

September 12, 2023

**For Immediate Release**

Advance Residence Investment Corporation  
Securities Code : 3269  
1-105 Kanda-Jinbocho, Chiyoda-ku, Tokyo  
Wataru Higuchi, Executive Director

Asset Management Company:  
ITOCHU REIT Management Co., Ltd.  
Junichi Shoji, Representative Director,  
President & CEO

Inquiries:  
Isao Kudo, Executive Officer  
TEL. +81-3-6821-5483

Notice Concerning Revision to  
Forecast of Financial Results for the Period Ending January 31, 2024 (FP27) and  
Forecast of Financial Results for the Period Ending July 31, 2024 (FP28)

Advance Residence Investment Corporation ("ADR") hereby announces its forecast of results for the fiscal period ending January 31, 2024 (27th fiscal period: August 1, 2023 to January 31, 2024), which was announced on March 16, 2023, as well as its new forecast of results for the fiscal period ending July 31, 2024 (28th fiscal period: February 1, 2023 to July 31, 2024).

1. Revised forecast of financial results for the fiscal period ending January 31, 2024 (27th period: August 1, 2023 to January 31, 2024)

(1) Revision of operating forecast

	Operating revenue	Operating income	Ordinary income	Net income	Earnings per unit (Note1)	Distributions per unit (excluding distributions in excess of earnings) (Note2)	Dividend per unit in excess of earnings
Previous Forecast (A)	million yen 17,572	million yen 7,876	million yen 6,973	million yen 6,972	yen 5,034	yen 5,780	yen 0
Revised forecast (B)	million yen 18,623	million yen 8,861	million yen 7,944	million yen 7,944	yen 5,543	yen 5,870	yen 0
Increase/decrease (B) - (A)	million yen 1,051	million yen 984	million yen 971	million yen 971	yen 509	yen 90	yen 0
Percentage change	% +6.0	% +12.5	% +13.9	% +13.9	% +10.1	% +1.6	% 0

Note: This document is a press release intended for general publication regarding ADR's revised forecast of business performance for the fiscal period ending January 31, 2024 (27th period) and forecast of business performance for the fiscal period ending July 31, 2024 (28th period), and has not been prepared for the purpose of soliciting investment. ADR asks that investors make investment decisions only after they have made sure to refer to the prospectus for the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by ADR, and that they make investment decisions at their own discretion and responsibility.

(Note1) Earnings Per Unit is calculated by dividing the forecasted Net income by the forecasted number of investment units issued and outstanding at the end of the fiscal period. The number of investment units issued and outstanding at the end of the forecast period is assumed to be 1,385,000 units in the previous forecast and 1,433,000 units in the revised forecast.

(Note2) The source of funds for distribution payment includes the scheduled reversal of reserve for temporary difference adjustments. The reversal of reserve is assumed to be 841 million yen (607 yen per unit) in the previous forecast and 852 million yen (594 yen per unit) in the revised forecast. The "amount of FP under review" differs from the "amount of Net income" because a portion of Gain on sales (871 million yen) out of Net income is assumed to be retained instead of distributed and the reversal of Retained earnings (486 million yen in the period ending January 2024) is also assumed.

## (2) Reason for revision

As described in the "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" released today, the issuance of new investment units was resolved at the ADR's Board of Directors meeting held today, and the acquisition of properties described in the "Notice Concerning Property Acquisition (RESIDIA Shirokane-Takanawa II and 10 other properties)" released today, etc. The forecasted management situation for the fiscal period ending January 31, 2024, announced on March 16, 2023, has been revised in accordance with the following factors.

## 2. Forecast for the fiscal period ending July 31, 2024 (28th period: February 1, 2024 to July 31, 2024)

	Operating revenue	Operating income	Ordinary income	Net income	Earnings per unit (Note3)	Distributions per unit (excluding distributions in excess of earnings) (Note4)	Dividend per unit in excess of earnings
Fiscal Period ending July 31, 2024 forecast	million yen	million yen	million yen	million yen	yen	yen	yen
	18,186	8,113	7,179	7,179	5,010	5,890	0

(Note3) Net income under review is calculated by dividing the forecasted Net income by 1,433,000 units, which is the number of investment units issued and outstanding at the end of the forecast period.

(Note4) The source for payment of distributions includes 854 million yen (596 yen per unit) scheduled to be reversed from the Reserve for temporary difference adjustments and is different from the "Amount of Earnings Per Unit" because it assumes reversal of Retained earnings (406 million yen).

Note

- \* The above amounts are rounded down to the indicated unit, unless otherwise indicated, and other figures or ratios are rounded to the indicated unit, unless otherwise noted. The same applies hereinafter.
- \* Dividend per unit" is the amount including the reversal of Reserve for temporary difference adjustments, etc., and differs from "Earnings Per Unit".
- \* The above revised and forecasted figures are the current figures calculated based on the assumptions described in "3. The actual figures may vary due to future acquisitions or dispositions of real estate, etc., changes in the real estate market, etc., changes in other circumstances surrounding ADR, etc. The above forecast is not a guarantee of distribution amount.
- \* The Company may revise its forecasts if it expects a certain degree of deviation from the above forecasts.
- \* Please refer to the attachment for details on dividend per unit.

