Advance Residence Investment Corporation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

July 1, 2025

**For Immediate Release**

Real Estate Investment Trust Securities Issuer:
Advance Residence Investment Corporation
(Securities Code：3269)
1-105 Kanda-Jinbocho, Chiyoda-ku, Tokyo
Representative: Wataru Higuchi, Executive Director

Asset Management Company:
ITOCHU REIT Management Co., Ltd.
Representative: Junichi Shoji, Representative Director, President & CEO
Inquiries: Isao Kudo, Managing Executive Officer
(TEL. +81-3-6821-5483)

# Notice Concerning Revision of Management Performance Forecast for the Fiscal Period Ending July 2025 (30th Fiscal Period)

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecast for FP July 2025 (FP30: from February 1, 2025 to July 31, 2025), which was originally announced on March 17, 2025 as follows.

1. The Revision of Management Performance Forecast for FP July 2025
(FP30: from February 1, 2025 to July 31, 2025)

| | Operating Revenue (million yen) | Operating Income (million yen) | Ordinary Income (million yen) | Net Income (million yen) | Earnings per Unit (Note 1) (yen) | Dividend per Unit (Note 2) (yen) | Dividend per Unit in Excess of Earnings (yen) |
|---|---|---|---|---|---|---|---|
| Previous Forecast (A) | 18,711 | 8,343 | 7,332 | 7,331 | 2,570 | 3,005 | 0 |
| Revised Forecast (B) | 20,380 | 10,012 | 9,000 | 9,000 | 3,155 | 3,155 | 0 |
| Difference (B) − (A) | +1,668 | +1,668 | +1,668 | +1,668 | +585 | +150 | 0 |
| Percentage Change | +8.9% | +20.0% | +22.8% | +22.8% | +22.8% | +5.0% | - |

(Note 1) Earnings per unit is calculated by dividing the forecasted net income by the number of investment units expected to be outstanding at the end of the fiscal period (previous forecast: 2,852,004 units; revised forecast: 2,852,302 units).

(Note 2) The payment source for the distribution for the fiscal period ending July 2025 includes the drawdown of 940 million yen from the Deferred Tax Adjustment Reserve (equivalent to 329 yen per unit). Additionally, it assumes a portion of the net income for the fiscal period attributable to gain on sales (1,239 million yen) will be retained and not distributed, and a drawdown of retained earnings (298 million yen for the fiscal period ending July 2025, 104 yen per unit) to fund the distribution.

[Notes]

- Figures less than the stated units are rounded down and percentages are rounded to one decimal place (the same hereafter).
- As dividend per unit includes drawdown of retained earnings, it is different from forecasted earnings per unit.

- The above figures of revised forecasts and forecasts are the current forecasts calculated based on "3. Assumptions Underlying Revision of Management Performance Forecasts for 30th Fiscal Ending July 2025 Period" below. Accordingly, the actual operating revenue, operating income, ordinary income, net income, earnings per unit and dividend per unit may vary due to future acquisition or sale of real estate, etc., developments in the real estate market, etc., changes in other circumstances surrounding ADR and other factors. Moreover, the above forecasts are not a guarantee of the dividend amount.
- ADR may revise the forecasts if a disparity of more than a certain level from the above forecasts is anticipated.

2. Reasons for the Revision

In connection with the decision to execute the disposition (collectively, the "Disposition") of the properties described in the notice titled "Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Interests ≪RESIDIA Marunouchi and RESIDIA Shirakabe≫", announced today, as well as the properties described in the notice titled "Notice Concerning Disposition of Domestic Real Estate Trust Beneficiary Interests and Domestic Real Estate ≪ KC21 Building and 2 other properties ≫" announced on June 25, 2025,we hereby revise the forecast for the operational status for the fiscal period ending July 2025.

As a result of the Disposition, we expect to record a gain on sale of approximately 1.6 billion yen in net income for the current period. A portion of this gain is planned to be allocated to distributions for the purpose of returning profits to unitholders, and the distribution per unit is expected to increase by approximately 5.0% compared to the previous forecast. The remaining portion of the gain is planned to be retained as internal reserves to support stable distributions in the future.

The impact of the Disposition on the forecast for the operational status for the fiscal period ending January 2026 (31th Fiscal Period: August 1, 2025 to January 31, 2026) is currently deemed to be minor, and therefore no revisions have been made to that forecast. However, we will consider revisions as necessary, taking into account future operational developments.

