

For Immediate Release

Advance Residence Investment Corporation
Securities Code : 3269

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Brief Summary of Kessan Tanshin (26th Financial Report)

Advance Residence Investment Corporation (ADR / Securities Code: 3269)

26th Fiscal Period (February 1, 2023 – July 31, 2023)

1. Summary of Key Financial Data

Operating Revenues	18,523 million yen	Total Assets	471,288 million yen
Operating Income	8,800 million yen	Net Assets	230,784 million yen
Ordinary Income	7,939 million yen	Net Assets per Unit	160,781 yen
Net Income	7,939 million yen	NAV per Unit	348,536 yen
Earnings per Unit (EPU)	5,732 yen	Net Asset Ratio	49.0 %
Dividend per Unit (DPU)	5,850 yen	End-of-period LTV	49.5 %
FFO per Unit	7,557 yen	Number of Properties	277
ROE (semi-annual)	6.9 %	Average Occupancy	96.5 %

2. 26th Fiscal Period Highlights

- EPU decreased by 97 yen from the previous FP to 5,732 yen, mainly due to an increase in depreciation expenses resulting from a change in the useful life of the property, despite an increase in NOI and a decrease in interest expenses due to an increase in rent levels and other factors.
- DPU was 5,850 yen, including a portion of gain on sales generated under review (606 yen per unit) retained internally, reversal of reserve for temporary difference adjustments (548 yen per unit), and distribution from retained earnings (175 yen per unit).
- As a result of ITOCHU REIT Management Co., Ltd., the asset management company of ADR efforts to properly collaborate with property management companies for management and operation, the average occupancy rate during the period under review was 96.5% (-0.2 pt year-on-year).
- Although the turnover rate of the single type in Tokyo 23 Wards had been continuously in the negative territory since the period ending January 31, 2021 (21st period) due to the spread of the new type of coronavirus, socioeconomic activities gradually normalized due to the relaxation of behavioral restrictions, etc., and the number of excess move-ins in Tokyo 23 Wards also showed an increasing trend, the rate turned to positive territory at +1.5% for FP under review. New contract rents remained high as in the previous FP due to firm demand for family-type properties, including those in central Tokyo. As a result, the replacement rent of whole portfolio for the FP under review increased 4.0% (+1.5 pt from the previous FP).
- Of the units that underwent renovation works under review, 66 units for which new lease contracts were signed by July 31, 2023, increased rent by an average of 19.5% compared to the previous rent, effectively contributing to internal growth through the renovation works.
- During the FP under review, ADR acquired RESIDIA Tamatsukuri (acquisition price: 1.9 billion yen) through a relative transaction with a third party. As all units of this property are 2LDK type, which is rare, solid family demand can be expected. In addition, ADR sold two properties, RESIDIA Azabudai (49% quasi co-ownership interest) and RESIDIA Sakae, for a total disposition price of 2.5 billion yen, resulting in a total gain on sales of 0.8 billion yen.
- Borrowed a total of 12.7 billion yen (average interest expense 0.72%, average procurement period 6.5 years). As a result, the average interest expense as of the end of the current period was 0.57%, which was the same level as the previous period. In addition, the remaining years changed from 5.0 years to 4.8 years.

3. Earnings Forecasts

27th Fiscal Period Forecast (August 1, 2023 to January 31, 2024)

Operating Revenues	18,623 million yen
Operating Income	8,861 million yen
Ordinary Income	7,944 million yen
Net Income	7,944 million yen
Earnings per Unit (EPU)	5,543 yen
Dividend per Unit (DPU)	5,870 yen
Outstanding No. of Issued Units	1,433,000 units
Number of Properties	283
Average Occupancy	96.5 %

28th Fiscal Period Forecast (February 1, 2024 to July 31, 2024)

Operating Revenues	18,186 million yen
Operating Income	8,113 million yen
Ordinary Income	7,179 million yen
Net Income	7,179 million yen
Earnings per Unit (EPU)	5,010 yen
Dividend per Unit (DPU)	5,890 yen
Outstanding No. of Issued Units	1,433,000 units
Number of Properties	287
Average Occupancy	96.5 %

The above forecasts employ figures that have been calculated based on number of assumptions. The actual net profit and the dividend may vary due to changes in those assumptions or in other conditions. Therefore, these forecasts do not in no way guarantee the dividend amounts for the respective periods.

This document is an English-language summary of the Japanese financial report "Kessan Tanshin" disclosed in Japanese on September 12, 2023.