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For Immediate Release

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**Notice Concerning Change in Base Interest Rate for Loan Agreement and Termination and
New Conclusion of Interest Rate Swap Agreement Due to Suspension of LIBOR Publication**

Advance Residence Investment Corporation (“ADR”) announced today that it has changed the base interest rate for the loan agreement (hereafter, the “Amendment”) and cancelled and newly concluded the interest rate swap agreement (hereafter, the “Re-Contract”), as described below.

1. Debt Financing (draw-down date: November 29, 2021)

On March 5, 2021, ICE Benchmark Administration (“IBA”) has announced that it intends to cease the publication of LIBOR based on the current methodology referencing rates provided by panel bank (panel-based LIBOR) immediately after end-2021 except for certain US dollar LIBOR settings.

In response to this suspension, ADR has discussed with the respective financial institutions regarding successor interest rate for the floating interest rate borrowings of ADR based on the yen LIBOR announced by IBA and the interest rate swap agreements that target the borrowings. ADR has decided to adopt “Tokyo Term Risk-Free Rate (“TORF”)”, which is announced by QUICK Benchmarks Inc., as the successor interest rate of LIBOR.

ADR, Lenders and Contractors are planning to revise the relevant agreements described in table of “2. Details of Change” below as of December 15, 2021. Based on the revised agreements, each interest payment will be made in accordance with the new TORF based interest rates from the beginning of the interest rate calculation period (February 1, 2022), which first arrives after January 1, 2022.

As for borrowings subject to the Amendment is effectively fixed by the corresponding interest rate swap agreements, the Amendment and the Re-Contract will not have any impact on our business performance.



2. Details of Change

(1) Loan agreement (Borrowing)

(JPY:million)

Lender	Drawdown Date	Scheduled Amount	Principal Repayment date	Interest rate Upper row: Before change
				Lower row: After change
Sumitomo Mitsui Trust Bank, Limited	September 14, 2015	400	August 29, 2025	IBA three month Euroyen LIBOR + 0.39000%
				TORF + Spread Adjustments between Adjusted Reference Rates and IBOR Rates ^(note1) + 0.39000%

(2) Interest rate swap agreement^{(note 2)(note 3)}

(JPY:million)

Contractor	Application period	Floating Receipt Interest Rate Upper row: Before change
		Lower row: After change
Sumitomo Mitsui Trust Bank, Limited	September 14, 2015 to January 31, 2022	IBA three month Euroyen LIBOR
	February 1, 2022 to August 29, 2025	TORF + Spread Adjustments between Adjusted Reference Rates and IBOR Rates ^(note1)

Note 1 “Spread Adjustments between Adjusted Reference Rates and IBOR Rates” is an adjustment value applied to minimize value transfer when changing a LIBOR transaction to a successor interest rate transaction. “Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks”, which is the Bank of Japan as the secretariat, recommends adjustments for adjusting the difference between IBA three month Euroyen LIBOR and TORF as published by Bloomberg as the values obtained from the median approach over the last 5 years (Annual rate: 0.00835%).

- 2 The notional principal amount will remain unchanged from the initial interest rate swap agreement and will be 400 million yen, the same as the corresponding borrowings.
- 3 No cancellation liquidation fee will be incurred upon the agreed termination of the initial interest rate swap contract.

About Advance Residence Investment Corporation

Advance Residence Investment Corporation is the largest residential J-REIT, investing in over 270 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 460 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.

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