

Brief Summary of Kessan Tanshin (Financial Report)

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

21st Fiscal Period (August 1, 2020 – January 31, 2021)

1. Summary of Key Financial Data

| | | | |
|-------------------------|--------------------|---------------------|---------------------|
| Operating Revenues | 17,014 million yen | Total Assets | 458,579 million yen |
| Operating Income | 8,513 million yen | Net Assets | 230,966 million yen |
| Ordinary Income | 7,549 million yen | Net Assets per Unit | 166,763 yen |
| Net Income | 7,548 million yen | NAV per Unit | 297,227 yen |
| Earnings per Unit (EPU) | 5,450 yen | Net Asset Ratio | 50.4 % |
| Dividend per Unit (DPU) | 5,600 yen | End-of-period LTV | 48.1 % |
| FFO per Unit | 7,260 yen | ROE (semi-annual) | 6.5 % |

2. 21st Fiscal Period Highlights

- EPU increased by 165 yen compared to the previous FP to 5,450 yen. Although rental income and gain on sales were lower than the previous FP, the lack of loss on sales have more than compensated the decrease.
- The dividend will be 5,600 yen per unit for the FP which is an increase of 60 yen from the initial forecast.
- The average occupancy rate was 95.9%, minus 0.8pt from the previous FP which was just minus 0.1% from the initial forecast. The weakness was concentrated in studio type units in city center due to the effect of the COVID-19 pandemic. In order to support the occupancy rate, rental terms were eased for those units effected. As a result, the average rent increase rate for replacements decreased sharply from a record high of +5.5% in the previous FP to +1.2%. Also, the rent increase rate for renewals decreased from +1.2% to +0.4%, respectively.
- Rents went up 26.6% on average from the previous contract for the 9 units that underwent value enhancement works, that had new lease contracts signed during this FP.
- ADR acquired two properties, RESIDIA Nakano-Fujimidai and RESIDIA Shirokitakoen-Dori, for a total acquisition price of 2.9 billion yen and replaced two low yield properties of RESIDIA Yoyoginomori and RESIDIA Kyodo, for a total acquisition price of 1 billion yen and realized a gain on sales of about 290 million yen.
- ADR borrowed a total of 14.9 billion yen (average interest payment rate 0.36%, average initial duration 8.7 years). As a result, the average interest payment rate on the outstanding debts was 0.69% and the remaining duration was 4.81 years at the end of the FP. The COVID19 pandemic continued to have no effect on the lending attitude of financial institutions to ADR.
- ADR recaptured the designation as “Asia/Residential Sector Leader” in the GRESB Real Estate Assessment for the second time.

3. Earnings Forecasts

22nd Fiscal Period Forecast
(February 1, 2021 to July 31, 2021)

| | |
|---------------------------------|---------------------|
| Operating Revenues | 16,907 million yen |
| Operating Income | 8,168 million yen |
| Ordinary Income | 7,230 million yen |
| Net Income | 7,230 million yen |
| Earnings per Unit (EPU) | 5,220 yen |
| Dividend per Unit (DPU) | 5,600 yen |
| Outstanding No. of Issued Units | 1.385 million units |
| Number of Properties | 271 |
| Average Period Occupancy | 96.4 % |

23rd Fiscal Period Forecast
(August 1, 2021 to January 31, 2022)

| | |
|---------------------------------|---------------------|
| Operating Revenues | 16,853 million yen |
| Operating Income | 8,153 million yen |
| Ordinary Income | 7,244 million yen |
| Net Income | 7,244 million yen |
| Earnings per Unit (EPU) | 5,230 yen |
| Dividend per Unit (DPU) | 5,600 yen |
| Outstanding No. of Issued Units | 1.385 million units |
| Number of Properties | 271 |
| Average Period Occupancy | 96.6 % |

- 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.

Please contact below with any inquiries you may have on this report.

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