office as the risk management officers for their respective departments; and the Compliance and Risk Management Office as the analysis and monitoring department.
- IRM identifies climate-related and nature-related risks as having significant financial and strategic implications for its business and manages them by integrating them into its company-wide risk management process.
- The Compliance and Risk Management Office conducts impact assessments as part of company-wide risk management by consolidating concerns and the status of control activities for each risk from executives and risk management officers. At the beginning of each fiscal year, the office identifies risks surrounding IRM. Following discussions involving management, including the President and Representative Director, it selects items requiring focused attention. It reports these items to the Compliance Committee and the Board of Directors, among others. Furthermore, as the fiscal year progresses, it monitors the status of control activities addressing these risks and similarly reports the results.

Process Diagram for Managing Climate- and Nature-related Risks



Climate Change and Natural Capital Initiatives

ADR

Climate-related and Nature-related issues: Scenario outline

To identify climate- and nature-related issues, we first assessed how changes in climate and the natural environment could affect ADR's business environment.

To assess our resilience, we have adopted two extreme scenarios for ADR: one with maximum transition risks and the other with maximum physical risks. Specifically, in one of the scenarios, **social changes associated with achieving Nature Positive impact our business**, and in the other, **climate change and natural disasters caused by nature destruction impact our business**.

Please follow this link for details of the scenarios recommended by the TNFD.

For specific climate change scenarios, please see page 13.

High

Transition risks (Market and non-market consistency)

Low

Physical risks (ecosystem services deteriorate)

Gradual deterioration

Rapid deterioration

Nature degradation progresses gradually, with low physical risks and high transition risks.

Toward a nature-positive world, regulations and measures are strengthened, mitigating the impacts of climate change and other effects stemming from nature destruction.

A scenario where social changes associated with achieving Nature Positive impact our business

TCFD/1.5ºC Scenario
TNFD/Scenario A

Nature degradation progresses rapidly, with high physical risks and high transition risks.

Regulations and other policy measures are behind, even as the impacts of nature loss have grown severe. In the period ahead, both regulatory action and corporate voluntary efforts are likely to gain momentum.

A scenario where both nature degradation and regulatory compliance costs impact our business.

Nature degradation progresses gradually, with low physical and transition risks.

The existing regulations and measures are producing short-term benefits for nature, resulting in a lower priority for advancing nature conservation.

A scenario where the impacts of nature destruction have not materialized and do not affect our business.

Nature degradation progresses rapidly, with high physical risks and low transition risks.

Regulations and measures for nature conservation are not advancing, and the impacts of nature destruction, including climate change, are worsening.

A scenario where climate change and natural disasters caused by nature destruction impact our business

TCFD/4ºC Scenario
TNFD/Scenario B

Climate Change and Natural Capital Initiatives

ADR

Climate-related and Nature-related issues: List of risks and opportunities

Based on the overview of the scenarios developed using the TCFD and TNFD analysis frameworks, we have identified the following climate-related and nature-related risks and opportunities.
Please see the corresponding explanatory pages for the details of each analysis and identification procedure, and the analysis results for each scenario.

TCFD disclosure･･･Page 13
TNFD disclosure･･･Page 16

Category		Factor	Impact (Risk/opportunity)	Climate change		Natural capital	
				1.5℃	4℃	Scenario A	Scenario B
Transition risks	Policies/ regulations	Relevant regulatory enhancement to control carbon emissions	Operational costs increase due to carbon tax.	〇	〇	〇	〇
			Procurement costs for construction materials increase due to carbon tax.	〇	〇	-	-
			Property acquisition costs increase due to higher construction costs associated with energy code compliance.	〇	〇	〇	〇
		Waste management	Recycling costs increase due to social movements promoting reuse and recycling.	-	-	〇	〇
	Markets	Progress in climate-focused investments and financing	Fundraising costs increase due to delay in climate-proofing the company's properties (not qualifying for reduced interest rates).	〇	-	-	-
		Changes in tenant demands (Growing needs for climate-proof properties)	Income from leasing business declines due to delay in climate-proofing properties.	〇	-	-	-
Physical risks	Acute	Intensified natural disasters and a higher risk of wind and flood hazards, including heavy rainfalls, typhoons, floods, landslides, ground instability, and high tides	Intensifying natural disasters damage properties and result in a loss of business opportunities.	〇	〇	〇	〇
	Chronic	Higher average temperatures and intensified natural disasters	Energy costs rise due to a higher average temperature.	〇	〇	〇	〇
			Casualty insurance premiums rise as natural disasters intensify.	〇	〇	〇	〇
Opportunities	Resource optimization	Stricter energy conservation regulations	Cut operational costs to reduce energy consumption.	〇	〇	〇	〇
		Compliance with stricter water consumption regulations	Enhance water efficiency of properties by deploying water-saving facilities (low-flow toilets and showers) actively and progressively to make properties appealing.	-	-	〇	〇
		Waste management	Continue waste sorting practices that maintain high recycling rates to help promote reuse and recycling for the entire society.	-	-	〇	〇
	Markets	Progress in climate-focused investments and financing	Implement climate measures to lower fundraising costs and attract investment (qualify for reduced interest rates).	〇	-	-	-
		Changes in tenant demands (Higher needs for climate-proof properties)	Provide low-carbon facilities and services for tenants to increase rental income (high occupancy ratio, high rents).	〇	-	-	-
	Products and services	Control of hazardous substances from construction work	Mitigate additional costs from stricter regulations by maintaining compliant construction practices, including proper hazardous material management.	-	-	〇	〇

＊For each risk and opportunity, items that do not materialize under the given scenario are marked with "-".

TCFD

Climate Risks and Opportunities

Climate Change Initiatives

ADR

Strategy

Scenario Analysis

We classify various change factors in the external environment resulting from climate change into transition risks and physical risks and identify and evaluate them as risks and opportunities. We select any factors that have a material impact on our business and run scenario analysis. We mainly analyze and calculate transition risks related to “policies/regulations, markets, reputation,” and physical risks in the categories of “acute/chronical,” and opportunities related to “markets, energy sources, resource efficiency, products and services.” We aim to reduce our environmental impact while achieving a medium- and long-term growth by addressing climate change-related risks and enhancing our efforts to capture opportunities.

The following chart shows the images of the world surrounding our investment corporations in the climate change scenarios with 4-degree Celsius temperature rise and a 1.5-degree Celsius temperature rise as the background for risk and opportunity identification and evaluation.

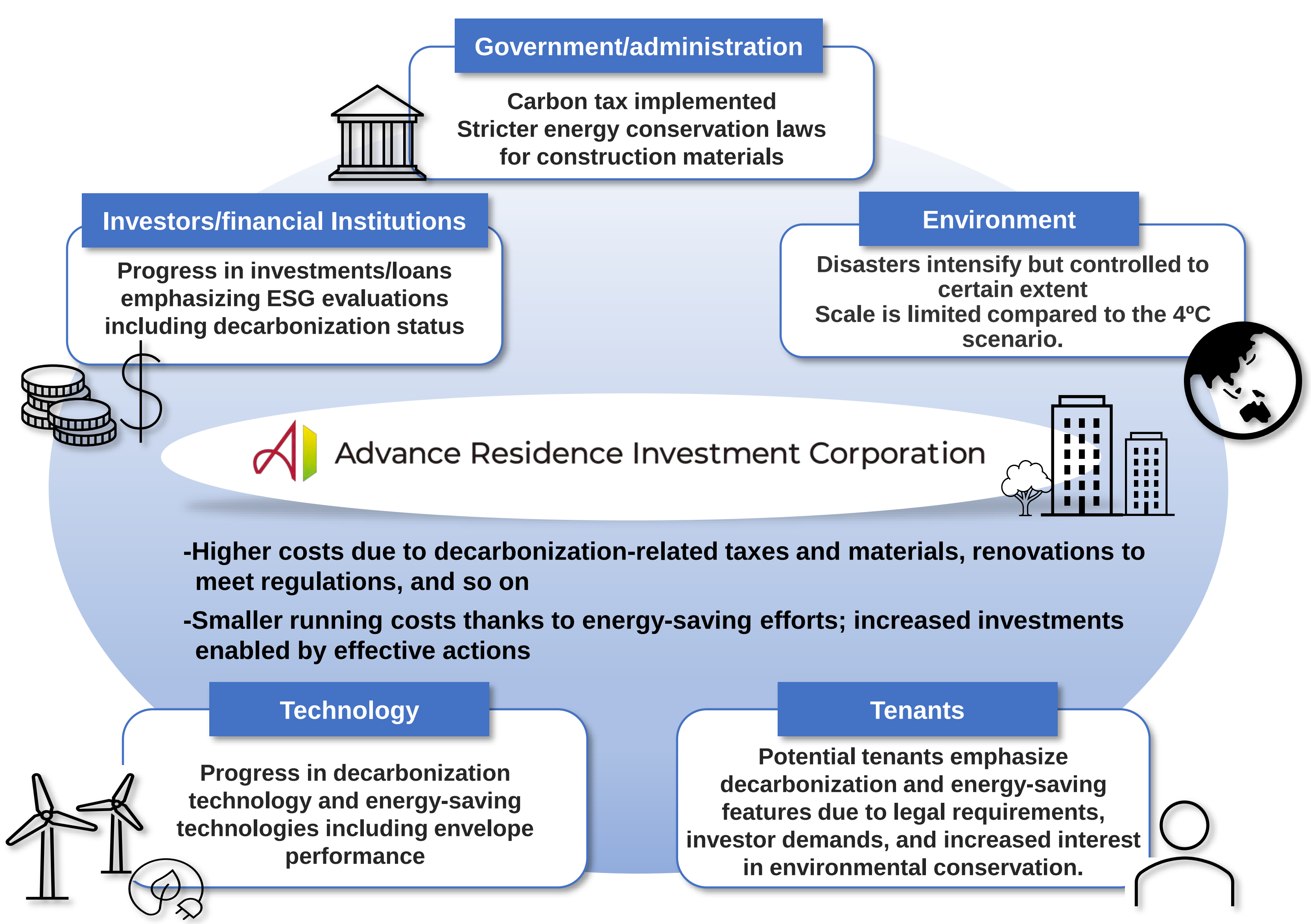
1.5℃

Scenario-based worldview

Entire society has shifted towards decarbonization and successfully controlled temperature rises; Progress in laws/regulations and technological innovation; Social changes that occur in the process of decarbonization Impact our business

The primary reference scenarios

IEA (International Energy Agency) NZE（Net Zero Emission by 2050 Scenario), APS（Announced Pledges Scenario）



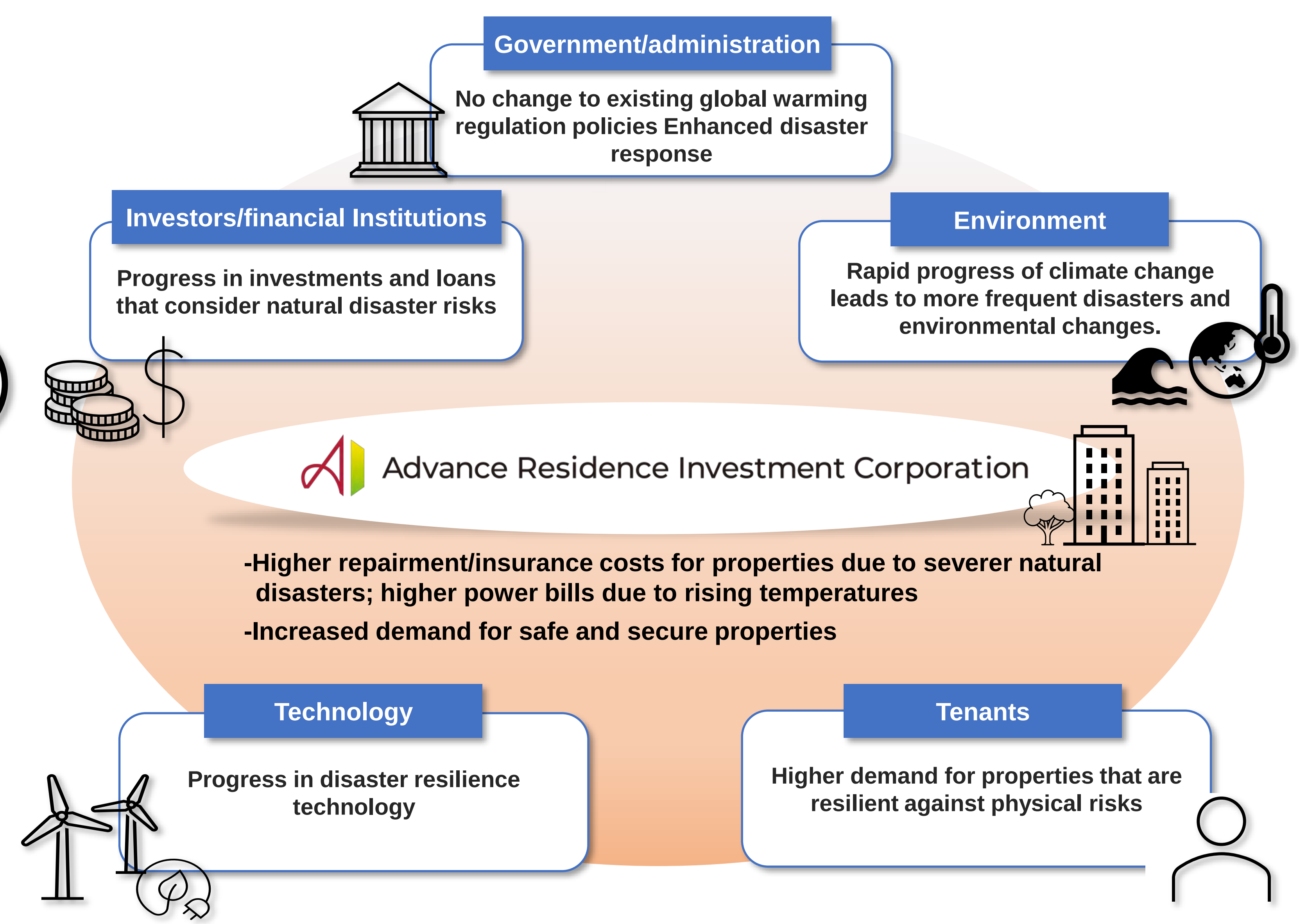
4℃

Scenario-based worldview

Economic development has been prioritized, resulting in higher temperature rises and more serious impacts; Global warming causing more serious impacts than present such as severer wind and water damage and sea level rises; Natural catastrophes caused by climate change impact our business

The primary reference scenarios

IPCC（Intergovernmental Panel on Climate Change）SSP5 - 8.5



Climate Change Initiatives

ADR

Risk and opportunity identification and impact analysis

The following table shows climate risks for ADR identified based on the 1.5ºC and 4ºC scenarios as well as their financial impacts, countermeasures, and business opportunities.
The metrics and targets established to manage these risks and opportunities are explained on page 21, alongside findings from TNFD-based analysis.

	over ¥300M	over ¥100M and under ¥300M	under ¥100M
Financial Impact	High	Medium	Low

Category		Factor	Impact (Risk/Opportunity)	Financial impact (millions of yen)		Priority for action		Countermeasures
				1.5℃	4℃	1.5℃	4℃	Overview
Transition risks	Policies/ regulations	Relevant regulatory enhancement to control carbon emissions	Operational costs increase due to carbon tax.	▲130	▲2	Medium	Low	■ Deploy LED lighting ■ Introduce renewable energies
Transition risks	Policies/ regulations	Relevant regulatory enhancement to control carbon emissions	Procurement costs for construction materials increase due to carbon tax.	▲160	▲2	Medium	Low	■ Use subsidiaries and incentive systems
Transition risks	Policies/ regulations	Relevant regulatory enhancement to control carbon emissions	Property acquisition costs increase due to higher construction costs for energy code compliance.	▲10	▲10	Low	Low	■ Highlight energy cost saving benefits during the leasing process
Transition risks	Markets	Progress in climate-focused investments and financing	Fundraising costs increase due to delay in climate-proofing the company's properties (not qualifying for reduced interest rates).	▲239	-	Medium	-	■ Continue acquiring environmental certificates (issue sustainability bonds) ■ Enhance information disclosure and engage investors
Transition risks	Markets	Changes in tenant demands (Growing needs for climate-proof properties)	Income from leasing business declines due to delay in climate-proofing properties.	▲1,096	-	High	-	■ Continue acquiring environmental certificates ■ Anti-flood measures (install water stops, drainage pumps, water sensors, alarm devices) ■ Conduct disaster drills; secure disaster prevention goods
Physical risk	Acute	Intensified natural disasters and a higher risk of wind and flood hazards, including heavy rainfalls, typhoons, floods, and high tides	Intensifying natural disasters damage properties and result in a loss of business opportunities.	▲232	▲465	Medium	High	■ Anti-flood measures (install water stops, drainage pumps, water sensors, alarm devices) ■ Conduct disaster drills; secure disaster prevention goods ■ Reduce damage (lost rents) by purchasing fire insurance
Physical risk	Chronic	Higher average temperatures and intensified natural disasters	Energy costs rise due to a higher average temperature.	▲4	▲10	Low	Low	■ Deploy LED lighting
Physical risk	Chronic	Higher average temperatures and intensified natural disasters	Casualty insurance premiums rise as natural disasters intensify.	▲6	▲13	Low	Low	■ Regularly review fire insurance coverage
Opportunities	Resource efficiency	Stricter energy conservation regulations	Cut operational costs to reduce energy consumption	11	11			
Opportunities	Markets	Changes in tenant demands (Higher needs for climate-proof properties)	Provide low-carbon facilities and services for tenants to increase rental income (high occupancy ratio, high rents).	239	-			
Opportunities	Markets	Progress in climate-focused investments and financing	Implement climate measures to lower fundraising costs and attract investment (qualify for reduced interest rates).	1,096	-			

* Costs are marked with ▲.
Of the risks and opportunities, items that do not materialize under the relevant scenario are marked with "-".
For risks envisaged under the 1.5˚C and 4˚C scenarios, we indicate the priority for action as "high," "medium," or "low," taking into account the expected timing of occurrence and the business impact.

TNFD

Risks and Opportunities for Natural Capital

Natural Capital Initiatives ADR

TNFD recommendations: General requirements

The following are the six general requirements from the TNFD recommendations, or basic principles and requirements for all organizations conducting disclosure based on them.