3. Assumptions for the Revised Forecast of Management Situation for the Period ending January 31, 2024 and the Forecast of Management Situation for the Period ending July 31, 2024

(Data) Item	Prerequisite																																	
Accounting period	<ul style="list-style-type: none"> <li>Fiscal period ending January 31, 2024: August 1, 2023 - January 31, 2024 (184 days)</li> <li>Fiscal period ending July 31, 2024: February 1, 2024 - July 31, 2024 (182 days)</li> </ul>																																	
Assets under management	<ul style="list-style-type: none"> <li>The 276 properties owned as of the date of this document (277 properties owned as of the end of July 2023, excluding RESIDIA Azabudai (51% quasi co-ownership interest), which was sold on August 1, 2023; hereinafter "existing owned properties") The acquisition of 11 assets-to-be-acquired ① through ⑪ in 【Assets-to-be-acquired】 below (the "Assets to be Acquired") is scheduled to be completed, in addition to the existing properties (the "Existing Properties"), as follows.</li> </ul> <p><b>【Assets-to-be-acquired】</b></p> <table border="0"> <tr> <td>① T-182</td> <td>RESIDIA Shirokane-Takanawa II</td> <td>... Acquisition on September 29, 2023</td> </tr> <tr> <td>② T-183</td> <td>RESIDIA Meguro IV</td> <td>... Acquisition on September 29, 2023</td> </tr> <tr> <td>③ T-184</td> <td>RESIDIA Bunkyo Koishikawa II<sup>(Note1)</sup></td> <td>... Acquisition on September 29, 2023</td> </tr> <tr> <td>④ T-185</td> <td>RESIDIA Shinagawa Seaside<sup>(Note1)</sup></td> <td>... Acquisition on September 29, 2023</td> </tr> <tr> <td>⑤ T-186</td> <td>Share Place Shimo-kitazawa</td> <td>... Acquisition on September 29, 2023</td> </tr> <tr> <td>⑥ R-087</td> <td>RESIDIA Kyudai-Gakkentoshi</td> <td>... Acquisition on September 29, 2023</td> </tr> <tr> <td>⑦ R-088</td> <td>RESIDIA Kyusandaimae<sup>(Note1)</sup></td> <td>... Acquisition on September 29, 2023</td> </tr> <tr> <td>⑧ T-187</td> <td>RESIDIA Ochanomizu III</td> <td>... Acquisition on April 18, 2024</td> </tr> <tr> <td>⑨ T-188</td> <td>RESIDIA Sangenjaya III</td> <td>... Acquisition on April 18, 2024</td> </tr> <tr> <td>⑩ T-189</td> <td>RESIDIA Sendagi</td> <td>... Acquisition on April 18, 2024</td> </tr> <tr> <td>⑪ S-036</td> <td>Tokyo Student-House Musashi-Kosugi<sup>(Note1)</sup></td> <td>... Acquisition on April 18, 2024</td> </tr> </table> <p>(Note1) Since ADR plans to change the name of the property after the acquisition, the property name in this document is the name after the change.</p> <ul style="list-style-type: none"> <li>It is assumed that, except for the acquisition of the above 11 asset-to-be-acquired, there will be no changes in assets under management (e.g., acquisition of new properties or transfer of properties owned) until the end of the fiscal period ending July 31, 2024.</li> <li>The average occupancy rate at the end of each month during the period is expected to be as follows Fiscal period ending January 31, 2024: 96.5% Fiscal period ending July 31, 2024: 96.5%</li> </ul>	① T-182	RESIDIA Shirokane-Takanawa II	... Acquisition on September 29, 2023	② T-183	RESIDIA Meguro IV	... Acquisition on September 29, 2023	③ T-184	RESIDIA Bunkyo Koishikawa II <sup>(Note1)</sup>	... Acquisition on September 29, 2023	④ T-185	RESIDIA Shinagawa Seaside <sup>(Note1)</sup>	... Acquisition on September 29, 2023	⑤ T-186	Share Place Shimo-kitazawa	... Acquisition on September 29, 2023	⑥ R-087	RESIDIA Kyudai-Gakkentoshi	... Acquisition on September 29, 2023	⑦ R-088	RESIDIA Kyusandaimae <sup>(Note1)</sup>	... Acquisition on September 29, 2023	⑧ T-187	RESIDIA Ochanomizu III	... Acquisition on April 18, 2024	⑨ T-188	RESIDIA Sangenjaya III	... Acquisition on April 18, 2024	⑩ T-189	RESIDIA Sendagi	... Acquisition on April 18, 2024	⑪ S-036	Tokyo Student-House Musashi-Kosugi <sup>(Note1)</sup>	... Acquisition on April 18, 2024
① T-182	RESIDIA Shirokane-Takanawa II	... Acquisition on September 29, 2023																																
② T-183	RESIDIA Meguro IV	... Acquisition on September 29, 2023																																
③ T-184	RESIDIA Bunkyo Koishikawa II <sup>(Note1)</sup>	... Acquisition on September 29, 2023																																
④ T-185	RESIDIA Shinagawa Seaside <sup>(Note1)</sup>	... Acquisition on September 29, 2023																																
⑤ T-186	Share Place Shimo-kitazawa	... Acquisition on September 29, 2023																																
⑥ R-087	RESIDIA Kyudai-Gakkentoshi	... Acquisition on September 29, 2023																																
⑦ R-088	RESIDIA Kyusandaimae <sup>(Note1)</sup>	... Acquisition on September 29, 2023																																
⑧ T-187	RESIDIA Ochanomizu III	... Acquisition on April 18, 2024																																
⑨ T-188	RESIDIA Sangenjaya III	... Acquisition on April 18, 2024																																
⑩ T-189	RESIDIA Sendagi	... Acquisition on April 18, 2024																																
⑪ S-036	Tokyo Student-House Musashi-Kosugi <sup>(Note1)</sup>	... Acquisition on April 18, 2024																																
Operating revenue	<ul style="list-style-type: none"> <li>Rental revenues for existing properties are calculated based on historical figures and taking into account the leasing situation, while those for asset-to-be-acquired are calculated based on future forecasts, taking into account the market environment and the competitiveness of the property, among other factors.</li> <li>Operating revenue is based on the assumption that there are no delinquencies or nonpayment by tenants.</li> <li>Gain on sales of "RESIDIA Azabudai" is expected to be 871 million yen.</li> </ul>																																	
Operating expenses	<ul style="list-style-type: none"> <li>Of rental expenses, which are the principal operating expenses, administrative outsourcing expenses and other expenses other than depreciation are calculated based on historical data and reflect factors that may cause expenses to fluctuate.</li> <li>Depreciation, including incidental expenses, is calculated on a straight-line basis and is expected to be as follows FP ending January 2024: 3,458 million yen FP ending July 2024: 3,481 million yen</li> <li>The amount of property tax, city planning tax, etc. to be expensed is expected to be as follows. FP ending January 2024: 946 million yen FP ending July 2024: 956 million yen Property taxes and city planning taxes for the year of acquisition on the acquired assets will not be</li> </ul>																																	



