

Brief Summary of Kessan Tanshin (Financial Report)

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

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

1. Summary of Key Financial Data

Operating Revenues	17,313 million yen	Total Assets	459,988 million yen
Operating Income	8,710 million yen	Net Assets	230,562 million yen
Ordinary Income	7,813 million yen	Net Assets per Unit	166,470 yen
Net Income	7,812 million yen	NAV per Unit	318,125 yen
Earnings per Unit (EPU)	5,640 yen	Net Asset Ratio	50.1 %
Dividend per Unit (DPU)	5,692 yen	End-of-period LTV	48.4 %
FFO per Unit	7,390 yen		
ROE (semi-annual)	6.7 %		

2. 23rd Fiscal Period Highlights

- EPU was 5,640 yen increased by 374 yen compared to the previous period due to gains on sales of properties and an increase in NOI resulting from property acquisitions and higher occupancy rates.
- DPU was 5,692 yen. The gain on sale (319 yen per unit) in this period is retained and a portion of the retained earnings of 128 yen per unit and the periodic drawdown of 242 yen per unit is included in the dividend. It is a 46 yen increase from the previous period, and it is a record high.
- Population inflow into Tokyo continues to decline due to a decrease in demand for transfers. As a result, the supply-demand balance has eased, especially for single types in Tokyo 23 wards, and we have eased our leasing conditions to improve the occupancy rate. As a result, the average occupancy rate during this period was 96.2% (+0.3pt year-on-year).
- On the other hand, there was firm demand for family-type properties, including those in central Tokyo, new contract rents were higher than year-on-year. However, together with the above-mentioned easing of leasing conditions mainly for single types in Tokyo 23 wards, the final rate of change in replacement was -0.6% (-1.9% year-on-year), the first negative figure in 7 years since the January 2015 period.
- Acquired 2 properties from third parties for a total acquisition price of 3.7 billion yen and sold 2 properties for a total acquisition price of 0.6 billion yen, recording a gain on sale of 0.4 billion yen.
- Even in the COVID19 pandemic, there was no change in the lending attitude of financial institutions to ADR. We borrowed a total of 19.2 billion yen (average interest expense 0.41%, average procurement period 8.2 years). As a result, the average interest expense as of the end of the current period was 0.61%, which was a reduction from 0.66% in the previous period. In addition, the remaining years were extended from 4.9 years to 5.0 years, and we were able to further strengthen our financial base.

3. Earnings Forecasts

24th Fiscal Period Forecast
(February 1, 2022 to July 31, 2022)

Operating Revenues	17,178 million yen
Operating Income	8,209 million yen
Ordinary Income	7,369 million yen
Net Income	7,368 million yen
Earnings per Unit (EPU)	5,320 yen
Dividend per Unit (DPU)	5,700 yen
Outstanding No. of Issued Units	1.385 million units
Number of Properties	275
Average Period Occupancy	96.5 %

25th Fiscal Period Forecast
(August 1, 2022 to January 31, 2023)

Operating Revenues	17,088 million yen
Operating Income	8,235 million yen
Ordinary Income	7,369 million yen
Net Income	7,368 million yen
Earnings per Unit (EPU)	5,320 yen
Dividend per Unit (DPU)	5,700 yen
Outstanding No. of Issued Units	1.385 million units
Number of Properties	275
Average Period Occupancy	96.4 %

- 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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