General requirements	Measures implemented
Application of materiality	Based on objective information from external tools regarding the business activities listed below, we identified the dependency and impact factors, risks, and opportunities for ADR as described in "The TNFD Analysis Process." Considering both the impact of nature on ADR's business and the impact of ADR's business on nature from a double materiality perspective, we identified material nature-related issues based on their significance, frequency of occurrence, and likelihood of occurrence.
Scope of disclosure (Business activities subject to analysis)	Direct operations: real estate investment, building completion Upstream value chain: building construction Proceed to STEP 1 for details☞
Location of nature-related issues	Since this analysis was conducted for all properties, we did not specify priority regions or properties. Proceed to STEP 3 for details☞
Integration with other sustainability-related disclosures	For shared elements with the TCFD analysis and disclosure framework, we have integrated our disclosure.
Timeline	The analysis is conducted under 2030 scenarios assuming changes in nature.
Engaging stakeholders	ADR understands how our business activities impact the environment and society and commits to a sustainable society by fulfilling our corporate responsibilities. To that end, we have implemented initiatives to serve tenants and local communities as set forth in our Sustainability Policy. We also clarify our human rights guidelines by disseminating our Sustainability Procurement Policy and Sustainability Procurement Guideline, including prohibition of forced labor and child labor. We also conduct regular surveys to monitor compliance, promoting relevant initiatives throughout the supply chain.

TNFD analysis process

For TNFD analysis, we used the LEAP approach. It is a systematic procedure involving identifying the value chain, touch points with nature, and priority regions (Locate); evaluating the dependencies and impacts on nature in those points (Evaluate); identifying and assessing resulting risks and opportunities (Assess); and managing them and disclosing related findings (Prepare).

L Locate
Identify touch points between the organization's activities and nature

- STEP 1 Identify business activities subject to analysis and disclosure
- STEP 2 Review the degree to which business activities impact and depend on nature
- STEP 3 Review priority properties

E Evaluate
Identify and assess how the organization impacts and depends on the environment

- STEP 4 Identify specific dependencies and impacts on nature

A Assess
Identify and assess environmental risks and opportunities for the organization

- STEP 5 Identify risks and opportunities (identification/materiality assessment)
  Analyze financial impacts

P Prepare
Explore, plan, and externally report measures to be implemented for environmental challenges (dependencies, impacts, risks, opportunities).

- STEP 6 Disclose analysis results
- STEP 7 Disclose metrics and targets

Natural Capital Initiatives ADR

STEP1 Identify business activities subject to analysis and disclosure

ADR has identified the following target value chain components for this TNFD analysis and disclosure. We understand these are just a handful of business activities in the value chain, which actually contains many more, including tenants' actions downstream. However, to clarify natural capital challenges that ADR should prioritize, we have shortlisted those that are highly relevant and impactful for our business activities.

Value chain phase	Major category	Business activity
Direct operation	Real estate	Real estate investment *1
	Construction	Building completion *1, 2
Upstream	Construction	Building construction

*1 We classified our business activities using the International Standard Industrial Classification of All Economic Activities (ISIC). Under the ISIC, real estate investment is defined as "Real estate activities with own or leased property" and building completion is defined as "Building completion and finishing."

*2 This refers to tenant space restoration work, which is included in waste data aggregation for ADR's environmental performance management.

STEP2 Identify the level of dependency and impact in the value chain

To identify natural capital risks and opportunities, we first analyzed the degree to which the target business activities shortlisted in STEP 1 impact and depend on natural capital. For this analysis, we used ENCORE. The results are shown in the heatmap below.

Real estate investment and building completion: Even if ecosystem services deteriorate, the direct impact on these operations will be limited. Meanwhile, the analysis showed that these activities are closely related to various types of natural capital, including water, soil, and air.

We have identified some relationship with risks of natural disasters, including storms and floods (Impact level: L and M)

Building construction: The analysis showed that building construction has significant impacts on nature, including water pollution, soil pollution and construction noise.

Legend	Very High	High	Medium	Low	Very Low
	VH	H	M	L	VL

[Dependency heatmap]

Value chain phase	Business activity	Provisioning services	Regulation and maintenance services													
		Water supply	Air filtration	Global climate regulation	Regional climate regulation	Noise reduction	Rainfall pattern stabilization	Soil and sediment retention	Solid waste remediation	Storm mitigation	Flood mitigation	Water flow regulation	Water purification	Dilution through atmosphere and ecosystems	Light pollution and visual obstruction	Visual amenity services
Direct operation	Real estate investment	VL	VL	VL	L	VL		M		L	VL	VL			VL	VH
	Building completion	L				VL	VL	M		M	M	M	M			
Upstream	Building construction		VL	M	L	VL	VH	H	VL	M	M	M	M	L	VL	

[Impact heatmap]

Value chain phase	Business activity	Changes in usage patterns for land/freshwater/ocean			Pollution			Resource use	Climate change	Alien species, others	
		Land use realm	Freshwater use realm	Marine use realm	Emission of non-GHG air pollutants	Release of toxic substances into water and soil	Generation and discharge of solid waste	Water consumption	GHG emission	Introduction of alien species	Disturbances such as noise and light
Direct operation	Real estate investment	L			VL	L	VL	L	VL		L
	Building completion				L	H	M	L	M	L	M
Upstream	Building construction	L	M	M	L	H	M	L	H	L	VH

*ENCORE: A digital tool co-developed by Global Canopy, the UNEP Finance Initiative: Innovating Financing for Sustainability (UNEP-FI), and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC). This tool is used to assess and disclose the degree to which each type of economic activity as classified under the ISIC impacts and depends on natural capital on a five-level scale, with VL indicating the lowest degree and VH the highest.
(Website: https://encorenature.org/en)

Natural Capital Initiatives

ADR

STEP3 Identify the level of dependence and impact by property

In STEP 2, we identified the dependencies and impacts that may concern our general business activities. In STEP 3, we analyzed the degree to which all the properties impact and depend on natural capital to identify the areas and properties that we should prioritize. For this analysis, we used the environmental performance data for each property and an external tool called "WWF Risk Filter" *1.

The analysis showed that the flood risk may increase by 2030, but such trends were not significant for any property or area. The findings were mostly consistent with Japan's overall trends - there were no areas or properties where the risk of natural disasters was considerably high or our business activities had a critical impact on nature.
Therefore, in analyzing the risks and opportunities, we targeted all the properties because we were aware of potential risks and opportunities, including higher water risks due to climate change, future legal amendments, and supply chain impacts on biodiversity.

Assessment items: environmental performance data (energy, water, waste, GHG Scopes 1 and 2, and category 13 of Scope 3), environmental certification status, greenery area, and ecosystem conditions (assessed using the WWF Risk Filter)

[**Excerpt from analysis results** (identified properties rated high in the comprehensive environmental impact assessment*2 based on environmental performance]

No.	Property name	Comprehensive environmental impact assessment	Ecosystem conditions in areas with properties (2025)												Ecosystem conditions in areas with properties (2030)				
			Water condition	Air condition	Mudslides/ landslides	Extreme heat	Tropical cyclone	Pollution	Protected/ conservation areas	Water stress	Flood risk	Water availability	Flood	Water quality	Water shortage	Flood risk	Water quality	Ecosystem service conditions	Importance of biodiversity
T-035	RESIDIA Nishi-Azabu	12	2.25	3.00	4.00	3.50	4.00	2.83	2.50	2.00	1.00	3.20	2.50	3.76	1.90	4.30	3.00	3.30	4.70
T-044	RESIDIA TOWER Azabujuban	12	2.25	3.00	4.00	3.50	4.00	2.83	2.50	2.00	1.00	3.20	2.50	3.76	1.90	4.30	3.00	3.30	4.70
T-057	Park Tower Shibaura Bayward Urban Wing	12	2.25	3.00	4.00	3.50	4.00	2.83	2.50	2.00	1.00	3.20	2.50	3.76	1.90	4.30	3.00	3.30	4.70
T-133	RESIDIA Nihonbashi-Bakurocho	12	2.25	3.00	4.00	3.50	4.00	2.83	2.50	2.00	1.00	3.20	2.50	3.76	1.90	4.30	3.00	3.30	4.70
S-020	Pacific Royal Court Minato Mirai Ocean Tower	12	2.25	3.00	4.00	3.50	4.00	2.83	2.50	2.00	1.00	3.20	2.50	3.76	1.90	4.30	3.00	3.30	4.70
R-008	RESIDIA Kobe Port Island	12	2.25	3.50	3.50	3.50	4.00	2.83	2.50	1.00	1.00	2.40	2.50	3.46	1.60	4.30	2.10	2.85	4.50
R-030	RESIDIA Izumi	12	2.75	3.50	3.50	4.00	4.00	3.00	2.00	2.00	3.00	1.60	3.50	3.64	1.60	4.10	1.00	3.30	4.70
R-042	RESIDIA Nishijin	12	2.25	3.50	3.50	3.50	4.00	3.00	2.50	1.00	1.00	1.20	2.50	3.08	1.40	4.35	2.00	3.05	4.70
R-053	RESIDIA Higashi-zakura II	12	2.75	3.50	3.50	4.00	4.00	3.00	2.00	2.00	3.00	1.60	3.50	3.64	1.60	4.10	1.00	3.30	4.70
R-086	RESIDIA Kumamoto-Karashima	12	2.25	3.50	4.00	3.50	4.00	2.83	2.50	1.00	1.00	1.20	2.50	3.06	1.40	4.35	3.00	2.85	4.50

*1 The WWF Risk Filter is a tool provided by the World Wide Fund for Nature (WWF) used by companies and financial institutions to assess environmental risks (particularly, biodiversity risks) and water risks and analyze various scenarios. The risk rating scale varies by target periods when the level of dependency and impact are measured. In screening for current risks, a five-level scale ranging from 1 to 5 applies, with 4.2 or higher ratings representing extremely high risks. Meanwhile, future risk screening for 2030 uses a six-level scale ranging from 1 to 6.

*2 The comprehensive environmental impact assessment covers the following four items for each property: water consumption, waste output, total emissions from Scopes 1 and 2, and emissions from category 13 of Scope 3. Each is rated on a scale of 3 points, with a maximum total score of 12. The items were rated as follows based on the performance. All the properties were assessed on the applicable items (consumption or emissions), with the top 20% rated as 3 points and the bottom 20% as 1 point. The remaining middle of 60% was rated as 2 points.

STEP4 Identify dependencies and impacts

To clarify things to consider in identifying risks and opportunities, we explored dependencies and impacts that may concern our general business activities. Specifically, we assessed each stage of our direct operations - real estate investment and building completion - and the upstream building construction sector.

Examples:

- **Visual amenity services**: In the heatmap created in STEP 2, this item was rated as "VH" (very high) because the appeal of properties depends on surrounding landscapes. However, we excluded this item from our risk/opportunity analysis. This is because many of our residential properties are conveniently located in city centers and near facilities like stations, and our target tenant demographics are unlikely to emphasize landscapes in selecting properties.

- **Control of hazardous substances**: We included this item in our risk/opportunity analysis. One reason is because although the item was rated as "L" (low) in the heatmap, we identified some relevance for our business activities. Restoration work is essential for our operations, and controlling the release of hazardous substances from construction materials and paint helps to prevent environmental pollution. In addition, delays in such initiatives may result in higher operational costs due to regulatory enhancement in the future.

Natural Capital Initiatives

ADR

STEP5 Identify risks and opportunities (identification/materiality assessment)

Based on the dependencies and impacts identified as possibly relevant to business activities in STEP 4, we have thoroughly identified potential risks and opportunities for ADR. We considered the potential impacts on our direct operations, i.e., real estate investment and building completion, as well as construction in the upstream value chain.

<<Identifying risks and opportunities>>

Risks and opportunities in direct operations (real estate investment and building completion): We have identified how our daily investment activities affect natural capital, including water resource consumption, energy consumption, waste outputs, land use, and impacts on biodiversity. We have also itemized consequences such as increases in management costs and legal and regulatory risks. We also explored opportunities arising from measures to mitigate environmental impacts, including deploying energy conservation facilities, using renewable energies, and promoting greening initiatives.

Risks and opportunities in the upstream value chain (construction): As indicated in STEP 2, construction work is believed to have significant impacts on natural capital, including those of material procurement, pollution from construction work, restrictions on land use, and effects on biodiversity. However, in identifying such risks and opportunities, we struggled to trace impacts on nature from construction work to ADR's activities. Therefore, instead of exhaustively assessing risks and opportunities from the upstream construction process, we shortlisted risks that may emerge from our real estate investment activities.

[**Workflow for identifying risks and opportunities** (excerpt from the list))

Category			Identified risks and opportunities (draft)
Risk	Physical	Acute	Intensifying natural disasters such as floods and storms result in increased property damage, leading to higher restoration costs, premiums, etc.
			Climate measures to prevent severe natural disasters result in a cost increase (damage prevention measures, including strategic placement of cubicles and flood prevention)
			As climate change alters the natural environment (through earthquake and rainfall effects), soil becomes unstable. Damage from landslides and similar events results in higher disaster response costs and increased premiums.
			Intensifying natural disasters such as floods and storms may disrupt construction processes, leading to higher costs from extended schedules and other factors.
			Soil instability from environmental changes (ground subsidence due to earthquakes and prolonged rainfall) may disrupt construction processes, leading to higher costs from extended schedules and other factors.
		Chronic	Deteriorated air quality results in reduced residential comfort and higher health risks, leading to a decline in property value and rental income.
			As the temperature rises, the use of air conditioning will increase, leading to higher energy consumption and utility bills.
			Soil instability from environmental changes may result in lower sales revenue due to reduced property values (rent reductions can be anticipated for such risky properties, and if we divest such properties, selling them at appraisal values below acquisition prices would adversely affect our profit) together with increased costs from property relocation.
			As climate change intensifies natural disasters, areas that were not previously covered by hazard maps are designated as at-risk zones. This would require us to implement traditional measures such as water barriers and vertical evacuation systems for additional properties.
	Transition	Policies and regulations	Upstream: Higher building construction costs (legal and regulatory enhancement: new constructions may not be permitted if a building does not conform to energy efficiency requirements, etc.)

<<Rating for materiality assessment>>

We rated the materiality of identified risks and opportunities based on their likelihood and the degree to which they might affect our business. In conducting the analysis, we found many commonalities and interrelated aspects between nature-related risks and opportunities and climate risks and opportunities. Therefore, we exhaustively analyzed nature-related risks and opportunities while ensuring consistency with the existing TCFD analysis.

[**Rating framework for identifying important risks and opportunities** (excerpt from the materiality assessment document)]

Descriptions of risks and opportunities		1. Materiality to our company			2. Materiality to stakeholders (investors)	Comprehensive assessment	Comprehensive assessment
		1-1 Impact on business	1-2 Likelihood/ feasibility	Total (average)		Total	Rating*
Risks for real estate investment	Intensifying natural disasters such as floods and storms result in increased property damage, leading to higher restoration costs, premiums, etc.	3	3	3	3	6	A
Risks for real estate investment	Climate measures to prevent severe natural disasters result in a cost increase (damage prevention measures, including strategic placement of cubicles and flood prevention)	3	3	3	3	6	A
Risks for real estate investment	As climate change alters the natural environment (through earthquake and rainfall effects), soil becomes unstable. Damage from landslides and similar events results in higher disaster response costs and increased premiums.	3	1	2	2	4	C
Risks for building completion	Intensifying natural disasters such as floods and storms may disrupt construction processes, leading to higher costs from extended schedules and other factors.	1	3	2	1	3	D
Risks for real estate investment	Deteriorated air quality results in reduced residential comfort and higher health risks, leading to a decline in property value and rental income.	3	1	2	2	4	C

*Materiality rating A: Very high B: High C: Medium D: Low

Natural Capital Initiatives

ADR

STEP6 Disclose analysis results

We qualitatively assessed the financial impacts of individual risks and opportunities based on the two projection models from the "Climate-related and Nature-related issues : Scenario outline" section: Scenario A (gradual nature deterioration) and Scenario B (rapid degradation of nature). In Scenario A, transition risks due to carbon tax and other regulatory enhancements for nature conservation became apparent. Meanwhile, Scenario B indicated that increasing physical risks - property damage and loss of rental income opportunities - from natural disasters, including heavy rainfalls, floods, and ground instability, would pose significant challenges. In addition, both scenarios revealed that stricter waste and water regulations would lead to risks and opportunities for our business activities. To address them, we will establish metrics and targets and continue monitoring progress and improving.

Scenario A	Scenario B
Nature degradation progresses gradually, with low physical risks and high transition risks. **A scenario where social changes associated with achieving Nature Positive impact our business**	**Nature degradation progresses rapidly, with high physical risks and low transition risks.** **A scenario where climate change and natural disasters caused by nature destruction impact our business**

Category		Factor	Impact (Risk/opportunity)	Scenario A	Scenario B	Measures
				Financial Impact		Overview
Transition risks	Policies/ regulations	Relevant regulatory enhancement to control carbon emissions	Operational costs increase due to carbon tax.	Medium	Low	■ Deploy LED lighting ■ Introduce renewable energies
Transition risks	Policies/ regulations	Relevant regulatory enhancement to control carbon emissions	Property acquisition costs increase due to higher construction costs for energy code compliance.	Low	Low	■ Highlight energy cost saving benefits during the leasing process
Transition risks	Policies/ regulations	Waste management	Recycling costs increase due to social movements promoting reuse and recycling.	— (Measures already implemented)	— (Measures already implemented)	■ Maintain recycling ratios (select appropriate vendors)
Physical risks	Acute	Intensified natural disasters and a higher risk of wind and flood hazards, including heavy rainfalls, typhoons, floods, landslides, ground instability, and high tides	Intensifying natural disasters damage properties and result in a loss of business opportunities.	Medium	High	■ Flood controls (water barriers/drainage pumps/flood detection sensors/alarm systems) ■ Conduct emergency drills, secure emergency supplies ■ Mitigate damage (rent loss) through fire insurance coverage ■ Continue conducting proper due diligence when acquiring properties and select properties on stable soils
Physical risks	Chronic	Higher average temperatures and intensified natural disasters	Energy costs rise due to a higher average temperature.	Low	Low	■ Deploy LED lighting
Physical risks	Chronic	Higher average temperatures and intensified natural disasters	Casualty insurance premiums rise as natural disasters intensify.	Low	Low	■ Regularly review fire insurance coverage
Oppor-tunities	Resource optimization	Stricter energy conservation regulations	Cut operational costs to reduce energy consumption.	Low	Low	
Oppor-tunities	Resource optimization	Compliance with stricter water consumption regulations	Enhance water efficiency of properties by deploying water-saving facilities (low-flow toilets and showers) actively and progressively to make the properties appealing.	Not measurable	Not measurable	
Oppor-tunities	Resource optimization	Waste management	Continue waste sorting practices that maintain high recycling rates to help promote reuse and recycling for the entire society.	Not measurable	Not measurable	
Oppor-tunities	Products and services	Control of hazardous substances from construction work	Mitigate additional costs from stricter regulations by maintaining compliant construction practices, including proper hazardous materials management.	Not measurable	Not measurable	

*For items marked "Not measurable," although we identified them as qualitative opportunities, we decided not to quantify them due to the absence of supporting parameters and other factors.

	over ¥300M	over ¥100M and under ¥300M	under ¥100M
Financial Impact	High	Medium	Low

Climate Change and Natural Capital Initiatives ADR

STEP7 Disclose metrics and targets

To promote climate-related issues and nature conservation and mitigate environmental impacts, we have established the following metrics and targets (KPIs) and implemented specific measures, including energy conservation, GHG emission control, and reinforced waste recycling initiatives. To achieve these objectives, we track progress and sustain improvement through regular monitoring and the PDCA framework as described in the "Governance" and "Risk Management" sections. For progress on metrics and targets, updates of relevant environmental performance, as well as specific initiatives, please see ADR's official website.