	<p>recorded as expenses for the relevant period, as the equivalent amount to be reimbursed based on the number of days of ownership will be included in the acquisition cost.</p> <p>Accordingly, the following is the schedule for the start of recording property taxes and city planning taxes on the 11 asset-to-be-acquired properties as expenses.</p> <table border="1" data-bbox="443 362 1359 645"> <thead> <tr> <th></th> <th>Start of expense recognition (Note1)</th> <th>(Reference) Estimated annual amount</th> </tr> </thead> <tbody> <tr> <td>7 properties to be acquired in 2023<sup>(Note2)</sup></td> <td>FP ending July 31, 2024</td> <td>Total 31 million yen</td> </tr> <tr> <td>4 properties to be acquired in 2024<sup>(Note3)</sup></td> <td>FP ending July 31, 2025</td> <td>Total 30 million yen</td> </tr> </tbody> </table> <p>(Note1) In the period in which the expense is to be recognized, the amount equivalent to 3 months will be recognized as expense, and in the following period and thereafter, the amount equivalent to 6 months will be recognized as expense.</p> <p>(Note2) The following properties are included in this category: RESIDIA Shirokane-Takanawa II, RESIDIA Meguro IV, RESIDIA Bunkyo Koishikawa II, RESIDIA Shinagawa Seaside, Share Place Shimo-kitazawa, RESIDIA Kyudai-Gakkentoshi, and RESIDIA Kyusandaimae.</p> <p>(Note3) The following properties are included in this category: RESIDIA Ochanomizu III, RESIDIA Sangenjaya III, RESIDIA Sendagi, and Tokyo Student-House Musashi-Kosugi.</p> <ul style="list-style-type: none"> <li>For building repair expenses, the amount expected to be required during the operating period is recorded as expenses. However, repair expenses for the relevant operating period may differ significantly from the forecasted amount due to the possibility of emergency repair expenses arising from damage to buildings caused by unforeseeable factors, etc.</li> </ul>		Start of expense recognition (Note1)	(Reference) Estimated annual amount	7 properties to be acquired in 2023 <sup>(Note2)</sup>	FP ending July 31, 2024	Total 31 million yen	4 properties to be acquired in 2024 <sup>(Note3)</sup>	FP ending July 31, 2025	Total 30 million yen
	Start of expense recognition (Note1)	(Reference) Estimated annual amount								
7 properties to be acquired in 2023 <sup>(Note2)</sup>	FP ending July 31, 2024	Total 31 million yen								
4 properties to be acquired in 2024 <sup>(Note3)</sup>	FP ending July 31, 2025	Total 30 million yen								
<p>Non-operating expenses</p>	<ul style="list-style-type: none"> <li>The following amounts are expected to be used for interest expense and financing-related expenses. FP ending January 2024: 855 million yen    FP ending July 2024: 903 million yen</li> <li>ADR expects to record one-time expenses of 29 million yen in the FP ending January 31, 2024, related to the issuance of new investment units, etc., as decided at ADR's Board of Directors meeting held today.</li> </ul>									
<p>Debt</p>	<ul style="list-style-type: none"> <li>Although the total amount of Debt as of today is 231,809 million yen, ADR will (1) repay 1,000 million yen of existing loans maturing on October 24, 2023 on September 29, 2023 with the funds on hand, (2) redeem 1,000 million yen of Investment Corporation Bonds maturing on April 26, 2024 with the funds on hand, and (3) redeem 1,000 million yen of Investment Corporation Bonds maturing on November 15, 2023 with the proceeds from the issuance of new investment units decided at the ADR's Board of Directors meeting held today. (3) ADR will use the proceeds from the issuance of new investment units decided at the ADR's Board of Directors meeting held today to repay existing Loans maturing on November 15, 2023 in the amount of 2,600 million yen on September 29, 2023. (4) Repay a total of 1,000 million yen on the final repayment date against the existing loan whose final repayment date is December 18, 2023 with the proceeds from the issuance of the said new investment units; (5) Borrow a total of 3,000 million yen in September 2023 as part of the funds for the acquisition of the asset-to-be-acquired in September 2023; and (6) borrowing a total of 8,100 million yen in April 2024 as part of the funds for the acquisition of the asset-to-be-acquired.</li> <li>In addition to the above, it is assumed that loans and bonds that become due for repayment after the date of this document will be refinanced in full or that funds will be allocated through bonds.</li> <li>As a result of the above, total debt and LTV (total assets base) ratio as of the end of each fiscal period are expected to be as follows. FP ending January 2024: Total debt 230,209 million yen, LTV (total assets base) approx. 47.7% FP ending July 2024: Total debt: 237,309 million yen, LTV (total assets base): approx. 48.5%</li> <li>The following formula is used to calculate the LTV (total assets base) in this projection. <math display="block">\text{LTV (total assets base)} = (\text{Total debt} / \text{Total assets base}) \times 100 (\%)</math></li> </ul>									