3. Assumptions Underlying Revision of Management Performance Forecasts for 30th Fiscal Ending July 2025 Period

| Items | Assumptions |
|---|---|
| Calculation Period | ・FP July 2025: from February 1, 2025 to July 31, 2025 (181 days) |
| Assets Under Management | ・In addition to the current ADR holdings of 291 properties, ADR assumes the completion of the disposition of five properties (hereafter, the "Disposition") as indicated below.<br>(1) R-013 KC21 Building : disposition date, July 4, 2025<br>(2) R-038 RESIDIA Hirosedori : disposition date, July 8, 2025<br>(3) R-027 RESIDIA Shirakabe West : disposition date, July 10, 2025<br>(4) R-047 RESIDIA Marunouchi : disposition date, July 10, 2025<br>(5) R-070 RESIDIA Shirakabe : disposition date, July 10, 2025<br>・Other than the five planned dispositions listed above, no other acquisitions or dispositions are expected until the end of FP July 2025.<br>・The period average of month end occupancy rates is expected to be, 96.0% for FP July 2025. |

| Items | Assumptions |
|---|---|
| Operating Income | · Rent revenues for the properties currently held by ADR are estimated based on historical data and by taking into account the current leasing conditions. Rent revenues for the assets-to-be-acquired are estimated by taking into account of the current market environment and the properties' competitiveness and other factors.<br>· No delinquencies or non-payment by tenants are assumed in the forecasts of operating revenue.<br>· The gain on sales associated with the planned disposition of the asset is expected to be 1,668 million yen. |
| Operating Expenses | · Within the rent business expenses, which is a major component of operating expenses, except for depreciation, expense items, such as property management fees are forecasted based on historical data adjusted for variables.<br>· Depreciation expenses, including incidental costs, are calculated using the straight-line method and are estimated as follows:<br>Fiscal period ending July 2025: 3,658 million yen<br>· Property taxes and urban planning taxes to be recorded as expenses are estimated as follows:<br>Fiscal period ending July 2025: 984 million yen.<br>· Building repair expenses are estimated for the amount necessary for the respective fiscal periods. However, actual repair expenses for the fiscal period may differ significantly from the forecasted amounts due to the possibility of urgent need of repairs for unexpected building damages. |
| Non-operating Expenses | · The interest and other borrowing related expenses are estimated to be 1,013 million yen for the FP July 2025. |
| Interest Bearing Debts | · Although the outstanding amount of interest bearing debts as of the date of this publication is 241,709 million yen, assuming no change until the end of FP July 2025.<br>· As a result, the outstanding amount of interest bearing debts and the loan-to-value (LTV) at the end of the following fiscal periods will be respectively.<br>End of FP July 2025: 241,709 million yen, around 49.2%<br>· The LTVs are calculated as follows.<br>LTV = (interest bearing debts ÷ total assets) x 100 |
| Number of Investment Units Issued and Outstanding | · ADR assumes that the total number of issued investment units as of the date of this publication is 2,866,000 units and that no new units will be issued through the end of the fiscal period ending July 2025.<br>· It is also assumed that all treasury units already acquired (13,698 units) will be cancelled by the end of the same period, resulting in a total of 2,852,302 units outstanding at the end of the fiscal period. |

<table>
<tr><th>Items</th><th>Assumptions</th></tr>
<tr><td>Dividend per Unit</td><td>
・ The dividend per unit is expected to be as follows:<br>
Fiscal period ending July 2025: 3,155yen<br>
・ Dividend (dividend per unit) are calculated according to ADR's cash dividend policy set forth in the Articles of Incorporation. In the calculation, ADR assumes it will, in principle, distribute the entire amount of its net income for the respective fiscal period. It should be noted that a portion of the net income for the fiscal period ending July 2025 attributable to gain on sales (1,239 million yen) will be retained and not distributed. The calculation also assumes that retained earnings of 298 million yen will be reversed and distributed in the fiscal period ending July 2025.<br>
・ For the fiscal period ending July 2025, it is assumed that 940 million yen will be appropriated from the Reserve for Temporary Difference Adjustments (with a balance of 25.7 billion yen as of the date of this document) for distribution purposes.<br>
・ The breakdown of the total amount of dividends is expected to be as follows:
<table>
<tr><th></th><th>Net Income (million yen)</th><th>Portion of Net Income Retained as Earnings (million yen)</th><th>Reversal of Retained Earnings (million yen)</th><th>Reversal of Reserve for Temporary Difference Adjustments (million yen)</th><th>Total Distribution Amount (million yen)</th></tr>
<tr><td>Fiscal period ending July 2025</td><td>9,000</td><td>1,239</td><td>298</td><td>940</td><td>8,999</td></tr>
</table>
・ The dividend per unit may vary due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant replacement, and unexpected repairs.
</td></tr>
<tr><td>Dividend in Excess of Earnings per Unit</td><td>・ ADR is currently not scheduled to pay out dividends in excess of earnings (dividends in excess of earnings per unit).</td></tr>
<tr><td>Other</td><td>
・ It is assumed that there will be no other amendments in legislation, taxation, Japanese GAAP, listing requirements and the Investment Trusts Association regulations that might affect the above forecasts.<br>
・ It is assumed that there will be no unforeseen critical changes in the general economic conditions and in the real estate markets.
</td></tr>
</table>

**About Advance Residence Investment Corporation**

Advance Residence Investment Corporation is one of the largest J-REITs specializing in residential properties, managed by ITOCHU REIT Management Co., Ltd. (IRM), the asset management company of the ITOCHU Group. It owns rental properties nationwide, primarily in the 23 wards of Tokyo. By leveraging the stability of residential assets and the largest reserve among J-REITs, ADR is expected to provide long-term, stable dividends, making it a highly defensive J-REIT.

**"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/