Item	Targets, KPI
Energy consumption	20% reduction (intensity) by FY2030 (vs. FY2018)
CO_2 emissions (GHG Scopes 1 ,2)	51% reduction (total) by FY2030 (vs. FY2018) Net zero by FY2050
Water consumption	Do not increase intensity (common areas) by FY2030 to date (vs. FY2018)
Waste	Recycling rate 65% (Monitor leased space restoration work where the waste output can be tracked)
Acquisition of environmental and energy-saving certifications	Proportion of environmental and energy-saving certifications acquired by FY2030 30% or more (by total floor space)

Acquisition of SBT* Certification

ADR's target of reducing greenhouse gas (GHG) emissions by 51% (total amount) by FY2030 (compared to FY2018) was certified as a science-based target by the international initiative SBTi (Science Based Targets initiative) in March 2023.

*SBT (Science Based Targets: emission reduction targets based on scientific evidence) is 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 pursuing efforts to limit warming to 1.5° C). The SBT Initiative is an international initiative of CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to certify companies that set SBT.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

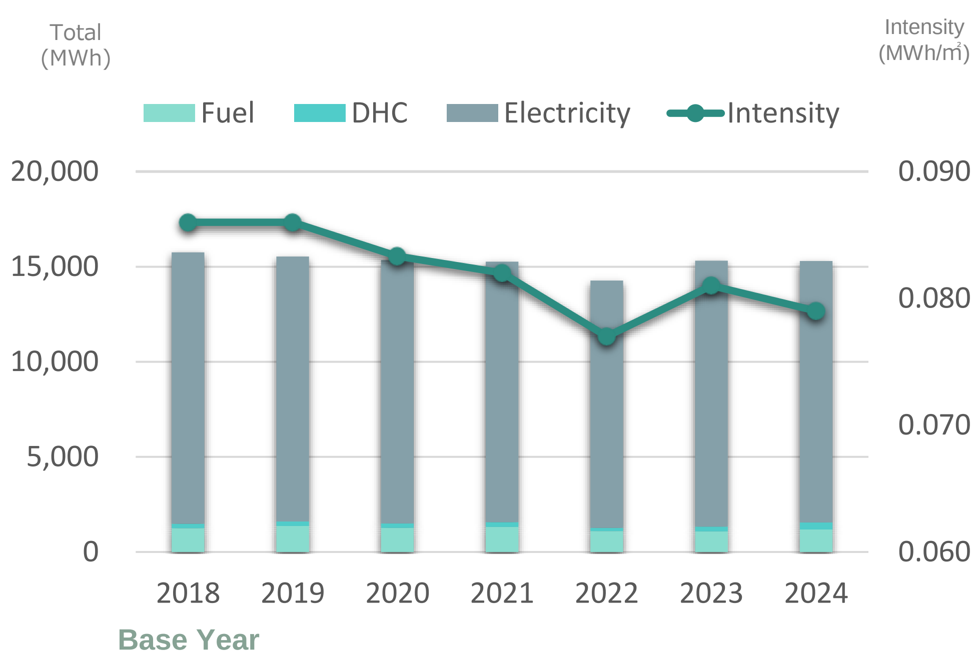
Environment

Environmental Performance Data ADR

The graph below shows the evolution of environmental performance data in ADR up to FY2024. Detailed data can be found in the ESG Data section of this report.

Energy consumption

Target 20% reduction (intensity) by FY2030 (vs. FY2018)



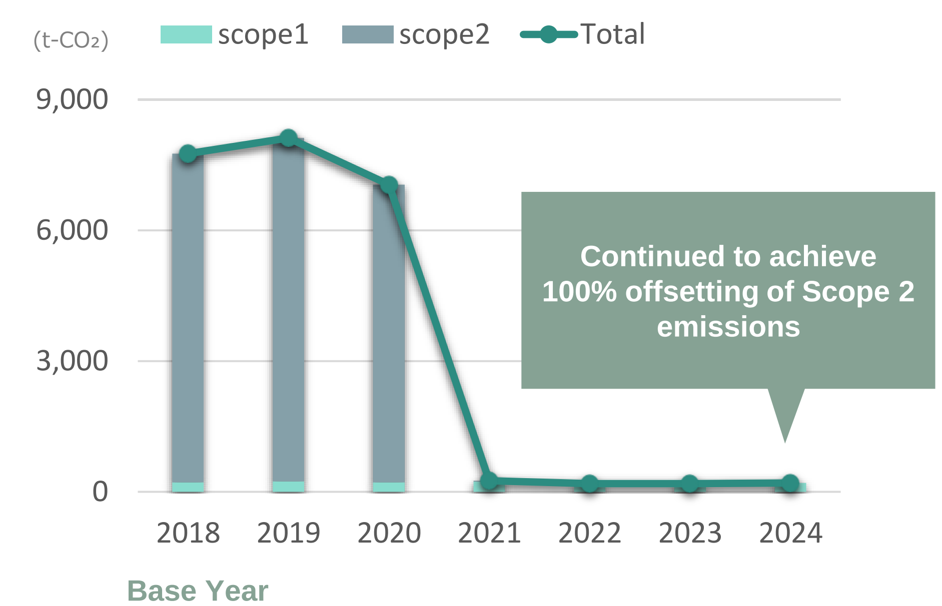
Intensity Change rate FY2024 Actual Results

−7.7%

VS. FY2018

CO2 emissions （GHG Scope1&2）

Target 51% reduction (total) by FY2030 (vs. FY2018)
Net zero by FY2050



Total Volume Change Rate FY2024 Actual Results

−97.4%

VS. FY2018

Introduction of Renewable Energy through Procurement of Non-Fossil Certificates and J-Credits Derived from Renewable Heat

In FY2024, ADR achieved the 100-percent sourcing of energy used in the common spaces of its properties from renewable energy sources and a 100-percent offset of Scope 2 GHG emissions through the following initiatives.

Electricity : ADR has purchased FIT Non-Fossil Certificates with tracking from the Renewable Energy Value Trading Market, and has thus virtually converted the electricity used in the common areas of its properties to renewable energy.
≪What is a FIT (non-fossil fuel certificate)?≫
A certificate that extracts and certifies only the "non-fossil value" of electricity generated by "non-fossil power sources (methods of generating electricity)" that do not use fossil fuels such as oil or coal, under the Feed-in Tariff (FIT) system for renewable energy.

Heat : ADR procured J-Credits derived from renewable heat energy, thereby virtually converting the heat energy used in the common areas of its properties to renewable energy.*

*As of FY2024, Pacific Royal Court Minato Mirai Ocean Tower is the only property utilizing heat energy among ADR's portfolio.

Installation of electric energy measurement system

ADR has installed electric energy measurement systems in 270 properties (93.7% of the portfolio by total floor space) as of the end of July 2025, in order to improve the actual coverage rate of electricity consumption in our properties. By installing this system, it will be possible to measure the electricity consumption of the exclusive part. ADR encourages tenants to conserve usage through various enlightenment measures.

GHG Scope3 calculations are made to determine CO2 emissions throughout the supply chain and to promote efforts toward net zero emissions. (from FY2022)

GHG Emissions (Scope 3)

Unit：t-CO2

	Category	FY2022	FY2023	FY2024
1	Purchased goods and services	5,325	5,444	6,420
2	Capital goods	16,945	20,503	24,796
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	44	43	48
5	Waste generated in operations	2	2	1
13	Downstream leased assets（Target: Exclusive areas of owned properties）	24,992	26,116	36,369
	Total	47,307	52,108	67,633

*Calculated using the guidelines for the calculation of GHG emissions of an organization throughout the supply chain provided by the Ministry of the Environment of Japan.
*The categories not mentioned above either do not have any emission source or are calculated in Scope 1 or 2.
*Based on data from FY2023, we have revised the calculation categories and coefficients and introduced a calculation method using estimated values. The data for FY2022 has been retroactively recalculated in accordance with the revised calculation method.
*In calculating Category 13 "Leased assets (subject: Exclusive use areas of owned properties)," for properties for which actual energy consumption in the exclusive use areas of owned properties cannot be determined, estimates based on estimation methods confirmed by a third-party guarantee organization were used.

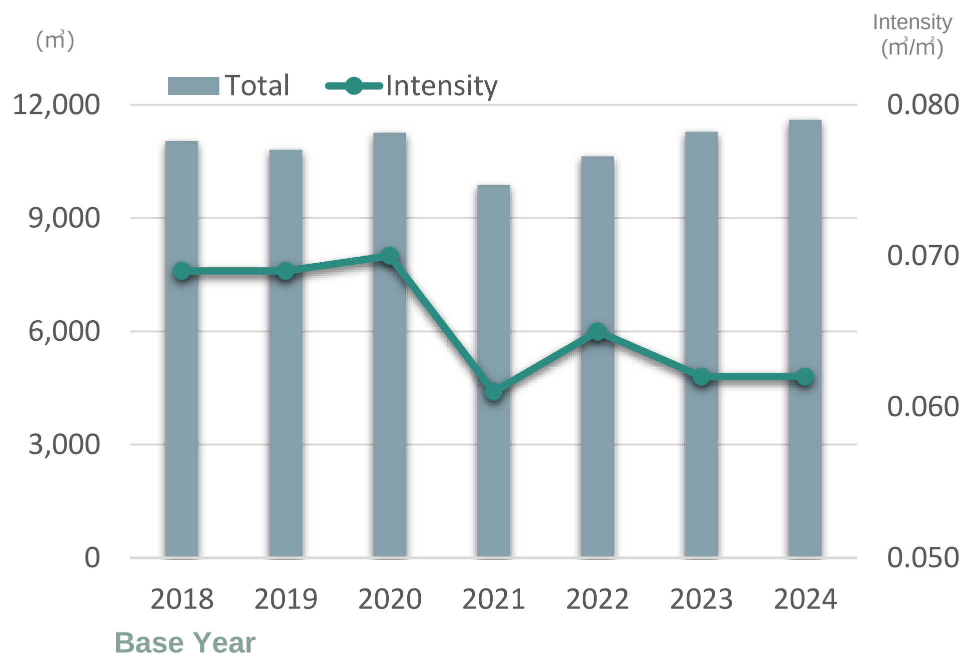
Environmental Performance Data

ADR

The graph below shows the evolution of environmental performance data in ADR up to FY2024. Detailed data can be found in the ESG Data section of this report.

Water consumption

Target	Do not increase intensity (common areas) by FY2030（vs. FY2018）



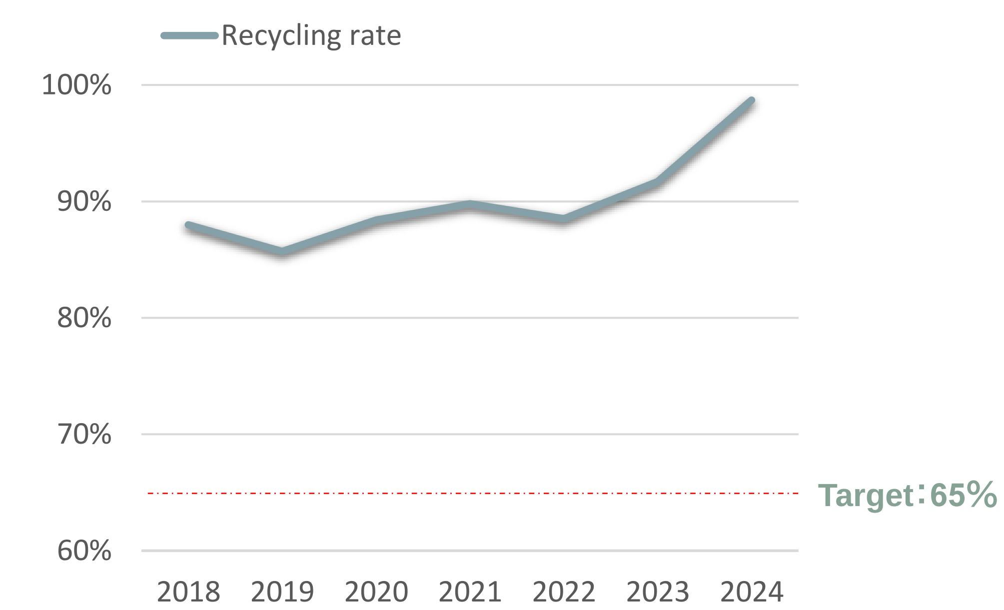
Intensity Change rate FY2024 Actual Results

–9.5%

VS. FY2018

Waste

Target	Recycling rate 65% (emissions related to construction of exclusive use areas)



Recycling rate

98.7%

FY2024 actual results

Installation of water-saving equipment

ADR is working to reduce water consumption by installing water-saving sanitary fixtures during renovation work in private areas.

Installation of automatic irrigation system

ADR is promoting water conservation efforts by installing automatic irrigation systems for plantings at some of its properties ADR is reducing wasteful water use by preventing excessive watering.

Install an irrigation device with an automatic watering timer on the faucet

Appropriate waste segregation and management in construction of exclusive areas

ADR strives to improve the recycling rate by implementing appropriate segregation and management of waste generated from restoration work.

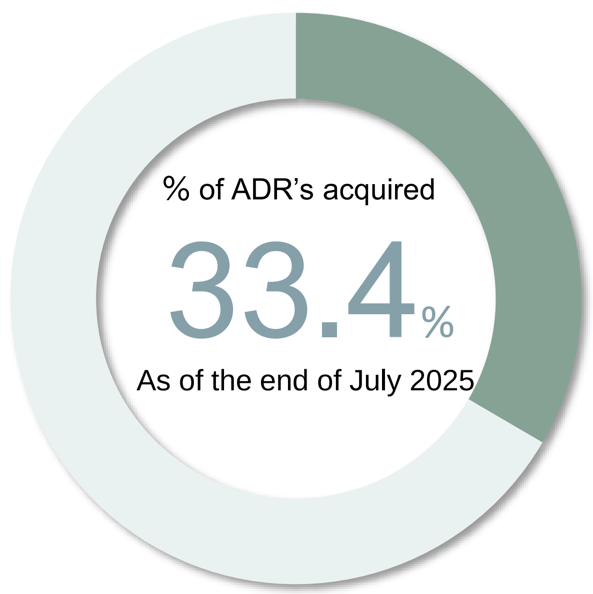
Waste Reduction Initiatives

ADR also strives to reduce the amount of waste by carefully selecting the scope of work during restoration work and repairing rather than easily replacing items.

Certification and assessment in portfolios ADR

ADR is proactively seeking environmental certification, such as the Green Building Certification and energy efficiency ratings.

Target **Proportion of environmental and energy-saving certifications acquired by FY2030 30% or more (by total floor space)**



DBJ Green Building certification *1

Number of acquired properties

DBJ Green Building

1 property

CASBEE Real Estate Assessment Certification *2

27 properties

BELS certification *3

4 properties

*1 DBJ Green Building Certification is a certificate developed by Development Bank of Japan Inc. (DBJ) to identify and certify real estate properties that satisfy various social needs including environmental quality. Please refer to the following sites for details.

*2 CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Real Estate Assessment and Certification is a method for assessing and rating the environmental performance of buildings and sites. It is an evaluation system that aims to indicate the environmental performance of real estate in an easy-to-understand manner by focusing on evaluation items that are strongly related to the real estate evaluation. In order of rank from the highest to the lowest, the rating is assigned as 'S rank', 'A rank', 'B+ rank' or 'B rank'. This is a third-party certification system operated by the Centre for the Promotion of Housing and Building SDGs, in which CASBEE assessment results are certified by a CASBEE assessment certification body.

*3 BELS (BELS Building Energy Efficiency Labeling System), which stands for Building-Housing Energy-efficiency Labeling System, is a system for evaluating and certifying the energy-saving performance (fuel consumption) of buildings.