Note: This document is a press release intended for general publication regarding ADR's revised forecast of business performance for the fiscal period ending January 31, 2024 (27th period) and forecast of business performance for the fiscal period ending July 31, 2024 (28th period), and has not been prepared for the purpose of soliciting investment. ADR asks that investors make investment decisions only after they have made sure to refer to the prospectus for the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by ADR, and that they make investment decisions at their own discretion and responsibility.



<p>Number of investment units issued and outstanding</p>	<ul style="list-style-type: none"> <li>In addition to the 1,385,000 units issued and outstanding as of today, ADR will issue new investment units through an offering (45,600 units) and a third-party allotment (up to 2,400 units) (the "Offering") as decided at the ADR's Board of Directors meeting held today. It is assumed that the total of 48,000 units of new investment units to be issued in the fiscal period ending January 31, 2024 (the "Offering") will be all issued in the fiscal period ending January 31, 2024.</li> <li>It is assumed that there will be no issuance of new investment units until the end of the fiscal period ending July 31, 2024, except for the issuance of 48,000 units mentioned above.</li> </ul>																		
<p>Distributions per unit (excluding distributions in excess of earnings)</p>	<ul style="list-style-type: none"> <li>Dividend per unit is expected to be the following amount FP ending January 31, 2024: 5,870 yen    FP ending July 31, 2024: 5,890 yen</li> <li>Dividend per unit is calculated based on the cash distribution policy stipulated in ADR's Articles of Incorporation. Of the FP under review for the fiscal period ending January 31, 2024, a portion of the Gain on sales (871 million yen) will be retained instead of distributed. The calculation is based on the assumption that Retained earnings of 486 million yen and 406 million yen will be reversed for distribution in the fiscal period ending January 31, 2024 and the fiscal period ending July 31, 2024, respectively.</li> <li>With respect to the Reserve for temporary difference adjustments (balance as of the date of this document: 29,100 million yen), it is assumed that 852 million yen and 854 million yen will be reversed for distribution in the fiscal period ending January 31, 2024 and the fiscal period ending July 31, 2024, respectively.</li> <li>The breakdown of the total amount of distributions is expected to be as follows</li> </ul> <table border="1" data-bbox="443 909 1396 1196"> <thead> <tr> <th></th> <th>Net income</th> <th>Retained earnings out of Net income</th> <th>Reversal of retained earnings</th> <th>Reversal of reserve for temporary difference adjustments</th> <th>Total distribution amount</th> </tr> </thead> <tbody> <tr> <td>FP ending January 31, 2024</td> <td>7,944 million yen</td> <td>871 million yen</td> <td>486 million yen</td> <td>852 million yen</td> <td>8,411 million yen</td> </tr> <tr> <td>FP ending July 31, 2024</td> <td>7,179 million yen</td> <td>-</td> <td>406 million yen</td> <td>854 million yen</td> <td>8,440 million yen</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Dividend per unit may fluctuate due to various factors, including changes in assets under management, changes in rent income resulting from changes in tenants, or unexpected repairs.</li> </ul>		Net income	Retained earnings out of Net income	Reversal of retained earnings	Reversal of reserve for temporary difference adjustments	Total distribution amount	FP ending January 31, 2024	7,944 million yen	871 million yen	486 million yen	852 million yen	8,411 million yen	FP ending July 31, 2024	7,179 million yen	-	406 million yen	854 million yen	8,440 million yen
	Net income	Retained earnings out of Net income	Reversal of retained earnings	Reversal of reserve for temporary difference adjustments	Total distribution amount														
FP ending January 31, 2024	7,944 million yen	871 million yen	486 million yen	852 million yen	8,411 million yen														
FP ending July 31, 2024	7,179 million yen	-	406 million yen	854 million yen	8,440 million yen														
<p>Dividend per unit in excess of earnings</p>	<ul style="list-style-type: none"> <li>There are no plans at this time to make a distribution in excess of earnings (Dividend per unit in excess of earnings).</li> </ul>																		
<p>Other</p>	<ul style="list-style-type: none"> <li>It is assumed that there will be no amendments to laws and regulations, the tax system, accounting standards, listing rules, or the rules of The Investment Trusts Association, Japan, etc., that will affect the above forecast figures.</li> <li>It is assumed that there will be no unforeseen material changes in general economic trends and real estate market conditions.</li> </ul>																		

