



## **Questions & Answers at the Presentation Meeting Concerning the Results of the Fiscal Period Ended July 2021**

Date & Time: From 17:00 to 17:40, Friday, September 17, 2021  
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### **Asset Management Related Questions**

**Q1. Your company estimates the occupancy rate for the fiscal period ending January 2022 at 95.9%. You regard this as a conservative estimate though it will remain unchanged from the result for the previous fiscal period. Is this based on any clear demand forecast, or any prospect of a rise in the occupancy rate? Please tell us about the background of the estimate.**

A1. We had a lot of cancellations from April to June, but this trend has begun to settle down since July, though only a little, on a year-on-year basis, as we are starting to see how many cancellations we will likely have until October to some extent. The occupancy rate recovered to above 96% in August and is expected to reach 96% in September. We aim to push up the occupancy rate above 96% for the current fiscal period.

**Q2. As supply and demand is growing weaker in the overall rental market, the rent gap is supposed to shrink, but it is actually increasing. Could you tell us what is going on in the background?**

A2. Based on the premise that the unit rent of newly contracted ADR-managed properties for the present fiscal period is set as the market rent, the rent gap shows how much rent can be raised if these properties are replaced by non-ADR-managed housing properties of the same level. Therefore, the figure 1.4% does not necessarily reflect the market condition.

**Q3. The rent increase of family & large type units is noticeable. Could you tell us about the background and your views on this? Is that because single persons are moving to family-type units or opting for rental units due to surging condominium prices? Is there any variance among specific sectors, such as IT-related companies?**

A3. There are surely certain groups of people who consider renting properties rather than purchasing them in view of higher condominium prices. However, the supply of family-type

units is basically limited in the overall rental market compared with single-type units, thus maintaining greater demand than other unit types. We believe this is the biggest factor that keeps the rent increase at high levels. Another factor is the renovation work that is done mostly on family-type units in order to maintain competitiveness. This allows us to set higher rents.

### **Trend in Tenants' Movements**

#### **Q4. Could you tell us how long you think the current trend of tenants moving out from the Tokyo 23 wards to the suburbs will likely continue?**

A4. Things will change depending on the progress in COVID-19 vaccinations, policies and other circumstances. We think we should wait and see how things will turn out next spring before making any judgement.

### **Questions about Purchase and Sale of Properties**

#### **Q5. You set out the main scenario of acquiring properties worth 10 billion yen in a year and worth 15 billion yen in one and a half years. Given the possibility of a capital increase through public offerings, what is the volume of acquisitions you have in mind?**

A5. We are still at the stage of looking at details, including talks with sponsors and sourcing from outside. No specific volume of acquisitions has been fixed at the moment.

#### **Q6. As remote working has spread widely amid the COVID-19 pandemic, are you going to change your investment policies on areas and unit types, i.e., switching to surrounding areas of Tokyo, and family-type units and other more spacious unit types? In addition, when the infection situation begins to settle down, will you change your investment focus back to urban areas as before?**

A6. There is no change in our policy of investing 70 percent in the Tokyo 23 wards and 30 percent in other areas. Once the pandemic subsides, we believe demand will likely recover for properties in urban areas. Since it is difficult to acquire properties within Tokyo 23 wards from external sources, we will look into acquiring mostly sponsor-developed properties. For other areas, acquisition from external sources will be the key. We will look into acquiring single-type units as before, and in addition to that, we will consider acquiring family-type units more intently than before, if there are any such opportunities.

**Q7. You said you will consider acquiring family-type units more intently from now on. But I think they will be less profitable than single or compact-type units. If you are to increase the acquisition of family-type units in the future, it will have a tangible impact on the overall portfolio. Could you tell us what you think about this?**

A7. We have selected and will continue to select properties based on the yield in principle. Therefore, we will look at properties that meet our target yield standards regardless of the unit type. However, though there will be fewer opportunities for consideration than single-type units, we are thinking of increasing acquisition of old family-type units from which we may anticipate improved proceeds through renovation and other value-improving initiatives. On top of single-type units, we will seize opportunities to acquire family-type units in anticipation of future proceeds, which we hope will lead to external growth.

**Q8. Does that mean you have no specific properties to acquire? Is it alright to have only acquisition targets without any sell-offs?**

A8. We have no specific properties to acquire yet. As to sell-offs, we have no properties that need to be sold off at the moment. We will consider sell-offs, if any, while watching how our acquisition situation turns out.

**Q9. For current fiscal period, you are planning to sell off two properties in urban areas. Is that because you expect greater proceeds? Did you decide to sell them off because urban properties show lower occupancy rates and can only generate unstable proceeds? Or did you make the decision due to the economic background or was it a decision you had made in advance? Please tell us what led you to decide on the sell-offs and the background of the decision.**

A9. We had been systematically working on the selection of properties to be sold off. We chose these two properties because, amid the pandemic, we may face restrictions on actual inspections of properties in local areas and would only have limited options to consider for acquisition. This is why we chose these two properties in urban areas, where there remains strong demand and actual inspections and subsequent assessments are easier to perform.

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