Property No.	Name	DBJ Green Building Certification	CASBEE Real Estate Assessment Certification	BELS certification
T-035	RESIDIA Nishi-Azabu	-	A	-
T-038	RESIDIA Roppongi-Hinokichokoen	-	A	-
T-039	RESIDIA TOWER Meguro-Fudomae	-	S	-
T-044	RESIDIA TOWER Azabujuban	-	A	-
T-054	RESIDIA Shibaura	-	A	-
T-056	RESIDIA Yutenji	-	A	-
T-057	Park Tower Shibaura Bayward Urban Wing	-	A	-
T-064	RESIDIA TOWER Nakameguro	-	A	-
T-065	RESIDIA Sasazuka II	-	A	-
T-084	RESIDIA Ochanomizu II	-	-	★
T-087	RESIDIA Ichigaya-Sadohara	-	A	-
T-093	RESIDIA Kamata	-	A	-
T-103	RESIDIA Kinshicho	-	A	-
T-120	RESIDIA Bunkyo-Otowa	-	A	-
T-131	RESIDIA Mejiro	-	A	-
T-133	RESIDIA Nihonbashi-Bakurocho	-	A	-
T-134	RESIDIA Suginami-Honancho	-	A	-
T-140	RESIDIA Minami-senjyu	-	S	-
T-150	RESIDIA TOWER Kami-Ikebukuro (Tower Building)	-	S	-
	RESIDIA TOWER Kami-Ikebukuro (Park Building)	-	A	-
	RESIDIA TOWER Kami-Ikebukuro (Annex Building)	-	-	★★
T-170	RESIDIA Shin-Okachimachi II	-	A	-
T-176	RESIDIA Sasazuka III	-	-	★★
T-185	RESIDIA Shinagawa Seaside	-	A	-
T-189	RESIDIA Sendagi	-	A	-
S-020	Pacific Royal Court Minato Mirai Ocean Tower	-	A	-
S-029	Cocofump Hiyoshi	-	-	★★
S-036	Tokyo Student-House Musashi-Kosugi	★★★★★	-	-
R-030	RESIDIA Izumi	-	A	-
R-042	RESIDIA Nishijin	-	A	-
R-051	RESIDIA Miyakojima I&II	-	A	-
R-053	RESIDIA Higashizakura II	-	A	-
R-086	RESIDIA Kumamoto-Karashima	-	A	-
Total		1 property	27properties	4properties

Environmentally Conscious Asset Management

ADR IRM

ADR and IRM manage assets while reducing the burden on the environment through measures such as energy and water conservation and investment in a wide variety of properties , etc.

Optimal CAPEX Control for Large-Scale Repairs(Contribution to the environment by lengthening useful life)

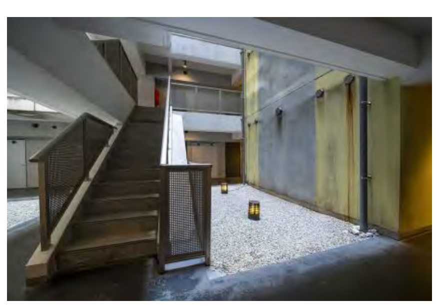
IRM has an engineering function and efficiently controls CAPEX and repair work for all ADR-owned properties to maintain asset value and extend the useful life of buildings. By extending the useful life of buildings, IRM aims not only to increase unitholder value but also to reduce embodied and operational carbon emissions as a contribution to the environment. IRM also conducts technical building inspections, formulates and reviews long-term repair plans, and performs cost control.

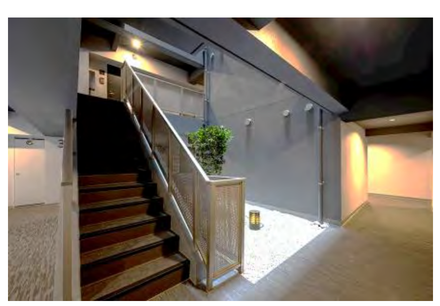
Example: Large-scale repairs (exterior wall work)
at RESIDIA Bunkyo-Yushima

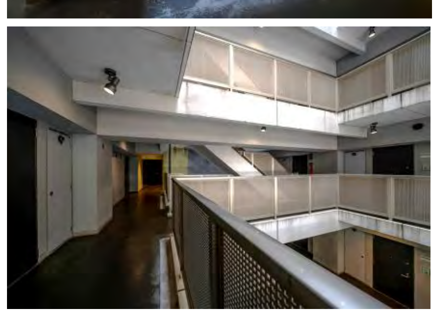
Example: Large-scale repairs (common areas) at RESIDIA Nishijin

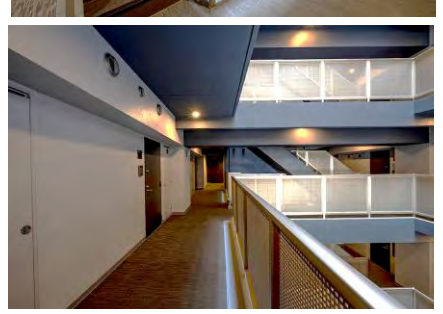
Before

After









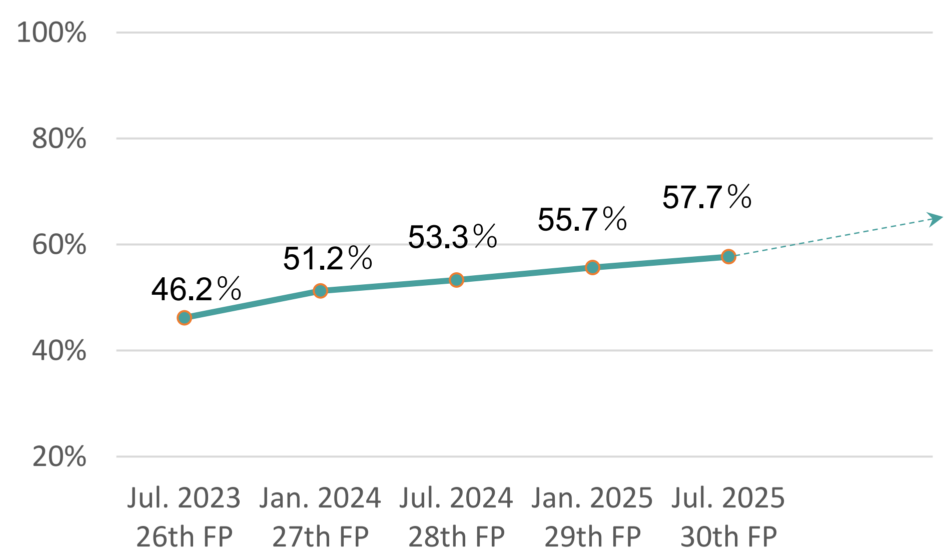
Introducing Internal Carbon Pricing

ADR estimates the energy savings from environment-related construction (e.g., installation of LEDs) as a result of such construction. These are then converted into t-CO2 and multiplied by the assumed price of a carbon tax to quantitatively determine the cost reduction effect that would be achieved if a carbon tax were to be introduced in the future.

Promotion of LEDs and formulation of roadmap

ADR is promoting the installation of LEDs in common areas of its properties in order to achieve its target of a 20% reduction in energy consumption (intensity) by FY2030 compared to FY2018. As of the end of July 2025, LED lighting is installed in 165 properties (57.7% of portfolio).

Status of promotion of LEDs (common areas) (based on number of properties)



Application of heat-shielding paint to rooftop floor surfaces

ADR has applied heat-reflective paint to the rooftops of some of its properties, helping to suppress indoor temperature rises and thereby contributing to power savings and energy efficiency.

RESIDIA Shibaura

Introducing car sharing in parking lots of properties

As of the end of July 2025, 7properties (2.4% of portfolio) have parking lots for car sharing.

Introduction of Renewable Diesel, a Next-Generation Biofuel

To contribute to the realization of a decarbonized society, ADR has introduced Neste's next-generation biofuel “Renewable Diesel (RD)” for the emergency generator at its property . This RD is procured by ITOCHU Corporation, the sponsor group of ADR, and supplied by ITOCHU ENEX CO., LTD. This introduction is the first in Japan * and the first by a J-REIT to be used in emergency generators at condominiums.

* As of November 2024.This is the first time in Japan that ITOCHU ENEX CO., LTD, the only distributor of Neste's RD in Japan, has supplied RD for emergency generators in all
condominiums, including those for sale

Outline of RD Neste
Neste MY Renewable Diesel and Neste's Renewable Diesel are next-generation biofuels produced from renewable raw materials such as waste cooking oil and waste animal fat that do not compete with food production, through a hydrogenation refining process by Neste, a world-leading RD and sustainable aviation fuel (SAF) manufacturer (headquarters: Finland). It is possible to reduce GHG (greenhouse gas) emissions by up to 90% compared to petroleum-derived diesel oil based on life cycle assessment, and because it is not subject to energy consumption calculations under Japan's Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasure, it is possible to achieve a 100% reduction in GHG emissions compared to petroleum-derived diesel oil. It also has excellent storage stability and is suitable for long-term storage and can be used as is in vehicles and heavy machinery that use diesel oil.

Neste's RD

Emergency generator

For more information about RD, please refer to the following website (In Japanese).
https://service.itcenex.com/lp/renewable_diesel/

Encouraging Tenants to Conserve Energy Usage

ADR encourages tenants to save energy by displaying posters, distributing the information magazine “RESIDIA News” and Sustainability Guide, and using signage in common areas.

Other Efforts

ADR is installing interlocking blocks as a measure to mitigate urban flooding and land subsidence.

RESIDIA TOWER Kami-Ikebukuro

Environmentally Conscious Asset Management

ADR

Investments Towards Urban Revitalization

ADR invests in various types of properties, promoting the reduction of environmental burdens and contributing to the revitalization of towns and communities.

Investment in Mixed-Use/Multi-Use Properties

ADR invests in flexible/mixed use properties (as of the end of July 2025, 91 properties, 32% of the portfolio), thereby contributing in reducing environmental impact, revitalizing the area and providing convenient facilities to tenants and local residents. In addition, those flexible /mixed use properties have stores and squares open to public which contributes to the revitalization of the cities and the communities, by providing places for people gather.

・Properties close to train stations which promote the use of public transportations thereby reducing CO_2 emissions : 93% (on acquisition price) of properties are located within 10 minutes walk from the nearest train station as of the end of July 2025.
・Investments in properties with amenities for daily life such as supermarkets and convenience stores.
・Properties with open space which are publicly accessible.
(As of the end of July 2025, 7properties (2.4% of portfolio))
・Universal design properties that are accessible to senior citizens.

Investments in properties developed as part of urban regeneration projects*, etc.

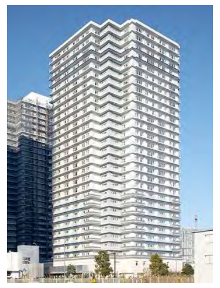
Through investments in properties developed as part of urban regeneration projects, etc. we contribute to the revitalization of towns and communities and the enhancement of convenience to nearby residents.

(Example) Pianetta Shiodome
Residents of the area proposed ideas for new manufacturing activities and the creation of a community for lifestyle improvements. Agreeing with this, ADR invested in the properties located in this area developed by urban regeneration projects.

Other urban redevelopment properties acquired by ADR.


RESIDIA Minami Senjyu


RESIDIA TOWER Kami-Ikebukuro


Pacific Royal Court Minato Mirai Ocean Tower


RESIDIA Tsutsujigaoka

Environmental risk assessment at acquisition

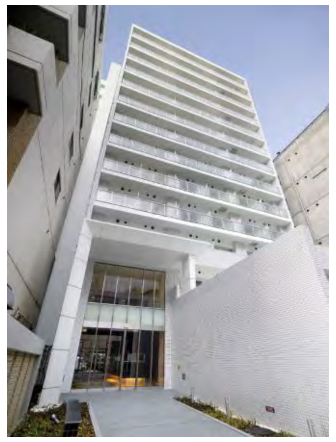
When acquiring properties, ADR obtains real estate appraisal reports, engineering reports, etc., in addition to on-site inspections and disclosed materials from the seller, and conducts surveys related to soil contamination and hazardous substances such as asbestos and PCBs.

Brownfield* redevelopment

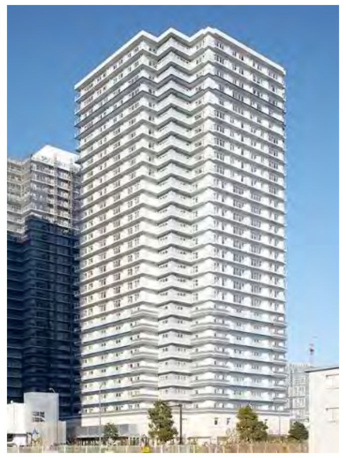
When soil contamination is confirmed, ADR maintains proper treatment and procedures in accordance with laws and regulations. ADR takes measures to prevent the spread of soil contamination and performs countermeasure construction (mining and removal of contaminated soil) as necessary.
* Land with confirmed soil contamination

ex）RESIDIA Ikegami Ⅱ ,RESIDIA Nakaochiai, RESIDIA Kinshicho, Pacific Royal Court Minato Mirai Ocean Tower, RESIDIA Kobe-Motomachi, RESIDIA Rakuhoku etc.


RESIDIA Ikegami Ⅱ


RESIDIA Kinshicho


RESIDIA Kobe-Motomachi


Pacific Royal Court Minato Mirai Ocean Tower

Consideration for Biodiversity

ADR recognizes the importance of the various benefits provided by ecosystems, and is committed to taking biodiversity into consideration. In the RESIDIA Tower Kamiikebukuro, plants including a variety of native species that add color to the four seasons have been arranged to provide valuable green space for residents and the community, and part of the land is open to the public as public open space. In addition, ADR is promoting rooftop greening at some of the properties.


RESIDIA TOWER Kami-Ikebukuro

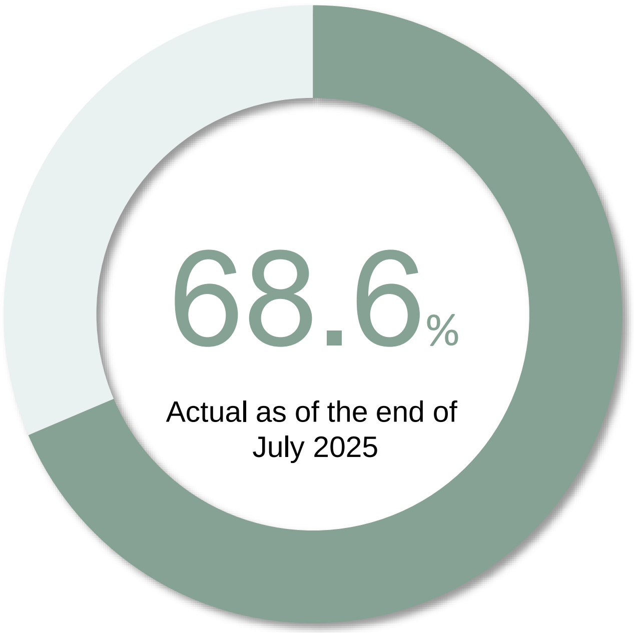

RESIDIA TOWER Nogizaka

Cooperation with stakeholders and sponsor groups ADR IRM

Cooperation with Stakeholders

Green Lease Clause

ADR has lease clauses with tenants regarding the appropriate use of energy and water; as of the end of July 2025, ADR had such clauses in lease agreements for approximately 68.6% of its leased units. ADR also has green lease clauses in its management agreements with property management companies.



Percentage of green leases with tenants

Supply Chain Management

To realize the items listed in the Sustainability Policy, IRM collaborates with its suppliers and has in place a Sustainability Procurement Policy. Based on this policy, IRM has administered a questionnaire with questions related to sustainability initiatives to all property management companies and evaluates the results. This questionnaire is administered at the beginning of the partnership as well as once every year thereafter and, by doing so, strengthens the transactions with the suppliers. IRM also believes it is important that all suppliers understand and cooperate with the procurement policy and we again notified the Sustainability Procurement Guideline to the property management and building management companies who are our key business partners.

Property Management Company Selection Criteria and Evaluation Efforts

IRM has established criteria for the selection of property management companies to which it outsources the management of properties, and in principle evaluates all PM companies once a year. In addition to items related to building management capabilities, repair work capabilities, etc., the evaluation also takes into consideration environmental considerations in operations, occupational health and safety of employees, and understanding and cooperation with the sustainability policy set by the asset management company.

Cooperation with Sponsor Group

Regarding environmental friendliness, ADR is collaborating with its sponsor, ITOCHU Group.

Property Development and Purchase

Proactive promotion of transactions including mixed/multi-purpose for Residential Property, etc. that can contribute to the environment and region. Acquisition of green building certifications.

Property Management

Contribution to the region through environmental consciousness such as energy-saving awareness campaigns and installation of AEDs.

Example of Cooperation with Sponsor Group

Initiatives at Tokyo Student-House Musashi-Kosugi

In April 2024, ADR acquired Tokyo Student House Musashi Kosugi, a property developed by one of the sponsor group companies, ITOCHU Property Development Corporation, which has acquired DBJ Green Building certification. Since its acquisition, ADR has continued to obtain the same environmental certification and has received the highest “5-star” rating.

Tokyo Student-House Musashi-Kosugi

・Awareness of water and energy saving
In the common areas of Tokyo Student House Musashi Kosugi, we have posted signs to promote water and energy conservation.

・ BCP Countermeasures
In addition to storing disaster supplies, manhole toilets and kamado benches have been installed on the premises, and disaster drills are regularly held with the participation of residents and local residents.

Energy Saving Awareness

Kamado bench (stove bench)

Posting of hazard maps

manhole lavatory

Social

Initiatives for Tenants and Regional Contribution ADR

ADR recognizes that enhancing the satisfaction of tenants leads to stable and improved earnings from the properties and therefore are implementing the following initiatives.

Tenant Satisfaction Surveys

ADR triennially conducts satisfaction surveys for tenants residing at RESIDIA branded properties. Tenants showed high satisfaction towards the location (for commuting ease, good local environment) and the quality of management of common spaces.

	Date of the survey	No. of Respondents	Total No. of People Surveyed	Response Rate	Total No. of Leasable Units	Survey Coverage
1	Between April to July 2014	3,106	14,155	21.9%	19,078	74.2%
2	Between Sept. to Nov. 2017	3,945	16,445	24.0%	20,842	79.0%
3	Between Apr. to Jun. 2020	7,705	18,000	42.8%	21,322	74.2%
4	Between May. to Jun. 2023	5,533	18,821	29.4%	21,836	86.2%

Implementation of measures based on the results of the satisfaction survey

In response to requests from tenants based on the results of tenant satisfaction surveys, ADR is working to improve tenant satisfaction by expanding the number of properties with shared mobility LUUP and increasing the number of parcel delivery boxes.

Installation of Share Mobility LUUP

Installation of additional parcel boxes

Tenant Services

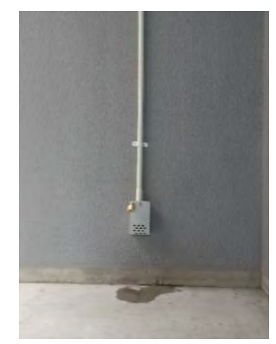
ADR offers a variety of services toward tenants residing in ADR's properties to enhance tenant's satisfaction to improve tenant retention rate. Examples of the services include "RESIDIA Customer Support" which is a support desk exclusively for tenants and "Moving Style," offers discounts for tenants who are moving from one RESIDIA apartment to another.

* Please visit the RESIDIA website (Japanese only) for details.