**About Advance Residence Investment Corporation**

Advance Residence Investment Corporation is the largest J-REIT specializing in residential properties and is managed by ITOCHU REIT Management Co., Ltd. (IRM), the asset management company of the ITOCHU Group, investing in over 270 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 470 billion yen). ADR can be expected have a stable dividend in the long-term and can be considered as a defensive J-REIT, on back of the stable income from residential assets and with the largest dividend reserve among J-REITs.

**"Advance" is the common brand name of the real estate investment corporation managed by ITOCHU REIT Management Co., Ltd.**

ADR's website: <https://www.adr-reit.com/en/>

IRM's website : <https://www.itc-rm.co.jp/en/>

Note: This document is a press release intended for general publication regarding ADR's revised forecast of business performance for the fiscal period ending January 31, 2024 (27th period) and forecast of business performance for the fiscal period ending July 31, 2024 (28th period), and has not been prepared for the purpose of soliciting investment. ADR asks that investors make investment decisions only after they have made sure to refer to the prospectus for the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by ADR, and that they make investment decisions at their own discretion and responsibility.

# Change in Dividend per unit

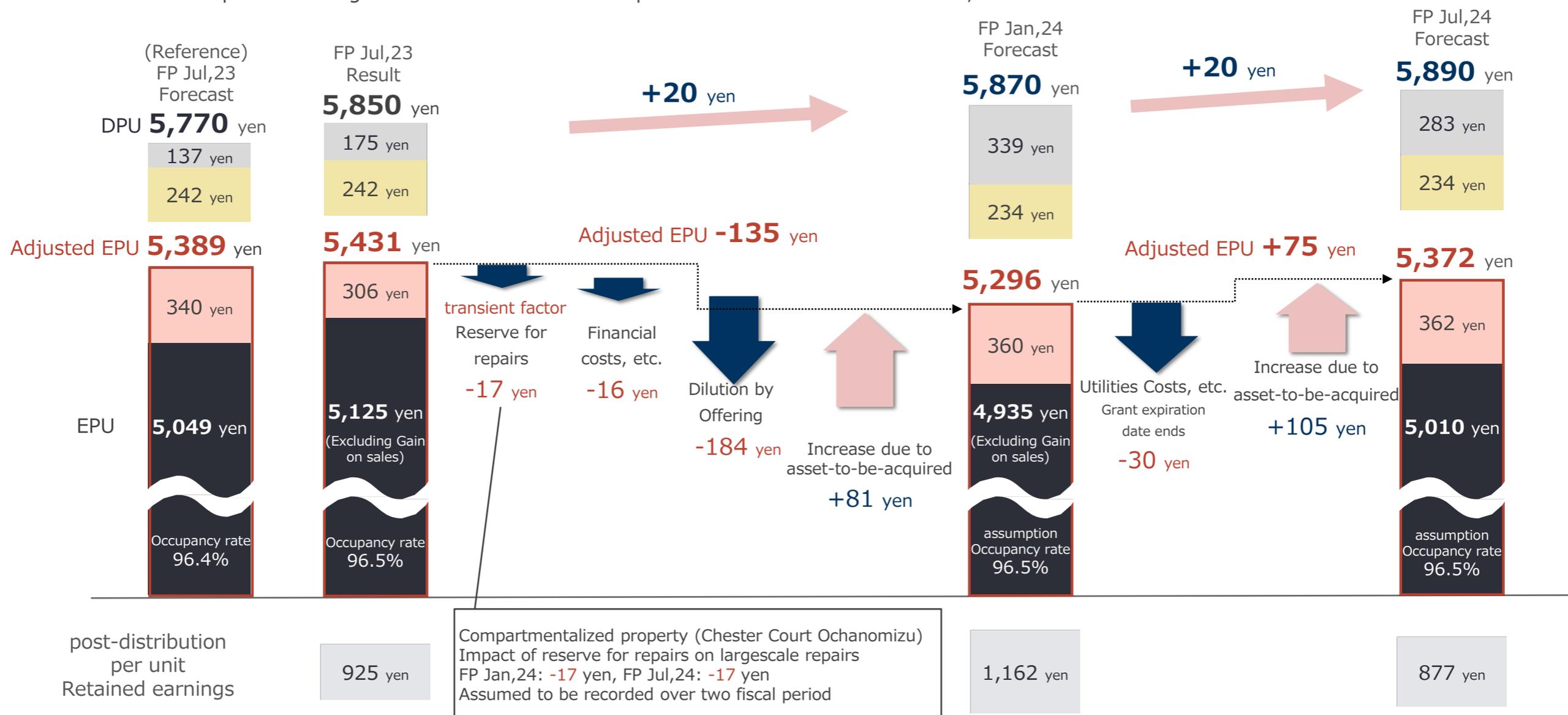
## Details of Dividend per unit forecast