Systematic implementation of building and equipment improvements

Based on the flood countermeasures plan formulated after analyzing the flood risk using hazard maps, ADR is installing flood barriers and flood sensors to encourage vertical evacuation in the event of a flood. ADR is also systematically updating and upgrading its emergency generators.

Installation of water stop



Installation of flood sensors

Preparing in case of a disaster

In order to improve resilience, ADR has introduced a property condition management system and is working to minimize damage by strengthening cooperation with PMs in the event of a disaster. In addition, ADR also carries out disaster prevention stockpiling and disaster prevention training.

Emergency Maps and Emergency Kits

On common area walls of properties, ADR puts up emergency maps (as of the end of July 2025, in 100% of its 286 properties). indicating evacuation routes to evacuation sites which help to ensure safety during the occurrence of a disaster as well as to raise disaster prevention awareness. Also, in many of its "RESIDIA" branded residence, ADR distribute emergency kits free of charge to any tenant who wishes for such kits.

Emergency Maps

Emergency Kits

Installation of AED and donation vending machines

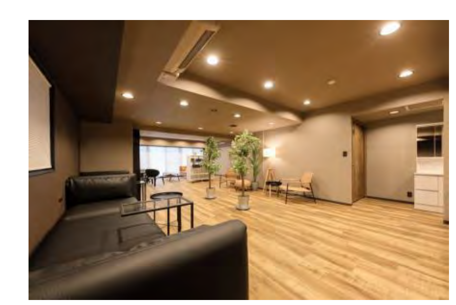
In many ADR's properties, AEDs are available for public use and vending machines that make charitable donation to a pediatric cancer treatment facility using part of the proceeds from the sales of its merchandise are installed (As of the end of July 2025, AED: 68 units, donated vending machines: 20 units).

Installing AEDs

Donation capable vending machines

Renovation to shared space

In order to accommodate diverse lifestyles, the common areas of the following two properties were renovated and offered to tenants as shared space.



RESIDIA Kamata

refurbished an unused meeting room into a share space

RESIDIA Nakano-Fujimidai

common room was renovated into a working space

Initiatives for Tenants and Regional Contribution IRM

IRM actively implements social contribution activities, including employee-participatory activities, in addition to company initiatives.

Supporting Students

IRM supports students by providing opportunities for many architecture and design students to engage in activities and fostering their interest in IRM and the REIT industry.

In the past, IRM solicited renovation ideas for its managed rental housing “RESIDIA” from students and held a competition. The renovation was actually carried out based on the design of the winning entry. In recognition of this initiative, ADR was selected for the “Recommended Award: Social Sector” at the ARES ESG Awards 2023.

ARES ESG AWARD 2023

In FY2024, IRM pursued industry-academia collaboration with the Department of Architecture and Design at Kyoritsu Women's University, located near the IRM office. This initiative aimed to contribute to the community, create new value for properties, and enhance recognition and understanding of the REIT industry. For properties owned by ADR, students from the university devised renovation designs for common areas, private units, and open public spaces. After conducting property inspections and surrounding environment surveys, and following an interim presentation, the students delivered a final presentation to IRM executives. This presentation featured detailed content, including perspective drawings and models, showcasing design proposals designed to enhance the properties' appeal. Furthermore, in fiscal year 2025, we are continuing the industry-academia collaboration with the university on property renovation proposals, following last year's initiative.

Industry-Academia Collaboration Initiatives with Kyoritsu Women's University in FY 2024

Scene from the presentation

Public Open Space Renovation Proposal Model

Periodic Cleaning of the Area Surrounding the Office

As a member of the area, IRM employees have proactively and continuously participated in the cleanup of Chiyoda Ward where the IRM office is located.

Participating in Cleanup Activity

Participation in Famima Food Drive

In cooperation with Family Mart Co Ltd, an ITOCHU Group company, employees participate in the Famima Food Drive as part of their social contribution activities and donate food products. Various food items, including instant foods and confectionery, are collected from employees each time.

*Note: FamilyMart does not normally accept food items on a company-by-company basis.

*About ‘Famima Food Drive’...

This is an initiative in which households bring in uneaten food to Family Mart shops and provide it to those in need through cooperating partners such as local authorities and NPOs. Through the Famima Food Drive initiative, uneaten food from the home is utilised, leading to a reduction in food loss. In addition, by using Family Mart shops nationwide as collection points, local residents can easily participate in social contribution activities.

＜Donation of food at FamilyMart Co., Ltd.＞

Participation in Eco-Cap Campaign

In an endorsement of the Eco-Cap Campaign, IRM collects caps from used PET bottles for recycling purposes. The collected bottle caps are sold to recyclers via the certified NPO, the Japan Committee for Vaccines for the World’s Children, and the proceeds are used to help children around the world suffering from diseases. The campaign also promotes the employment of people with disabilities who are tasked with separating the collected caps.

Disaster Support

In the event of a major natural disaster, we provide disaster relief by donating funds to help affected areas recover as quickly as possible. In the past, we have donated funds for emergency relief activities in the aftermath of the Great East Japan Earthquake and the Kumamoto Earthquake. In the 2024 Noto Peninsula Earthquake, which occurred on 1 January, we donated relief funds to the Japan Platform [Specified Nonprofit Corporation].

In addition, we are calling for employee volunteer activities and employee fund-raising.

Support Social Participation of People With Physical Disabilities

In 1987, ITOCHU Corporation, the parent company of IRM, founded a special subsidiary company ITOCHU Uneedus Co., Ltd. to provide motivational and rewarding work to people with physical and mental disabilities.

IRM supports ITOCHU Uneedus by placing orders for its company’s business cards and envelopes.

Supporting ITOCHU Foundation

ITOCHU Foundation, founded in 1974 by ITOCHU Corporation, the parent company of IRM, has continued to promote social contribution activities aiming for the sound development of young people. Current projects include the Children's Literature Collection Grant and the Project for Promotion of E-book Libraries, which contribute to the healthy growth of children. IRM supports the Foundation through donations.

Human Rights Policy and the Promotion of Diversity

IRM

Human Rights Policy

IRM has established a Human Rights Policy to fulfill its responsibility of respecting the human rights of all people involved in its business operations. As part of implementing this policy, IRM is advancing initiatives such as positive action initiatives to support the active participation of women as a means of increasing diversity.

1. Support for international norms and guidelines

We support international norms on human rights, including the Universal Declaration of Human Rights, the Declaration on Basic Principles and Rights in Labor of the International Labor Organization (ILO), and the United Nations Global Compact. In addition, we respect human rights in accordance with the United Nations' Guiding Principles on Business and Human Rights.

2. Non-complicity in human rights violations

We endeavor not to violate human rights ourselves or be complicit in human rights violations by others.

3. Respect for freedom of association and collective bargaining rights

We respect the freedom of association and the right to collective bargaining in accordance with relevant laws and regulations, and we do not engage in illegal or improper discrimination in employment and occupation.

4. Elimination of forced labor

We strive to eliminate and prevent all forms of forced labor at IRM and in our supply chain.

5. Effective abolition of child labor

We support and practice the effective abolition of child labor from IRM and our supply chain. We do not hire children who are not above the legal minimum working age.

6. Elimination of discrimination in employment and occupation

We do not treat people differently or disadvantage them based on characteristics that are irrelevant to their capabilities or specific job requirements. Those characteristics include ethnicity, skin tone, gender, religion, political views, nationality (country of birth), social origin, age, disability, HIV infection/AIDS, trade union membership, and sexual orientation.

Promotion of diversity

IRM has established a DEI Policy that explains its approach to and efforts for promoting Diversity, Equity, and Inclusion (DEI) to take concrete actions for our sustainability initiatives stipulated in the Sustainability Policy and our approaches stipulated in the Human Rights Policy. We consider it necessary to respect DEI and to nurture an inclusive organizational culture to build a sustainable society and to raise investor value over the long time. Based on this view and with an awareness of structural barriers impeding DEI in institutions and corporate cultures, we promote initiatives such as ensuring diversity among the officers of IRM and other investment corporations and promoting diversity initiatives in our recruitment, retention, development, promotion, and other processes.

DEI promotion structure

With our Representative Director as the person with ultimate responsibility and the General Manager of General Affairs and Management Division as the chief executive, the Sustainability Promotion Committee sets targets and organizes structures for promoting DEI through meetings held at least once a year. As a general rule, the Committee reflects the challenges or findings about the previous targets it has set in the following period's targets to create an on-going follow-up structure.

Promoting the advancement of women

IRM aims to further promote women in workplaces to continue creating groundbreaking innovation.

Coverage: Full-time employees and contract employees

Target	Progress (FY2024)
Proportion of female employees: 30% or more	27.8%
Proportion of female managers: 30% or more	14.3%

*As of the end of March 2025

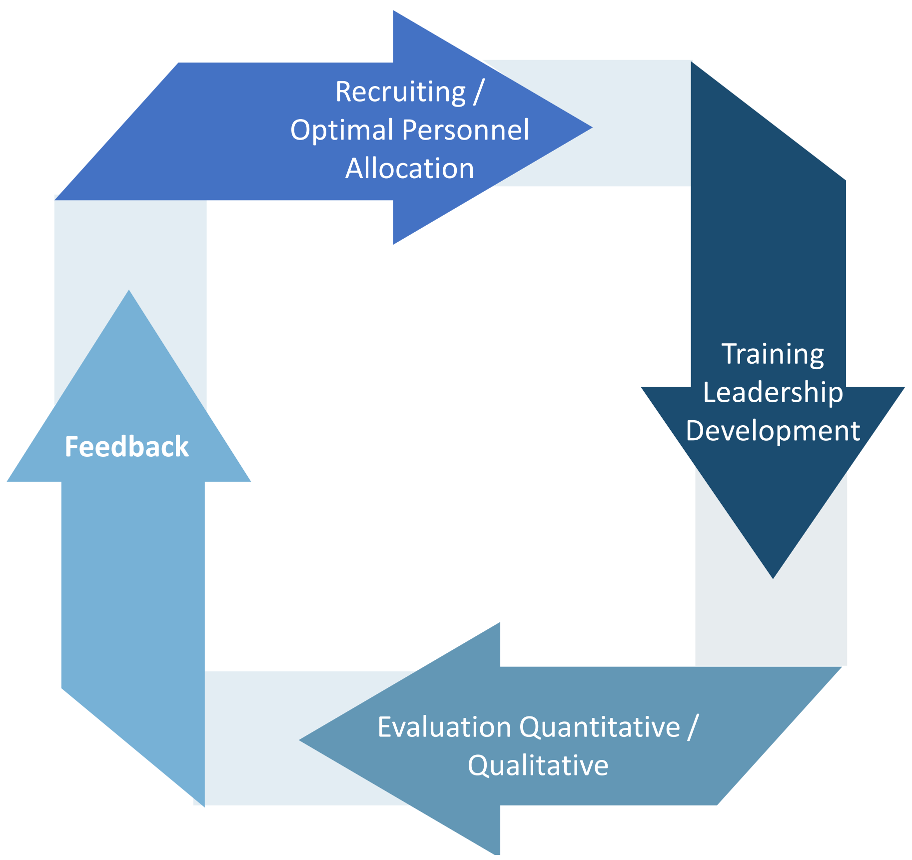
Initiatives for Employees

IRM

Human Resource Strategy

Based on the awareness that the stable growth of each investment corporation and investment fund is dependent on our personnel, IRM is pursuing a human resource strategy with the aims of enabling people to unleash their full potential and of achieving overall human resource optimization. Specifically, IRM has established a personnel evaluation system that defines the perspectives as well as the competencies and skills required for each level of work. This system enables IRM to hire, train, assign, and promote highly competent personnel. To help employees realize their potential and develop their career, IRM has established a system through which they can indicate their career path intentions, leading to the optimal assignment of employees.

* In accordance with the Act on Investment Trusts and Investment Corporations, the investment corporations whose assets IRM manages are prohibited from hiring employees, and therefore outsource operations including asset management, custody, and administration.



Career development

As part of our employee capacity building efforts, we offer various training programs as well as opportunities for skills and career development. In addition to a job rotation program, we have a system for employees (applicable to all employees except executive officers, incoming/outgoing seconded employees, and temporary staff) to indicate their desired career path once a year and discuss it with their superior. Moreover, each new hire is assigned a senior employee as an instructor, and in addition, a separate employee to act as a mentor who can be consulted on work and other various matters.

Renewal of the personnel system

To ensure sustainable corporate management, IRM undertook an overhaul of its personnel system in April 2024 based on the problems found with the previous personnel system. In addition to creating a specialist line for those who contribute to the company with high levels of expertise and moving to a multi-track system, the new personnel system made it possible to speedily reward employees receiving high performance evaluations while eliminating seniority-based factors. These changes were made to develop human resources that could take ownership of their own career development and be responsible for their own growth.

Performance appraisals and feedback process

IRM's personnel evaluation system consists of “performance evaluation,” which evaluates the degree of achievement of the employee's business goals, and “behavioral evaluation,” which evaluates the performance required for each grade and position.
IRM holds target management interviews three times a year at the beginning of the fiscal year (target setting), during the fiscal year (review), and at the end of the fiscal year (evaluation feedback) to establish a transparent target setting system with good communication between supervisors and subordinates, and an evaluation system to support employees in achieving their goals, expanding results, and growing.
Fixed salaries and bonuses are determined based on evaluations, and bonuses are partially linked to the investment performance of each investment corporation and fund under management. In addition, through individual interviews, feedback on evaluations and dialogue on individual career development are provided to help formulate human resource strategies.

Support and financial aid for acquiring certifications

IRM has a system in place to subsidize the cost of acquiring qualifications in order to improve work performance and acquire specialized knowledge. All executives and employees (including contract employees) are eligible for this program. (Examples of certifications eligible for financial aid: real estate transaction agent, ARES certified master, securities analyst, certified building administrator , First-Class Architect)

Professional development and training programs

IRM has set up a wide range of training programs and self-development support systems matched to job levels and other factors.

Examples of Training	Details
Manager training	Line Care Training（To promote primary prevention of mental health issues, acquire skills to understand the mechanisms behind mental health problems and prevent them, and understand key points for creating a healthy workplace.）
	Multifaceted Evaluation Training（The purpose of this tiered training program is to maximize the performance of each organization by identifying strengths and challenges through multifaceted evaluations, reviewing one's own actions, and formulating development plans.）
Training for new managers	Participants acquire knowledge and skills essential for leaders, such as management, trust building, team building, human resource development, and labor management. Utilizing an external organization, participants practice at their workplaces, reflect on their experiences, and receive advice from external lecturers to enhance their practical skills.
Next generation Business leader training	Leadership training for mid-level employees to develop business acumen. Recognize the roles required of you as a core member of the organization, based on your strengths and weaknesses.
Fourth-year training	raining for fourth-year employees A training program designed to help young employees transition to mid-career positions by learning how to set goals, identify core issues, and design their own ideal career paths.
Second-year training	Training for Second-year employees Training that encourages participants to think independently about how they can contribute to their colleagues and workplace with a broad perspective. Participants learn to collaborate smoothly with people in different positions and improve the overall quality of their work.
Life Planning Training	Training for Second-year employees Training that encourages participants to think independently about how they can contribute to their colleagues and workplace with a broad perspective. Participants learn to collaborate smoothly with people in different positions and improve the overall quality of their work.

Training costs for employee

	FY2023	FY2024
Annual training costs per employee (yen)	78,178	83,921

Wellbeing（Initiatives for health and comfort） IRM

Promotion of Health Management

In October 2020, IRM established the Health and Productivity Management Policy and declared that we will advance efforts towards the maintenance and improvement of employees' and their families' health in mind and body. These programs received recognition by external organizations and health and productivity management-related certifications were acquired. IRM was certified as a "Health and Productivity Management Organization 2025 (Small and Medium-Sized Corporation Division)" for the fifth consecutive year in March 2025, and on September 26, 2025, it obtained the Gold Certification as a Health Excellence Company for the third consecutive year.

Health and Productivity Management Organization 2025
(SME category)

Gold certification authorisation
No. KYOKIN No. 159(2)

The following priority measures have been established to promote Health and Productivity Management that emphasizes the creation of a comfortable work environment and the promotion of employee health.

Priority Measures

01. Recognize health issues at the beginning of each fiscal year, set specific goals (plans and numerical targets) based on health issues, verify the results at the end of the fiscal year, and implement the "PDCA (Plan-Do-Check-Act) cycle of health management" to achieve further improvements in the new fiscal year.
02. Enhancement of work-life balance (harmony between work and life)
03. Ensure 100% of employees receive regular health checkups, encourage family members (dependents) to receive checkups, and prevent serious illnesses (improve the rate of retests and full examinations).
04. Mental health measures (implementation of stress checks, group analysis, and mental health training)
05. Measures to prevent overwork
06. Measures to prevent infectious diseases
07. Measures to prevent passive smoking
08. Promotion of communication to vitalize the workplace
09. Support for balancing work and medical treatment
10. Improvement of health literacy (setting up educational opportunities for managers or employees)
11. Efforts to maintain and promote women's health (addressing health issues specific to women)
12. Efforts to improve dietary habits and promote exercise opportunities
13. Initiatives to provide opportunities for specific health guidance

Coverage: Full-time employees and contract employees

Target	Progress (FY2024)
Proportion of male employees taking childcare leave : 100%	25.0%
Leave acquisition ratio : 70% or more	71.4%
Average monthly overtime : Less than 20 hours	21 hours 4 minutes

*As of the end of March 2025

Please refer to "ESG Data" in this report for data for previous years.

Promotion of health management and strengthening of prevention

IRM recognizes that regular health checkups are the first step in health promotion, and in addition to aiming to achieve 100% attendance at regular health checkups, IRM recommends that all persons with findings receive a medical examination and checkup at a hospital. 100% attendance rate for regular health checkups was achieved in FY2024. IRM also provides health literacy education opportunities by holding company-wide health seminars and self-care training programs for employees to promote their mental and physical health. Furthermore, to ensure that employees can receive vaccinations with peace of mind, IRM treats vaccination time as work time and provide a prescribed number of days off (with pay) for adverse reactions after vaccinations. In addition, employees are granted leave (with pay) to accompany their family members for vaccinations.

Mental Health Care Efforts

To prevent and detect mental health problems at an early stage, IRM has established a mental health development plan, conducts "stress checks" once a year, and utilizes the results of organizational diagnosis in its workplace development efforts.

Addressing Women's Specific Health Issues

IRM identifies efforts to maintain and promote women's health (addressing health issues specific to women) as one of its priority measures to promote health management. As part of this policy, IRM has expressed its support for the Laurier in Workplace project operated by Laurier, a sanitary product brand of Kao Corporation. Launched by Kao Corporation, the project aims to make sanitary napkins available in corporate offices and other places to create a better work environment for women.

Please click here (in Japanese) for more information.

Establishment of Health Committee

IRM has established a "Health Committee," which meets once a month with an industrial physician to exchange opinions on the workplace environment and gain knowledge about health in order to prevent health problems and maintain and promote the health of executives and employees.

Periodic monitoring of employee satisfaction

To be a company where employees can work with pride and satisfaction, IRM conducts employee engagement surveys and apply the results to such efforts as improving the workplace environment. IRM was certified by Great Place to Work as a Great Place to Work-Certified company for the second consecutive year in 2025.

Employee Engagement Survey Results

FY2025	Response rate：90.6%	Satisfaction score：64 points
FY2024	Response rate：91.7%	Satisfaction score：62 points
FY2022	Response rate：94.1%	Satisfaction score：58 points

* Coverage : Officers (including executive officers) and regular employees

Wellbeing（Initiatives for health and comfort） IRM

Human Resources System

IRM is working to improve its various personnel systems in order to create a healthy and comfortable working environment that allows all executives and employees to maximize their abilities.

Childcare leave, shortened work hours for childcare, nursing leave

To assist employees in balancing work and childcare, we offer childcare leave that can be taken until the child reaches the age of two, and shortened work hours for childcare that can be taken until the child enters elementary school. In addition, we treat nursing leave taken to care of children up to the third grade of elementary school, as well as special paid leave for nursing care of children enrolled in elementary school.

Caregiver leave, shortened work hours for caregivers, caregiver absence

To assist employees in balancing work and caregiving, IRM offers caregiving leave, shortened work hours for caregivers, and caregiver absence.

Special leave system

IRM has a system that allows employees to take up to five days of leave per year, in addition to paid leave. This leave system can be used for participation in community contribution activities and social welfare activities, childcare support such as the birth of a spouse or other family member or participation in a child's school events, and healthcare purposes such as periodic health checkups and explanations of the results and secondary examinations.

Hourly paid leave

Each year, employees may take paid leave by the hour for up to five days' worth of hours (40 hours).

Telecommuting and flextime systems

IRM has introduced telecommuting and flextime systems to realize diverse work styles and promote efficient operations.

Long Service Award System

As a token of appreciation for long-term service, we have a long-service award program that provides bonus payments and refreshment leave for employees who have been with the company for 5, 10, 20, and 30 years.

Continued employment

IRM has set the retirement age at 60, but eligible employees may choose to be reemployed as a commissioned employee under a renewable annual contract.

Congratulatory and condolence money

IRM provides congratulatory benefits for employees' marriages and childbirths, and we also have a system of providing condolence money in preparation of loss of family members.

Employee Benefits

Employee investment unit ownership program

IRM has established an investment unit ownership program for investing in units of the investment corporation whose assets IRM manages (ADR). The aim is to further align the interests of our employees with those of the investment corporations' unitholders and to expand employee benefits.

Cafeteria-style benefits package

The cafeteria-style benefits package offers employees preferential rates for the unlimited use of a broad range of services provided by various partners, such as hotels, fitness clubs, and childcare providers. The objective is to support employees in balancing work and family life, and in improving their health.

Company trips

To promote friendly relations among our employees, as a general rule IRM organizes annual company trips. The trips provide the opportunity for employees to get to know each other better while spending time together in a setting outside of the office. They also have a major positive impact on work as well.

Company gatherings

The organization of social gatherings, walking events and various communication events deepens the friendship between employees. By promoting good health and fostering communication between employees in various departments, company-wide morale is enhanced.

Foods provided for the purpose of refreshing

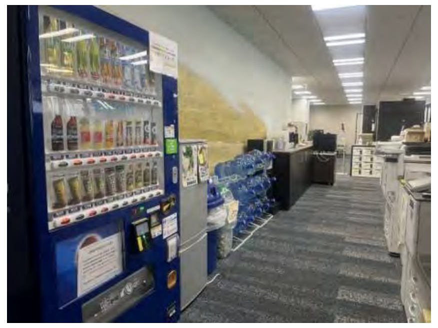
IRM provides health-conscious foods and ice cream free of charge to promote the health and refreshment of its executives and employees.

Office environment development

IRM has developed its office environment so that each and every officer and employee can work comfortably, and in April 2023, a major layout change was made to expand the shared space in the office.

Expansion of internal meeting spaces

Meeting space has been expanded to stimulate communication between employees. Not only team meetings, but also cross-departmental exchanges have become more active.



Expansion of internal meeting spaces

Meeting space has been expanded to stimulate communication between employees. Not only team meetings, but also cross-departmental exchanges have become more active.

Individual booths

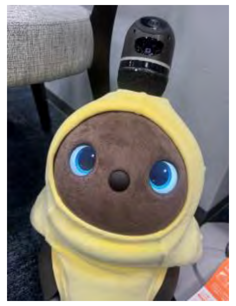
From the perspective of promoting in-house DX, individual booths are set up for online meetings and telephone conferences. They are well received within the company as they allow employees to concentrate on their work.

Employee interaction in communication spaces

A communication space has been set up in the office. Employees are free to use the communication space for internal meetings and lunches, and it provides a place for interaction.

Measures to revitalize communication

In order to create opportunities for communication between employees and to create a relaxing time during work, we introduced the communication AI robot "LOVOT" in November 2023. For more information about LOVOT, please see here （Japanese Only).



Governance

Corporate Governance / Compliance Structure

ADR IRM

Governance of investment companies

Under ADR's regulations, the number of Executive Officers must not exceed two, and the number of Supervisory Directors must not exceed three. However, the number of Supervisory Directors must be at least one more than that of Executive Officers. Our current organization consists of the General Unitholders' Meeting, Board of Directors, and Accounting Auditors.
Our Board of Directors consists of one Executive Officer and three Supervisory Directors. Under our Board Regulations, regular board meetings are held once a month as a general rule.

Investment companies' Executive Officers and Supervisory Directors

ADR selects officer candidates based on expertise, aptitude and qualifications, while making sure that they do not meet any of the disqualification grounds stipulated in investment and other relevant laws. The candidates are appointed with approval from the General Unitholders' Meeting held at least once every two years as per our regulations.

Title	Name	Reason for Appointment	Board of Directors Attendance Record (The 29th FP･The 30t FP)*
Executive Director	Wataru Higuchi	He has been appointed as ADR's Executive Officer due to his combined expertise in accounting and law, which qualifies him to execute duties from a comprehensive perspective.	100% (16/16)
Supervisory Director	Satoru Kobayashi	He has been appointed as a Supervisory Director based on his qualifications as a legal expert to supervise Executive Officers' activities.	100% (16/16)
Supervisory Director	Aiko Kanayama	She has been appointed as a Supervisory Director based on her qualifications as a legal expert to supervise Executive Officers' activities.	100% (16/16)
Supervisory Director	Hikari Komine	She has been appointed as a Supervisory Director based on her qualifications as an accounting expert to supervise Executive Officers' activities.	—

* Supervisory Director Hikari Komine was appointed effective October 27, 2025.
Former Supervisory Director Yoshitsugu Oba's attendance rate at Board Meetings during the 29th and 30th FP was 100% (16/16). He resigned effective October 27, 2025.

Regarding Executive Director

In J-REITs, executive officers are often concurrently serving as presidents of asset management companies or appointed from sponsor companies. However, in ADRs, to further enhance independence and objectivity, executive officers are appointed from outside the sponsor group and are distinct individuals from the president of the IRM. Consequently, ADR executive officers, like supervisory officers, hold an independent position free from conflicts of interest with the IRM and sponsor group. This enables ADR to facilitate decision-making from a position even more independent from the IRM.

Expanding the number of fund officers and appointing female officers

ADR promotes a diverse board composition to strengthen its governance structure. As a concrete initiative, in October 2023, it added one supervisory director, bringing the total number of fund directors to four, including the newly appointed female supervisory director. Furthermore, following the re-election of supervisory directors in October 2025, the proportion of female directors on the board reached 50%.

Target	Progress
Increase in the number of fund officers and appointment of female officers comprising 25%	50% Female Board Members

IRM has established a corporate governance framework by clearly defining our commitment to our fiduciary duty, setting up compliance and investment committees, and other means. The framework enables us to ensure risk management and compliance in our operations, fairly handle transactions involving conflicts of interest, and work toward improving and further enhancing our corporate governance.

Supervision by the Board of Directors and other bodies

We regard compliance as one of our most important management issues, and we are addressing it as follows. The status of risk management and other information is reported to the Boards of Directors of IRM and each investment corporation as appropriate depending on the content. We formulate a compliance program each term to serve as a detailed plan of action for putting into practice the compliance manual, which is our code of conduct. The program is finalized after deliberation by the Compliance Committee and approval by the Board of Directors. The results of verification of the program's progress and other factors are reported to the Compliance Committee and the Board of Directors. In addition, the results of internal audits and the operational status of the whistleblowing system are also reported to the Compliance Committee and the Board of Directors. We also have a system in place in which the Compliance Committee and the Boards of Directors of IRM and each investment corporation can offer opinions and make other suggestions regarding the reported matters as needed to ensure that improvement efforts are effective. Furthermore, the Sustainability Promotion Committee identifies and evaluates climate-related risks and opportunities, formulates strategic plans for key challenges, and verifies the results of measures based on the Climate Change and Resilience Policy, after which it reports these matters to the CEO and to the Board of Directors.

Basic Policy on Customer-Oriented Business Conduct

IRM places the highest priority on faithfully managing the funds entrusted to us by investors and have established the Basic Policy on Customer-Oriented Business Conduct and publish the appropriate management of conflicts of interest transactions, clarification of fees, and other relevant matters on the website. Please refer here for the Basic Policy on Customer-Oriented Business Conduct on the IRM website (in Japanese).

Introduction of an investment unit ownership system for employees of asset management companies

We have introduced an investment unit ownership system for asset management company employees at Advance Residence Investment Corporation, a listed investment corporation, with the aim of promoting alignment of interests between unitholders and our directors and employees, thereby contributing to the long-term enhancement of unitholder value. Additionally, IRM executive compensation is partially linked to the achievement of ESG-related initiatives.

Corporate Governance / Compliance Structure

ADR IRM

Management Fee Structure

ADR implements a management fee structure linked to unitholder returns. In addition to the existing NOI and FFO per unit-linked fees tied to the underlying earnings power of the portfolio assets, starting with the 32th fiscal period, we will introduce a new fee structure linked to Profit Before Tax and distributions per unit. This aims to further enhance alignment with unitholder returns.

This initiative seeks to more closely align ADR's unitholder returns with IRM's profits.

Before

Fee Ⅰ	**Linked to NOI** NOI*1 × 7.0%
Fee Ⅱ	**Linked to Adjusted FFO per Unit** Fee Ⅰ × Adjusted FFO per Unit*2 × 0.005%

After

Fee Ⅰ	**Linked to NOI and FFO per Unit** NOI*1 × FFO per unit*3 × 0.0016%
Fee Ⅱ	**Linked to Profit Before Tax and DPU** Profit Before Tax*4 × DPU*5 × 0.0012%

Enhancing the linkage with further unitholder returns

*1 NOI = the total of the Investment Corporation's real estate rental business income (if invested assets include equity interests in silent partnerships or real-estate-backed securities involving real estate, including the dividends relating to these invested assets or other forms of income) after subtracting the total of the real estate rental business expenses (excluding depreciation expenses and losses on the sale or retirement of non-current assets) for the relevant accounting term.

*2 Adjusted FFO per Unit = the figure obtained by taking net income for the relevant accounting period before deduction of Fee II (prior to the change), adding depreciation, impairment losses, and amounts corresponding to losses on the sale of real estate and real-estate-backed securities, and subtracting gains on bargain purchase (negative goodwill) and amounts corresponding to gains on the sale of real estate and real-estate-backed securities, and then dividing that amount by the number of investment units issued as of the relevant fiscal period-end.

*3 FFO per Unit = The figure obtained by taking the net income for the relevant fiscal period before deducting Fee I (after the change) and Fee II (after the change), the amounts of non-deductible consumption tax and corporate income taxes, etc. related to the said asset management fees; adding depreciation expenses, impairment losses, amortization of goodwill, and amounts equivalent to losses on sales of real estate and real estate-related securities; subtracting amounts equivalent to negative goodwill gains and capital gains on sales of real estate and real estate-related securities; and dividing the result by the number of investment units outstanding as of the relevant fiscal closing date.

*4 Profit Before Tax = The figure obtained by taking the net income for the relevant fiscal period before deducting Fee I (after the change) and Fee II (after the change) , the amounts of non-deductible consumption tax and corporate income taxes, etc. related to the said asset management fees; adding impairment losses, amortization of goodwill, and amounts equivalent to losses on sales of real estate and real estate-related securities; subtracting amounts equivalent to negative goodwill gains and profits from sales of real estate and real estate-related securities.

*5 DPU = The figure obtained by taking the net income for the relevant fiscal period before deducting Fee I (after the change) and Fee II (after the change), the amounts of non-deductible consumption tax and corporate income taxes, etc. related to the said asset management fees; adding retained earnings brought forward from the previous period and reversal of voluntary reserves; subtracting the amount retained earnings carried forward to the next period and appropriation to voluntary reserves; and dividing the result by the number of investment units outstanding as of the relevant fiscal closing date.

Preventing Misconduct and Corruption

IRM

IRM recognizes that legal compliance is a given, and that we must ensure compliance to continue being an organization that is trusted by society. We have therefore established our Anti-Corruption Policy as part of our Compliance Manual. Our Anti-Corruption Policy stipulates that we will maintain sound relationships with our stakeholders and that we will not provide entertainment or gifts that may lead to the suspicion or distrust of society. As specific measures, IRM implements guidelines related to bribery and internal audits are conducted every year to confirm that expenses are not being misused every year. The ITOCHU Group has also established the ITOCHU Group Anti-Corruption Policy based on the Corporate Ethics Code of Conduct. It prohibits the provision of money and goods, entertainment, convenience and other profits to public officials and officers and employees of private entities, in Japan or overseas, for the purpose of gaining an illegal advantage.

Anti-corruption Policy

1. **We will not engage in or be complicit in any form of corruption, including embezzlement, fraud, money laundering, or the obstruction of justice.**
2. **We will not provide money, services, conveniences, or other benefits to civil servants or persons in similar positions in Japan or elsewhere for the purpose of obtaining illicit gains.**
3. **We will not provide money, services, convenience, or other benefits to the officers and employees of private-sector business partners for the purpose of obtaining illicit gains.**
4. **We will not request business partners and others to provide entertainment or gifts that go beyond personal benefits or common sense.**

ITOCHU Group Policy

The ITOCHU Group ensures the implementation of compliance principles, that is, legal compliance, and recognizes that it must continue to be an organization with acceptable standards in a modern society. We have no tolerance for any gain obtained through illegal means.
To address the risk of bribery and corruption, the ITOCHU Group has established rules that cover, among others, application and approval procedures and recording methods. These rules describe behaviors that are commonly found in scenarios where bribery or corruption take place and instruct the strict observance of those rules. The rules were established based on the Regulations Concerning the Prohibition of Giving Illicit Benefit, as well as four related guidelines about public officers, foreign public officers, business partners, and investments.

【 ITOCHU Group Anti-Corruption Policy 】

1. **No money, entertainment, gifts, or anything of value shall be given to any public or quasi-public official inside or outside of Japan, to obtain illicit gains.**
2. **No money, entertainment, gifts, or anything of value shall be given to any director, officer or employee of any private entity, to obtain illicit gains.**

For more information on the ITOCHU Group Anti-Corruption Policy, please click here.

Disclosure

In order to ensure disclosure transparency, in addition to statutory disclosures, ADR will disclose information it deems useful and valuable on a timely basis in an easy-to-understand form. Specifically, ADR will actively disclose information on its website in addition to disclosing on the Tokyo Stock Exchanges disclosure system .

Officer's compensation or remuneration

Officer's compensation or remuneration

The compensation for directors of ADR shall be a maximum of 1 million yen per month per executive director and 500,000 yen per month per supervisory director in accordance with the Articles of Incorporation of the Investment Corporation, and shall be determined by the Board of Directors as an amount deemed reasonable in light of general price trends, wage trends, and other factors.

Title	Name	Total amount of compensation during the 29th FP (thousand yen)	Total amount of compensation during the 30th FP (thousand yen)
Executive Director	Wataru Higuchi	2,700	2,700
Supervisory Director	Satoru Kobayashi	1,800	1,800
Supervisory Director	Aiko Kanayama	1,800	1,800
Supervisory Director	Hikari Komine	-	-

・Supervisory Director Hikari Komine assumed office on October 27, 2025.
・The remuneration for Former Supervisory Director Yoshitsugu Oba was 1.8 million yen for each of the 29th and 30th fiscal period . He resigned effective October 27, 2025.

Compensation for Independent Auditor

The remuneration for the independent accounting auditor shall be up to 20 million yen for each fiscal period to be audited, an amount to be determined by the Board of Directors.

Title	Name	Total amount of compensation during the 29th FP (thousand yen)	Total amount of compensation during the 30th FP (thousand yen)
Independent Auditor	Deloitte Touche Tohmatsu LLC	16,500*1	16,500*2

*1 The remunerations paid to Deloitte Touche Tohmatsu LLC for the 29th fiscal period include 1,500 thousand yen, which is remuneration for services other than those prescribed in Article 2, paragraph 1 of the Certified Public Accountant Act. The remuneration paid to persons belonging to the same network as Deloitte Touche Tohmatsu LLC for services other than those prescribed in Article 2, paragraph 1, of the Certified Public Accountant Act was 4,624 thousand yen
*2 The remunerations paid to Deloitte Touche Tohmatsu LLC for the 30th fiscal period include 1,500 thousand yen, which is remuneration for services other than those prescribed in Article 2, paragraph 1 of the Certified Public Accountant Act. The remuneration paid to persons belonging to the same network as Deloitte Touche Tohmatsu LLC for services other than those prescribed in Article 2, paragraph 1, of the Certified Public Accountant Act was 4,377 thousand yen.