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

Aiming for a sustainable increasing distribution

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

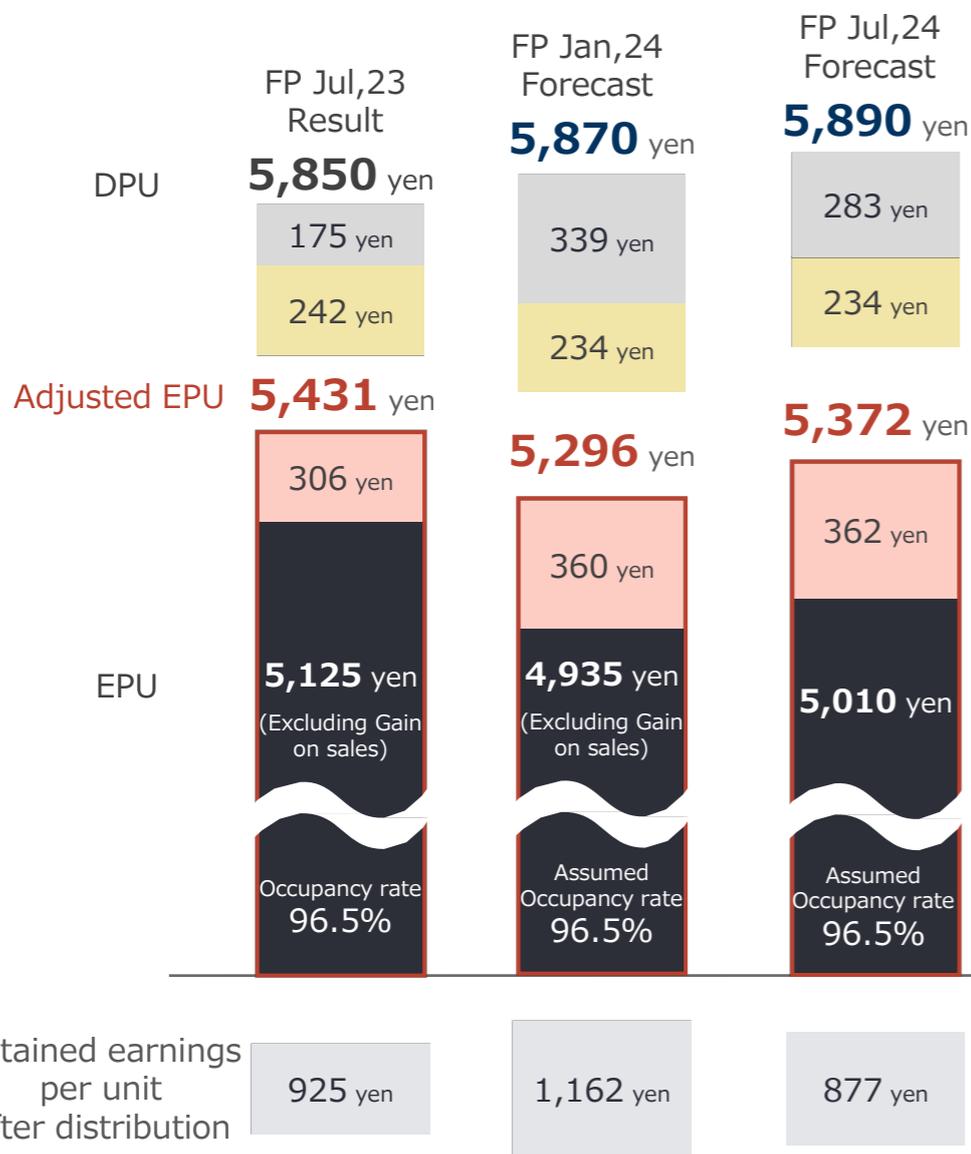
Full-period earnings from all 11 asset-to-be-acquired will be reflected after FP Jan,25.