Please refer to ADR's Asset Management Report for details on executive compensation, etc. Click here to view ADR's Asset Management Report.

Preventing Misconduct and Corruption

IRM

Internal audit structure

IRM has an Internal Audit Office under the direct control of the president. Based on our Internal Audit Regulations, the Internal Audit Office conducts internal audits on the overall operations of all departments once a year to verify the status of their compliance with laws, regulations, the Articles of Incorporation, and internal regulations, as well as the procedures for executing duties and the validity of the work done. It also carries out unannounced inspections of information management and other operations several times a year. If problems are identified or requests for improvement are made in audits, the audited department is required to formulate a plan for improvement and have it approved by IRM's Board of Directors. Later, the Internal Audit Office conducts a follow-up audit and reports the progress made on improvement to the Board of Directors.

Whistleblowing system

IRM has set up whistleblowing contacts where all officers and employees can directly report misconduct (internal, at the parent company, and at an independent third-party). Under the whistleblowing system, IRM has established an appropriate handling mechanism, protect whistleblowers, and maintain the confidentiality of information. The system is designed to strengthen compliance management through the early detection and correction of improper acts, including bribery. The operational status of the whistleblowing system is reported to the Compliance Committee and the Board of Directors once a year if there is a case that should be reported.

The Compliance Officer immediately investigates the facts when report or consultation concerning a fact that is the subject of a report is received, unless there is a valid reason not to investigate the subject matter. The results of the investigation are reported to the representative director, president & CEO and to the general manager of the General Affairs and Management Division, and corrective action and measures to prevent recurrence are decided through discussion. If an internal disciplinary action is deemed appropriate, IRM will impose an appropriate disciplinary action on the officers and employees involved in the subject case in accordance with the Company's internal rules such as the Employment Regulations.

In addition, in compliance with the Whistleblower Protection Act, IRM prohibits disadvantageous treatment against whistleblowers.

Employee education

IRM continuously provides education and awareness-raising programs on compliance to ensure that each officer and employee understands the purpose of laws and regulations, social norms, business rules, and other standards and complies with them with an enhanced compliance mindset.

Coverage: All executives and employees (including contract employees and temporary employees)

Target	Progress (FY2024)
Conduct in-house compliance training, achieve 100% participation rate	Conducted in-house compliance training and confirmation test: 100%

*As of the end of March 2025

Implementation of compliance training, etc.

IRM offers such compliance training as general training for all officers and employees (including temporary employees and others in addition to full-time employees) Several times a year, training for new employees at the time of hiring, and training by department and rank. To date, we have taken up such topics as responding to legal regulations, whistleblowing system, and information management. By being timely in focusing on issues that society demands corporate action on, we are continuously working to enhance the compliance knowledge of officers and employees and to foster a mindset of compliance.

Initiatives	Details
General training	In FY2024, we offered the following series of training sessions to all officers and employees (including temporary employees and others in addition to full-time employees): Information and personal information management systems, Dealing with anti-social forces, and Insider trading. We also conducted exams on compliance.
Training at the time of hire	In FY2024, for new hires (including mid-career hires, dispatched employees, and others), we provide training and review exams over a total of nine sessions on matters that they need to understand for their work at IRM.
Compliance Training by Itochu Corporation	As part of group compliance, ITOCHU Corporation conducts on-site compliance training at IRM once a year, using actual compliance incidents of group companies as a part of the teaching materials. The aim is to raise compliance awareness and prevent compliance incidents including bribery from occurring.
Others	Compliance-related information (including matters linked to preventing corruption) such as internal rules and regulations, the revision of laws and regulations, and compliance incidents and efforts at other companies is provided as appropriate.

Case in IRM

- In FY2024 (April 2024 to March 2025), there were no incidents of compliance violations disciplinary action based on our Employment Regulations or Board of Directors Regulations.
- There have been no incidents of violations of our Anti-corruption Policy, nor were any officers or employees disciplined or dismissed for this reason.
- IRM has never paid any fines or settlements related to corruption.
- No payments of fines or settlements have been identified as ESG issues in our audited accounts.
- IRM complies with the Political Funds Control Act, the Public Offices Election Act, and other relevant laws and regulations, and has never paid any political contributions.

Risk Management

IRM

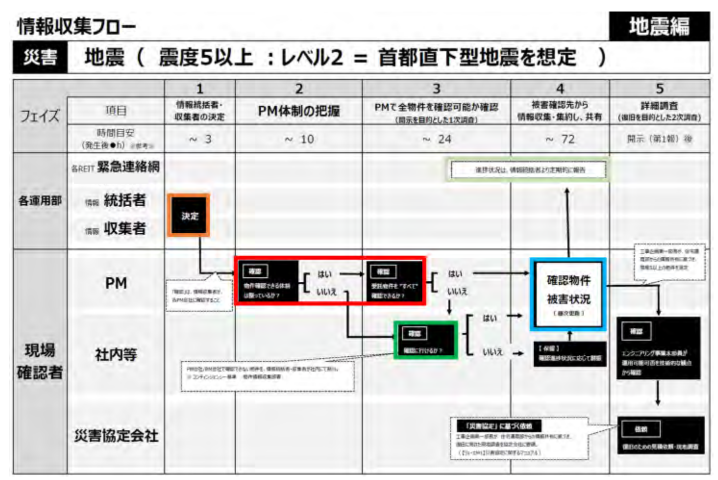
BCP Countermeasures

IRM conducts annual BCP training as risk management for sustainable business growth.

Target	Progress（FY2024）
Conduct annual BCP training	1 implementation

Conducting BCP drills assuming large-scale disasters

To enhance the effectiveness of its BCP, IRM reinforces its emergency response capabilities through regular drills.
In FY2024, the company conducted a joint drill with property management companies, simulating a scenario where a major earthquake of seismic intensity 5 or higher occurred, damaging multiple properties in IRM's portfolio. This drill was designed to verify emergency reporting protocols, accelerate information sharing, and enhance the accuracy of communications.



The specific training activities are as follows:
・Confirm the procedure for property management companies to report damage to IRM and for IRM to efficiently share information using its internal emergency communication network.
・Engineering Division personnel work with property management companies to assess damage to properties in areas with seismic intensity 5+ in order to determine feasibility of continued operations.
・Confirm the procedure for requesting on-site surveys based on the disaster cooperation agreement to support restoration.

Through these drills, IRM strives to reinforce its capabilities for prompt and precise emergency response, ensuring quick recovery of properties and business continuity.

Obtaining Resilience Certification

Resilience Certification (Certification of Organizations Contributing to National Resilience) is a system established by the Cabinet Office's National Resilience Promotion Office. Based on the "Guidelines for the Certification of Organizations Contributing to National Resilience," the Resilience Japan Promotion Council, a general incorporated association, certifies companies that are actively engaged in business continuity initiatives as "Organizations Contributing to National Resilience."
IRM has been continuously certified (renewed) since 2018 in recognition of its proactive efforts in business continuity.

Ascertainment of someone's safety

IRM has implemented an internet-based safety confirmation system as part of corporate crisis management, designed to quickly ascertain the status and safety of employees during disasters. Additionally, safety confirmation drills are conducted monthly.

Information Security

IRM shall take initiatives as follows in order to realize appropriate protection for all information assets of the Company to continuously and stably operate as an asset management company of a real estate investment corporation.

Basic Policy Regarding Information Security

1.Responsibility of management

The Company will endeavor to properly protect information assets in a systematic and continuous manner under initiative of management.

2.Establishment of an internal system

The Company shall set up an information management supervisory department to properly protect information assets. In addition, the internal audit department will appropriately conduct internal audits concerning information assets and report any inappropriate events to the Board of Directors as necessary.

3.Efforts by employees

Information assets are classified according to their degrees of importance and confidentiality, and we will work to protect information assets appropriately through a mechanism that can only be operated appropriately and based on necessity according to its purpose.

4.Compliance with laws, regulations and contractual requirements

The Company complies with laws, regulations, restrictions, norms and contractual obligations related to the protection of information assets.

5.Handling of violations and accidents

When outsourcing operations related to information assets, the Company will implement safety measures against various threats, prepare for recovery measures in case of failure, and establish a structure for reporting. The Company will also take appropriate measures against legal violations, contract violations, and accidents related to the protection of information assets and prevent any recurrence.

6.Cyber Security Measures

The Company will implement risk assessments using ITOCHU Group resources, and will take necessary measures, as well as implement preventative measures such as the introduction of anti-virus software, firewall settings, and regular system updates. In addition, we will conduct regular security training to improve security awareness and knowledge. In the event of a cyber security incident, the response will be led by management in order to minimize the impact.

Conduct training on responding to targeted attack e-mails

IRM regularly alerts its employees to suspicious e-mails. In addition, in order to raise awareness in a more practical manner, targeted attack e-mails response training is conducted for all officers and employees.

Green Finance

Green Finance ADR

Green finance refers to financing (i.e., issuance of bonds (green bonds) and/or procurement of loans (green loans)) for which use of proceeds is limited to environmentally-conscious projects. IRM intends to use the proceeds from green financing for implementing sustainability-promoting initiatives in line with its Basic Sustainability Policy, and will proactively recognize the required level of environmental, social, and governance (ESG) practices through a dialogue with investors and apply such knowledge to its asset management strategy.

Outline of Green Finance Framework

Green Finance Framework Evaluation

ADR received the "Green 1 (F)" rating, the highest rating in the JCR Green Finance Framework Evaluation by the Japan Credit Rating Agency, Ltd. (JCR), which assesses if a framework is in line with the requirements of the Green Bond Principles of the International Capital Market Association, the Green Bond Guidelines of the Ministry of the Environment of Japan, and the Green Loan Principles of the Loan Market Association and the Asia Pacific Loan Market Association.

*Please visit the Green 1 (F)" rating in the JCR Green Finance Framework Evaluation for details.

Purpose of Funds procured through Green Finance

Funds procured through Green Bonds or Green Loans are applied to the acquisition of the following Eligible Green Assets, refinancing of those funds or funding or refinancing renovation work.

Eligible Green Assets

・**Eligible Criteria 1**

Properties that have already acquired or are planning to acquire one of the following certifications from a third-party certification organization

① 3, 4, or 5 stars in DBJ Green Building Certification
② B+, A, or S rank in CASBEE building and real estate certification (excluding local government version)
③BELS (2016 criteria): 3, 4, or 5 stars (excluding existing non-compliant buildings)
BELS (2024 criteria):
Non-residential properties: Level 4, Level 5, or Level 6*1
Residential properties without renewable energy equipment: Level 3 or Level 4*2
Residential properties with renewable energy equipment: Level 3, Level 4, Level 5, or Level 6*2

*1 For new acquisitions of existing buildings built before 2016, the level must be 3 or higher and the building must not be non-compliant.
*2 For new acquisitions of existing buildings built before 2016, the level must be 2 or higher regardless of whether or not renewable energy is used.

・**Eligible Criteria 2**

Refurbishment work (with the aim of making beneficial improvements in terms of the environment, such as energy efficiency and water consumption performance) on real estate managed by ADR (with the expected effect of reducing usage by 30% compared to conventional levels).

Eligible Green Assets

Property No.	Name	Rank of evaluation DBJ Green Building Certification	Rank of evaluation CASBEE Real Estate Assessment Certification	Date of acquisition of certification	Acquisition Price (million yen)	Total Floor Space (㎡)
T-035	RESIDIA Nishi-Azabu	-	A	March 3, 2022	6,780	10,834.93
T-038	RESIDIA Roppongi-Hinokichokoen	-	A	January 26, 2024	3,570	6,269.11
T-039	RESIDIA TOWER Meguro-Fudomae	-	S	March 3, 2022	16,500	29,561.91
T-044	RESIDIA TOWER Azabujuban	-	A	August 25, 2023	6,190	11,053.03
T-054	RESIDIA Shibaura	-	A	July 29, 2022	4,670	12,540.48
T-056	RESIDIA Yutenji	-	A	January 26, 2024	5,260	5,846.64
T-057	Park Tower Shibaura Bayward Urban Wing	-	A	March 3, 2022	9,570	19,562.07
T-064	RESIDIA TOWER Nakameguro	-	A	January 26, 2024	3,300	5,594.51
T-065	RESIDIA Sasazuka II	-	A	January 26, 2024	3,760	5,504.20
T-087	RESIDIA Ichigaya-Sadohara	-	A	July 28, 2023	4,085	7,303.76
T-093	RESIDIA Kamata	-	A	January 26, 2024	2,640	5,637.66
T-103	RESIDIA Kinshicho	-	A	January 26, 2024	4,200	5,622.99
T-120	RESIDIA Bunkyo-Otowa	-	A	January 30, 2023	3,380	8,163.50
T-131	RESIDIA Mejiro	-	A	July 29, 2022	6,280	17,417.59
T-133	RESIDIA Nihonbashi-Bakurocho	-	A	January 30, 2023	5,500	9,605.78
T-134	RESIDIA Suginami-Honancho	-	A	January 30, 2023	3,834	7,561.63
T-140	RESIDIA Minami-senjyu	-	S	July 29, 2022	2,580	10,492.28
T-150	RRESIDIA TOWER Kami-Ikebukuro (Tower)	-	S	March 3, 2022	8,250	29,454.37
	RRESIDIA TOWER Kami-Ikebukuro (Park)	-	A	March 3, 2022		4,081.05
T-170	RRESIDIA Shin-Okachimachi II	-	A	July 28, 2023	4,650	6,843.89
T-185	RESIDIA Shinagawa Seaside	-	A	January 26, 2024	3,315	3,604.99
T-189	RESIDIA Sendagi	-	A	July 26, 2024	2,912	2,745.30
S-020	Pacific Royal Court Minato Mirai Ocean Tower	-	A	March 3, 2022	14,000	40,527.16
S-036	Tokyo Student-House Musashi-Kosugi	★★★★★	-	July 26, 2024	5,835	6,845.00
R-030	RESIDIA Izumi	-	A	August 25, 2023	3,700	10,546.49
R-042	RESIDIA Nishijin	-	A	January 30, 2023	2,380	9,233.43
R-051	RESIDIA Miyakojima I&II	-	A	January 26, 2024	3,232	13,477.82
R-053	RESIDIA Higashi-zakura II	-	A	July 29, 2022	2,862	10,944.91
R-086	RESIDIA Kumamoto-Karashima	-	A	January 26, 2024	4,000	14,988.83
Total of Eligible Green Assets					147,235	331,865.31

Green Finance

ADR

Management of financing

・Appropriate internal management will be carried out for funds procured through green finance and unallocated funds. If there are unallocated funds, they will be managed as cash or cash equivalents until they are allocated.

・Even in cases where the Green Eligible Assets for which the funds raised by ADR have been allocated are sold, or where the Green Eligible Assets in question no longer meet the eligibility criteria for some reason, the total amount of the Acquisition Price of the properties that meet the eligibility criteria 1 and the total amount of the expenditure for the construction and renovation projects that meet the eligibility criteria 2, multiplied by the total assets LTV at the end of the most recent fiscal year, will be calculated as the “Green Eligible Debt Limit”, and the balance of the Green Finance will be managed so that it does not exceed the Green Eligible Debt Limit. multiplied by the LTV (total assets base) at the end of the most recent fiscal period, and the balance of green finance will be managed so that it does not exceed the maximum amount of green-qualified liabilities.

As of July 31, 2025 (million yen)

A. Total Acquisition Price (Qualifying Criterion 1)	147,235
B. Total expenditure on facility renovation work (Qualifying Criteria 2)	0
C. Total Eligible Green Assets（A+B)	147,235
D. LTV*	48.9%
E. Maximum amount of Green Eligible Liabilities（C×D)	71,998

*The LTV is the ratio as of the end of July 2025.

Appropriation of Funds

Green Bond

Bonds	Issue Date	Redemption Date	Issue Amount（million yen）	Appropriation of Funds	Fund Appropriation Target
ADR Bond #34(Unsecured)	Oct. 25, 2021	Oct. 24, 2031	1,000	Appropriated	Pacific Royal Court Minato Mirai Ocean Tower
ADR Bond #35(Unsecured)	Oct. 25, 2021	Oct. 24, 2036	1,600	Appropriated	
Total balance	-	-	2,600	-	-

Green Loan

Lender	Drawdown Date	Principal Repayment Date	Amount（million yen）	Appropriation of Funds	Fund Appropriation Target
Sumitomo Mitsui Trust Bank, Limited	Mar. 29, 2024	Mar. 31, 2034	1,500	Appropriated	RESIDIA Shinagawa Seaside
Sumitomo Mitsui Trust Bank, Limited	Mar. 29, 2024	Mar. 30, 2029	1,500	Appropriated	
Mitsubishi UFJ Trust and Banking Corporation (Trust Account)	Apr. 24, 2024	Apr. 24, 2036	2,000	Appropriated	Pacific Royal Court Minato Mirai Ocean Tower Park Tower Shibaura Bayward Urban Wing
Mizuho Bank, Ltd.	Jul. 23, 2024	Jan. 24, 2033	1,000	Appropriated	RESIDIA TOWER Meguro-Fudomae
SBI Shinsei Bank, Limited	Jul. 23, 2024	Jan. 24, 2033	1,500	Appropriated	
The Yamaguchi Bank, Ltd.	Jul. 23, 2024	Jan. 24, 2033	1,500	Appropriated	
The Keiyo Bank, Ltd.	Jul. 23, 2024	Jan. 24, 2033	1,000	Appropriated	
MUFG Bank, Ltd.	Jul. 31, 2024	Jul. 29, 2033	1,000	Appropriated	RESIDIA Sendagi Tokyo Student-House Musashi-Kosugi
MUFG Bank, Ltd.	Jul. 31, 2024	Jan. 31, 2030	1,000	Appropriated	
The Chiba Bank, Ltd. The Norinchukin Bank	Jul. 31, 2024	Jan. 31, 2030	2,500	Appropriated	
Resona Bank, Limited.	Jul. 31, 2024	Jul. 31, 2034	1,600	Appropriated	
The Bank of Fukuoka, Ltd.	Nov. 29, 2024	Nov. 30, 2034	1,500	Appropriated	RESIDIA TOWER Azabujuban
Mitsubishi UFJ Trust and Banking Corporation (Trust Account)	Jan. 31, 2025	Jan. 30, 2037	1,150	Appropriated	Park Tower Shibaura Bayward Urban Wing RESIDIA Shin-Okachimachi II
Mizuho Bank, Ltd.	April 18, 2025	April 18, 2035	1,000	Appropriated	Tokyo Student-House Musashi-Kosugi
Mizuho Bank, Ltd.	April 18, 2025	October 18, 2031	1,000	Appropriated	Tokyo Student-House Musashi-Kosugi
Sumitomo Mitsui Trust Bank, Limited	April 30, 2025	April 30, 2030	1,100	Appropriated	Park Tower Shibaura Bayward Urban Wing
MUFG Bank, Ltd.	Oct. 20, 2025	Oct. 20, 2026	1,500	Appropriated	RESIDIA TOWER Nakameguro
Total balance	-	-	23,350	-	-

Impact Reporting

The status of funds raised with green financing is updated annually and uploaded on the websites of ADR. Reporting on the effectiveness of environmental improvement (impact reporting) of green eligible assets is also uploaded on the ADR website on an annual basis.