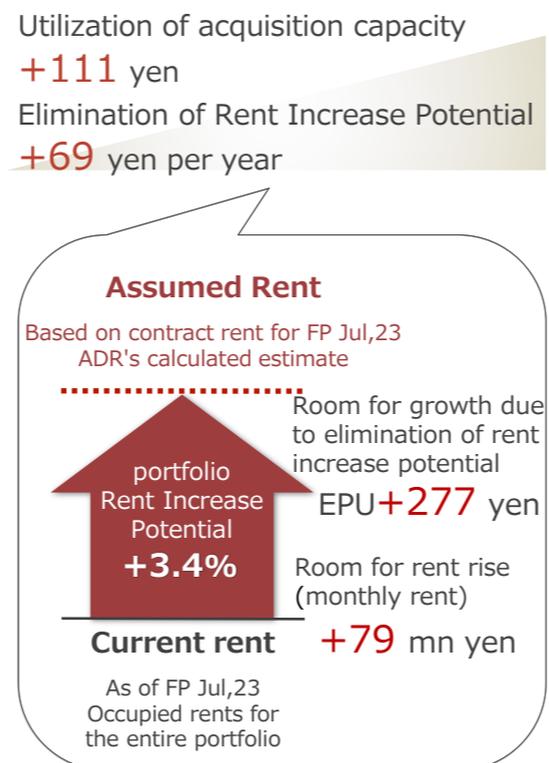
# Dividend per unit (After Acquisition of Asset-To-Be-Acquired)

## Change in Dividend per unit

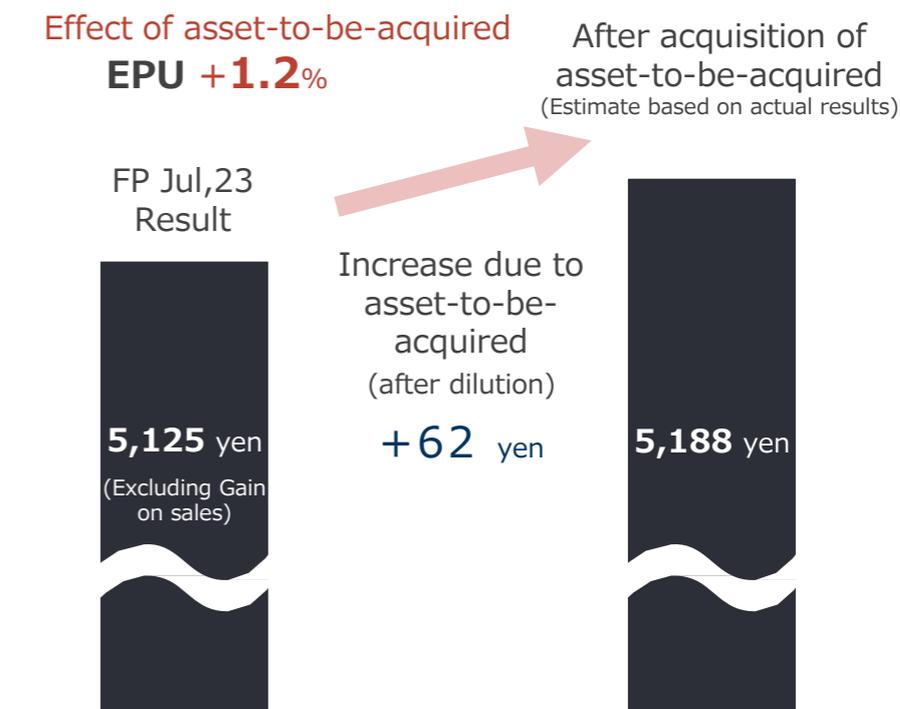
- Distribution from retained earnings (per unit)
- Fixed-amount reversal of reserve (per unit)
- Additional reversal of reserve (per unit)
- Distribution from net income (per unit)



## ADR's view on room for growth



## Effect of Offering



Acquisition capacity up to 50% of LTV (total assets base)  
 from **4.6** billion yen to **17.6** billion yen

LTV (total assets base) **49.5%**      LTV (total assets base) **48.2%**

# Note of Attachment

---

## Attachment 1

(Note 1) "Distribution per unit" and "DPU" refer to the distribution per unit (excluding distributions in excess of earnings). The same applies hereafter.

(Note 2) "Reserve" refers to the reserve for adjustment of temporary differences. The same applies hereafter.

(Note 3) "Fixed-amount reversal of reserve" means the reversal of the reserve for adjustment of temporary differences in accordance with the "Regulations Concerning Calculation of Investment Corporations" and the "Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations" of The Investment Trusts Association, Japan, as partially amended.

"Additional reversal of reserve" refers to the additional reversal of the reserve in response to negative factors in operating income due to individual apartment unit renovation work and the revision of depreciation method. The same applies hereafter.

(Note 4) "Asset-to-be-acquired" means the assets to be acquired announced in the "Notice Concerning Acquisition of Assets (RESISIA Shirokane-Takanawa II and 10 other properties)" dated September 12, 2023. The same applies hereinafter.

(Note 5) "FP Jul,23 Forecast" refers to the DPU announced in the "Brief Summary of Kessan Tanshin (Financial Report)" dated March 16, 2023.