ESG Data

Environmental performance data

ADR

Category	Unit	FY2018 (Base Year)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		
			Results	Results	Results	Results	Results	Results	Coverage	% Change (vs FY2018)
Energy Consumption Total	Total Usage (MWh)	15,749	15,536	15,354	15,266	14,274	15,306	15,290	100.0%	-7.7%
	Intensity (MWh/㎡)	0.086	0.086	0.083	0.082	0.077	0.081	0.079		
Electricity	Total Usage (MWh)	14,273	13,926	13,860	13,705	13,009	13,980	13,743	100.0%	−8.5%
	Intensity (MWh/㎡)	0.078	0.077	0.075	0.074	0.070	0.074	0.071		
Fuel	Total Usage (MWh)	1,248	1,365	1,263	1,313	1,091	1,075	1,189	100.0%	−8.0%
	Intensity (MWh/㎡)	0.060	0.064	0.042	0.061	0.052	0.055	0.055		
Ditrict Heating and Cooling	Total Usage (MWh)	229	245	230	248	174	251	357	100.0%	54.6%
	Intensity (MWh/㎡)	0.016	0.017	0.016	0.017	0.012	0.017	0.025		
GHG Emission(CO2) Total (scope1+2)	Total Usage ($t\text{-}CO_2$)	7,757	8,119	7,052	253	188	188	205	100.0%	-97.4%
	Intensity ($t\text{-}CO_2$/㎡)	0.043	0.045	0.038	0.001	0.001	0.000	0.001		
Direct Emission Scope1	Total Usage ($t\text{-}CO_2$)	219	239	221	230	188	188	205	100.0%	-6.3%
	Intensity ($t\text{-}CO_2$/㎡)	0.010	0.011	0.007	0.011	0.009	0.010	0.010		
In-direct Emission Scope2	Total Usage ($t\text{-}CO_2$)	7,538	7,880	6,831	23	0	0	0	100.0%	-100.0%
	Intensity ($t\text{-}CO_2$/㎡)	0.041	0.044	0.037	0.000	0.000	0.000	0.000		
Water Usage	Total Usage (㎥)	11,035	10,817	11,263	9,879	10,637	11,289	11,607	100.0%	-9.5%
	Intensity(㎥/㎡)	0.069	0.069	0.070	0.061	0.065	0.062	0.062		
Water intake	Total Usage (㎥)	11,035	10,817	11,263	9,879	10,637	11,289	11,607	-	-
	Intensity(㎥/㎡)	0.069	0.069	0.070	0.061	0.065	0.062	0.062	-	-
Displacement	Total Usage (㎥)	11,035	10,817	11,263	9,879	10,637	11,289	11,607	-	-
	Intensity(㎥/㎡)	0.069	0.069	0.070	0.061	0.065	0.062	0.062	-	-
Waste Volume	Total Volume (t)	84	119	181	115	126	132	98	-	-
	Recycling Volume (t)	74	102	160	103	111	121	97		
	Recycling Rate (%)	88.0	85.7	88.4	89.8	88.5	91.7	98.7		

*Waste recycling rate: Amount recycled / Amount of waste discharged × 100

Aggregation Scope and Calculation Methods

1. Aggregation period
Results are updated on an annual basis.
From FY2023: from January to December
Until FY2022: from April to March
*The aggregation period was revised in FY2023 and changed to a calendar year basis.

2. Scope of Aggregation
Only properties held for the full fiscal year are included in the scope of aggregation, excluding properties that were traded during the fiscal year.
Energy Consumption and Water Usage：As a general rule, the common areas managed by ADR will be included in the scope of aggregation.
Waste: As a general rule, the aggregation covers the amount of waste generated from restoration work in exclusive areas where data can be obtained.

3. Calculation method
・Strata-titled property: Calculate the ADR share ratio by multiplying the relevant data.
・Intensity: Total amount of each data / Target floor area (m^2)

*Past performance data may be revised retroactively in accordance with the revision of calculation methods, etc.
*Figures are rounded to the nearest indicated digit.

Independent assurance statement (limited assurance)

Environmental performance data for FY2024, with a few exceptions, has been obtained from Sustainability Accounting Co., Ltd. as Independent assurance statement (limited assurance) in accordance with the International Standard for Assurance Engagements ISAE 3000 and ISAE 3410.

Human Resource Data

IRM

Key Human Resource Data

Category		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Employees*1 (No. of people)	Total number	59	62	64	67	78	79	79
	Males	49	52	52	55	62	60	57
	Females	10	10	12	12	16	19	22
Average years of service (No. of years)	Whole	8yrs1mths	8yrs1mths	8yrs5mths	8yrs8mths	8yrs3mths	8yrs7mths	8yrs11mths
	Males	8yrs3mths	8yrs1mths	8yrs7mths	8yrs11mths	8yrs6mths	9yrs2mths	9yrs8mths
	Females	7yrs6mths	8yrs2mths	7yrs10mths	7yrs7mths	7yrs2mths	6yrs11mths	6yrs11mths
No. of new hires (No. of people)	Total number	2	6	6	6	2	4	7
	Males	2	5	4	5	1	1	4
	Females	0	1	2	1	1	3	3
Turnover*2 (%)		3.4	8.1	6.3	3.0	5.1	5.1	7.8

Employee Health and Safety

Category	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Annual medical exam taken (%)	100	100	100	100	100	100	100
Occupational accident frequency rate*3 (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Coverage: Full-time employees and contract employees

*1 Number of employees as of March 31. Information is before the asset management company merger on June 1, 2022, and therefore does not include the number of employees of the former ITOCHU REIT Management Co.,Ltd.

*2 Turnover is calculated by dividing the number of employees that left IRM during the fiscal year by the number of employees as of March 31. Additionally, there were no workforce reductions due to corporate mergers or acquisitions involving restructuring, or for other reasons during the fiscal years listed above. Also,and the same applies to the merger between asset management companies on June 1, 2022.

*3 Occupational accident frequency rate is calculated as follows:
number of fatalities and injuries due to accidents ÷ cumulative work hours x 1 million hours.
For details, please refer to the following Ministry of Health, Labour and Welfare site (in Japanese).

*4 If acquired across fiscal years, it is calculated as acquired in the fiscal year in which the start date of the leave falls.

*5 As part of our efforts to enhance work-life balance, we are expanding the use of the following.
～FY2022 For Volunteers
FY2023 In addition to the above, childcare (from 4/1) and health care related (from 3/1) were added.

Workstyle Reforms・Diversity

Category		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Average overtime (Length of time)		17h31m	20h35m	23h46m	20h41m	26h16m	25h58m	21h04m
Paid leave acquisition rate (%)		79.9	68.4	68.2	59.8	67.9	70.1	71.4
Percentage of females(%)		16.9	16.1	18.8	17.9	20.5	24.1	27.8
Proportion of female executives(%)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proportion of female managers(%)		0.0	3.7	6.3	11.4	10.3	14.0	14.3
Proportion of employees taking childcare leave *4(%)	Males	N/A	0.0	N/A	0.0	0.0	0.0	25.0
	Females	N/A	100.0	100.0	N/A	N/A	N/A	N/A
Users of shortened work hours for childcare (No. of people)		2	1	1	0	1	1	0
Users of nursing leave(%)	Whole	76.5	78.6	66.7	50.0	83.3	90.9	100.0
	Males	69.2	72.7	58.3	45.5	77.8	87.5	100.0
	Females	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Users of special leave *5 (No. of people)		7	3	0	1	0	13	18

Employees with professional certification

Category	Number of people certified
Real Estate Transaction Agent	57
ARES Certified Master	38
Certified Building Administrator	6
First-Class Architect	4
Lawyer	1
Real Estate Appraiser	1
Securities Analyst	4
Certified Public Accountant	2
Labor and Social Security Attorney	1
Certified Internal Auditor	1

*As of March 31, 2025. Includes those who have passed the examinations and are not yet registered.

Human Resource Data

IRM

Professional development and training programs

Category	Details
New officer training	Responsibility and role recognition required of officers
ESG Training for Executives	Training for executives to deepen their knowledge on ESG issues
Manager training	Line Care Training（To promote primary prevention of mental health issues, acquire skills to understand the mechanisms behind mental health problems and prevent them, and understand key points for creating a healthy workplace.）
	Multifaceted Evaluation Training（The purpose of this tiered training program is to maximize the performance of each organization by identifying strengths and challenges through multifaceted evaluations, reviewing one's own actions, and formulating development plans.）
Future manager training	Participants acquire knowledge and skills essential for leaders, such as management, trust building, team building, human resource development, and labor management. Utilizing an external organization, participants practice at their workplaces, reflect on their experiences, and receive advice from external lecturers to enhance their practical skills.
Next generation Business leader training	Leadership training for mid-level employees to develop business acumen. Recognize the roles required of you as a core member of the organization, based on your strengths and weaknesses.
Team Building Training	Reassess the roles expected of you as a team leader, learn key points for building a better team, and enhance your perspective and awareness regarding workplace teams.
Fourth-year training	Training for fourth-year employees A training program designed to help young employees transition to mid-career positions by learning how to set goals, identify core issues, and design their own ideal career paths.
Second-year training	Training for Second-year employees Training that encourages participants to think independently about how they can contribute to their colleagues and workplace with a broad perspective. Participants learn to collaborate smoothly with people in different positions and improve the overall quality of their work.
Instructor training	Training for appointees as instructors of new hires
New hire training	Basic training for new graduate hires (ITOCHU Group)
Bookkeeping training	Training on basic bookkeeping knowledge for new hires
Training on office machinery	Training for new hires and some junior employees
Compliance training and exams	Comprehensive compliance training
Crisis Management Public Relations Training	Training to strengthen media response skills in the event of a crisis.
Sustainability Training	Company-wide training for all employees aimed at raising awareness of sustainability among staff
Life Plan Training	Life planning and career design training for employees aged 50 and over. Veteran employees take stock of their careers and skills and use their abilities to further their careers and plan for the future.
Cafeteria-style training	Training provided by the ITOCHU Group. Participants have a choice of approx. 200 courses.
Subscription-based training	A video learning platform offering specialized, curated business programs accessible anytime, anywhere. Learn at your own pace.
Company-wide online health program	To promote health management and mental well-being, we are conducting online stretching and yoga sessions with the aim of helping participants recognize stress, experience various coping methods, and find stress relief techniques that suit them.

*The above list includes both regular training programs and one-time training sessions conducted within a single fiscal year.

Category	Details
Mentor system	System of support by senior employees (expenses borne by company)
Career path reporting system	System for employees to indicate career path intentions
Support for certification	System of financial aid toward the costs of acquiring certification to improve business execution skills and gain expertise
Language learning support	System of financial aid for part of the costs of language

Comparative Table with GRI Standards

GRI content index

Comparative Table with GRI Standards (GRI content index)

Universal Standards		Page	References
GRI 2: General Disclosures 2021			
1.The organization and its reporting practices			
2-1	Organizational details	3	Overview of the investment corporation and asset management company
2-2	Entities included in the organization's sustainability reporting	2	About This ESG Report
2-3	Reporting period, frequency and contact point	2	About This ESG Report Inquiries
2-4	Restatements of information	N/A	N/A
2-5	External assurance	N/A	N/A
2.Activities and workers			
2-6	Activities, value chain and other business relationships	–	–
2-7	Employees	47	Human Resource Data
2-8	Workers who are not employees	–	–
3. Governance			
2-9	Governance structure and composition	9	Governance
2-10	Nomination and selection of the highest governance body	–	–
2-11	Chair of the highest governance body	9	Governance
2-12	Role of the highest governance body in overseeing the management of impacts	9	Governance
2-13	Delegation of responsibility for managing impacts	9	Risk Management
2-14	Role of the highest governance body in sustainability reporting	9	Governance
2-15	Conflicts of interest	40	Preventing Misconduct and Corruption
2-16	Communication of critical concerns	40	Case in IRM
2-17	Collective knowledge of the highest governance body	6	Officer and Employee Training
2-18	Evaluation of the performance of the highest governance body	–	–
2-19	Remuneration policies	39	Officer's compensation or remuneration
2-20	Process to determine remuneration	39	Officer's compensation or remuneration
2-21	Annual total compensation ratio	–	–
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	4	Message from Top Management
2-23	Policy commitments	4	Message from Top Management
		6	Sustainability Policy
		32	Human Rights Policy
		39	Preventing Misconduct and Corruption
2-24	Embedding policy commitments	9	Governance
		28	Supply Chain Management
2-25	Processes to remediate negative impacts	–	–
2-26	Mechanisms for seeking advice and raising concerns	40	Preventing Misconduct and Corruption
2-27	Compliance with laws and regulations	40	Case in IRM
2-28	Membership associations	3	Overview of the investment corporation and asset management company
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	37	Basic Policy on Customer-Oriented Business Conduct
2-30	Collective bargaining agreements	–	–
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	–	–
3-2	List of material topics	7	Materiality and Targets
3-3	Management of material topics	7	Materiality and Targets
		46-48	ESG Data

Topic Standards (Economic)		Page	References
GRI201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	–	–
201-2	Financial implications and other risks and opportunities due to climate change	14	Climate Change Initiatives
201-3	Defined benefit plan obligations and other retirement plans	–	–
201-4	Financial assistance received from government	–	–
GRI 202：Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	–
202-2	Proportion of senior management hired from the local community	–	–
GRI 203：Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	30	Initiatives for Tenants and Regional Contribution
203-2	Significant indirect economic impacts	–	–
GRI 204：Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	–	–
GRI 205：Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	40	Preventing Misconduct and Corruption
205-2	Communication and training about anti-corruption policies and procedures	40	Employee education
205-3	Confirmed incidents of corruption and actions taken	40	Case in IRM
GRI 206：Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	40	Case in IRM
GRI 207：Tax 2019			
207-1	Approach to tax	–	–
207-2	Tax governance, control, and risk management	–	–
207-3	Stakeholder engagement and management of concerns related to tax	–	–
207-4	Country-by-country reporting	–	–

Topic Standards (Environmental)		Page	References
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	–	–
301-2	Recycled input materials used	–	–
301-3	Reclaimed products and their packaging materials	–	–
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	46	Environmental performance data
302-2	Energy consumption outside of the organization	–	–
302-3	Energy intensity	46	Environmental performance data
302-4	Reduction of energy consumption	46	Environmental performance data
302-5	Reductions in energy requirements of products and services	46	Environmental performance data
GRI 303：Water and Effluents 2018			
303-1	Interactions with water as a shared resource	–	–
303-2	Management of water discharge-related impacts	–	–
303-3	Water withdrawal	46	Environmental performance data
303-4	Water discharge	46	Environmental performance data
303-5	Water consumption	46	Environmental performance data
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	18	Natural Capital Initiatives
304-2	Significant impacts of activities, products, and services on biodiversity	17	Natural Capital Initiatives
304-3	Habitats protected or restored	18	Natural Capital Initiatives
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	18	Natural Capital Initiatives

Comparative Table with GRI Standards（GRI content index）

Topic Standards (Environmental)		Page	References
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	46	Environmental performance data
305-2	Energy indirect (Scope 2) GHG emissions	46	Environmental performance data
305-3	Other indirect (Scope 3) GHG emissions	23	Environmental performance data
305-4	GHG emissions intensity	46	Environmental performance data
305-5	Reduction of GHG emissions	46	Environmental performance data
305-6	Emissions of ozone-depleting substances (ODS)	–	–
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	N/A	N/A
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	–	–
306-2	Management of significant waste-related impacts	–	–
306-3	Waste generated	46	Environmental performance data
306-4	Waste diverted from disposal	46	Environmental performance data
306-5	Waste directed to disposal	–	–
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	–	–
308-2	Negative environmental impacts in the supply chain and actions taken	–	–

Topic Standards (Social)		Page	References
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	47	Key Human Resource Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	–
401-3	Parental leave	47	Workstyle Reforms・Diversity
GRI 402：Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	–	–
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	–	–
403-2	Hazard identification, risk assessment, and incident investigation	–	–
403-3	Occupational health services	–	–
403-4	Worker participation, consultation, and communication on occupational health and safety	34	Establishment of Health Committee
403-5	Worker training on occupational health and safety	–	–
403-6	Promotion of worker health	34	Wellbeing（Initiatives for health and comfort）
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A	N/A
403-8	Workers covered by an occupational health and safety management system	–	–
403-9	Work-related injuries	47	Employee Health and Safety
403-10	Work-related ill health	47	Employee Health and Safety
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	–	–
404-2	Programs for upgrading employee skills and transition assistance programs	48	Professional development and training programs
404-3	Percentage of employees receiving regular performance and career development reviews	33	Career development
GRI 405：Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	37	Investment companies' Executive Officers and Supervisory Directors
		47	Key Human Resource Data
405-2	Ratio of basic salary and remuneration of women to men	–	–
GRI 406：Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	40	Case in IRM
GRI 407：Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A	N/A
GRI 408：Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A	N/A

Topic Standards (Social)		Page	References
GRI 409：Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	N/A
GRI 410：Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	–	–
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	N/A	N/A
GRI 413：Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	30	Initiatives for Tenants and Regional Contribution
413-2	Operations with significant actual and potential negative impacts on local communities	N/A	N/A
GRI 414：Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	–	–
414-2	Negative social impacts in the supply chain and actions taken	–	–
GRI 415: Public Policy 2016			
415-1	Political contributions	40	Case in IRM
GRI 416：Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	N/A	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	N/A
GRI 417：Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	N/A	N/A
417-2	Incidents of non-compliance concerning product and service information and labeling	N/A	N/A
417-3	Incidents of non-compliance concerning marketing communications	40	Case in IRM
GRI 418：Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	40	Case in IRM