(Note 6) "Adjusted EPU" is the amount of distribution amount (per unit) from net income (excluding the gain on sales) plus the amount of additional reversal of reserve (per unit). The same applies hereafter.

(Note 7) "Offering" means the public offering (the "Public Offering") to be conducted in accordance with the securities registration statement submitted on September 12, 2023, and the secondary offering (over-allotment). The same applies hereinafter. "Dilution by offering" means the decrease in EPU based on the assumption that the maximum number of investment units to be issued through Offering (48,000 units) will be all issued in FP Jan,24.

(Note 8) "Gain on sales" refers to the gain on sale of the two properties announced in the "Notice Concerning Disposition of Investment Asset (RESIDIA Azabudai, RESIDIA Sakae)" dated April 27, 2023. The same applies hereinafter.

## Attachment 2

(Note 1) "Acquisition capacity" refers to the amount of new properties that can be acquired based on the assumption that new properties will be acquired solely by financing through borrowings, etc., under the assumption that the maximum LTV (total assets base) is 50%. It is an estimate calculated by ADR based on certain assumptions. The "utilization of excess capacity for acquisitions" refers to the growth potential of EPU, which is the amount of impact of newly acquiring an asset with the same amount of assets through borrowings, calculated as an estimated value after acquiring the asset-to-be-acquired (17.6 billion yen in total), based on an assumed yield of 3.6% after depreciation and 1.2% of borrowings and other financing costs, and is considered by EPU to be the growth potential of EPU.

(Note 2) "Portfolio rent gap" means the percentage difference between the total estimated rents of the entire portfolio calculated by ADR based on the achievable rents for FP Jul,23 and the total current rents of the entire portfolio as of FP Jul,23. "Room for growth (monthly rent)" refers to the difference between the estimated monthly rent of the entire portfolio calculated by ADR based on the contracted rent for FP Jul,23 and the current monthly rent of the entire portfolio as of the end of FP Jul,23. In addition, "room for growth due to the elimination of the rent gap" refers to the room for growth of EPUs that JLF considers when all the rent gaps are eliminated due to the replacement of contracted units, and is calculated by subtracting the amount of increase in rent income related to the room for growth (monthly rent) from the amount of increase in net income calculated by deducting expenses incurred due to the increase in rent income. It is calculated by dividing the amount of increase in income by the number of investment units issued and outstanding (1,433,000 units), assuming that the maximum number of investment units to be issued through the offering is all issued and outstanding. The amount of impact of the elimination of the rent gap per year, assuming a four-year period until all contracted units are replaced, is defined as "elimination of the rent gap."

(Note 3) "After the Acquisition of asset-to-be-acquired" means the point in time after the completion of the Offering, the Secondary Offering by way of Over-Allotment, the Acquisition of asset-to-be-acquired and the Third-Party Allotment. The same applies hereinafter.

(Note 4) EPU for "After the Acquisition of assets-to-be-acquired (estimated amount based on actual results)" is the amount of distribution from the actual net income (excluding the portion of gain on sale retained internally) for FP Jul,23, assuming that the Assets to Be Acquired are in operation for the full fiscal period. The EPU is calculated by adding the increase in net income for asset-to-be-acquired divided by the number of investment units issued and outstanding (1,433,000 units) based on the assumption that the maximum number of investment units to be issued through this offering will be all issued and outstanding. The increase in net income for asset-to-be-acquired is calculated by taking into account, under certain assumptions, not only the increase in rental revenue less rental expenses but also the financing costs and other expenses related to the Offering and the acquisition of asset-to-be-acquired.

# Note of Attachment

---

## Attachment 2

(Note 5) "LTV (total assets base)" as of the end of FP Jul,23 is calculated by the following formula. Total amount of interest-bearing debts (including lease obligations) ÷ Total assets (Note 6) "LTV (total assets base) after acquisition of asset-to-be-acquired" is calculated by the following formula. LTV (total assets base) = (Total amount of interest-bearing debt as of the date of this document: 231,809 million yen + Estimated increase in interest-bearing debt: 5,500 million yen) ÷ Estimated total assets after acquisitions of asset-to-be-acquired: 492,311 million yen. The estimated increase in interest-bearing liabilities is based on the following factors: a total of 10,100 million yen in refinancing for loans, etc. (total 15,700 million yen) that will become due for final repayment or redemption between the date of this document and April 2024, the remaining amount will be repaid or prepaid with the proceeds of this offering or cash on hand, and a total of 11,100 million yen will be newly borrowed in September 2023 and April 2024 to fund property acquisition (hereinafter, "new borrowings"). Estimated total assets after acquisition of assets-to-be-acquired = Total assets as of FP Jul,23: 471,288 million yen + Equity financing: 15,898 million yen + Estimated increase in interest-bearing debt: 5,500 million yen - Reversal of reserve for temporary differences for FP Jul,23: 759 million yen - Reversal of retained earnings for FP Jul,23: 486 million yen + Estimated retained earnings for FP Jan,24: 871 million yen

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