

September 12, 2023

**For Immediate Release**

Advance Residence Investment Corporation  
Securities Code : 3269

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Advance Residence Investment Corporation (ADR) announced that the following resolution concerning the issuance of new investment units and secondary offering of investment units was passed at a meeting of its board of directors held today.

1. Public Offering of New Investment Units (Public Offering)

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|--|---|
| (1) Total Number of Investment Units to be Offered | 45,600 units  |
| (2) Issue Price (Offering Price)                   | To be determined.<br><br>The issue price (offering price) for the public offering, shall be determined at the meeting of the board of directors of ADR to be held on any one of the days (hereafter, "pricing date") between September 20, 2023 (Wednesday) and September 25, 2023 (Monday) based on the indicative price range; that being the closing price of the investment units of ADR (hereafter, "ADR investment units") at Tokyo Stock Exchange, Inc. (TSE) on the pricing date (when there is no closing price on the pricing date, the closing price on the most recent day preceding the pricing date) multiplied by a factor between 0.90 and 1.00 (rounded down to the nearest one yen), taking into consideration the demand for ADR investment units and other factors. |
| (3) Total Issue Amount (Offering Price)            | To be determined.   |
| (4) Paid-in Amount (Issue Value)                   | To be determined.<br><br>The paid-in amount (issue value) shall be determined at the meeting of the board of directors to be held on the pricing date. The total paid-in amount (issue value) is the amount per ADR investment unit that ADR is to receive from the underwriters indicated in (6) below as the payment for new investment units.  |

Note: This document is a press release intended for general publication regarding ADR's issuance of new investment units and secondary offering of investment units, and has not been prepared for the purpose of soliciting investment. ADR asks that investors make investment decisions only after they have made sure to refer to the prospectus for the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by ADR, and that they make investment decisions at their own discretion and responsibility.

- (5) Total Paid-in Amount  
(Total Issue Amount) To be determined.
- (6) Offering Method The offering shall be a public offering in which all ADR investment units subject to the public offering shall be underwritten and purchased by SMBC Nikko Securities Inc., Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd., SBI SECURITIES Co., Ltd. (hereafter, collectively referred to as the “Underwriters”), where Mizuho Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. shall act as the lead managers (hereafter, “Joint Lead Managers”).
- (7) Detail of Underwriting Agreement The Underwriters shall pay ADR the total issue amount on the payment date indicated in (12) below, and the difference between the total issue amount (offering price) and total paid-in amount (total issue amount) shall be the proceeds for the Underwriters. ADR will not pay any underwriting fee to the Underwriters.
- (8) Book Building Period From September 15, 2023 (Friday) to the pricing date
- (9) Unit of Subscription One unit or more in multiples of one unit
- (10) Subscription Period  
September 21, 2023 (Thursday)  
The above subscription period may be moved down in consideration of the demand and other factors. The latest that the subscription period may be moved down to September 26, 2023 (Tuesday).
- (11) Payment Period for Deposit in Securities  
From September 21, 2023 (Tuesday)  
To September 22, 2023 (Friday)  
The above payment period for deposit in securities may be moved down in consideration of the demand and other factors. The latest that the payment date may be moved down to September 26, 2023 (Tuesday) to September 27, 2023 (Wednesday).
- (12) Payment Date  
September 26, 2023 (Tuesday)  
The above payment date may be moved down in consideration of the demand and other factors. The latest that the payment date may be moved down to September 29, 2023 (Friday).
- (13) Delivery Date The business day immediately following the payment date.
- (14) The issue price (offering price), paid-in amount (issue value) and other matters necessary for this issuance of new investment units shall be decided at the meeting of the board of directors to be held on a later date. However, changes prior to official decisions shall be left to the discretion of the executive director.

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- (15) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with *the Financial Instruments and Exchange Law* takes effect.

## 2. Secondary Offering of Investment Units (Secondary offering Via Over-Allotment)

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|--|--|
| (1) Seller   | Mizuho Securities Co., Ltd.  |
| (2) Number of Investment Units to be Offered   | 2,400 units<br><br>The secondary offering via over-allotment shall be a secondary offering by Mizuho Securities Co., Ltd. implemented separate from the public offering. The secondary offering shall take into consideration the demand and other factors of the public offering. The above number of investment units to be offered indicates the maximum number of investment units that can be offered through the secondary offering via over-allotment. This number may be reduced or the secondary offering itself may not take place at all depending on demand and other factors. |
| (3) Selling Price  | To be determined.<br><br>The selling price shall be determined at the meeting of the board of directors to be held on the pricing date. The selling price shall be the same price as the issue price (offering price) of the public offering.  |
| (4) Total Selling Price  | To be determined.  |
| (5) Method of Offering   | Mizuho Securities Co., Ltd. will borrow from ADR's unitholder (ITOCHU Corporation), a maximum of 2,400 ADR investment units to implement a secondary offering, taking into consideration the demand and other factors of the public offering.  |
| (6) Units of Subscription  | One unit or more in multiples of one unit  |
| (7) Subscription Period  | Shall be same as the subscription period of the public offering.   |
| (8) Payment Period for Deposit in Securities   | Shall be same as the payment period for deposit in securities of the public offering.  |
| (9) Delivery Date  | Shall be same as the delivery date of the public offering.   |
| (10) The selling price and other matters necessary for this secondary offering of investment units shall be decided at the meeting of the board of directors to be held on a later date. However, changes prior to official decisions shall be left to the discretion of the executive director. |  |
| (11) If the public offering is canceled, the secondary offering via over-allotment shall be also canceled.   |  |

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- (12) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with *the Financial Instruments and Exchange Law* takes effect.

### 3. Issuance of New Investment Units to be Offered by Way of Third-Party Allotment

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| (1) Number of Investment Units to be Offered   | 2,400 units  |
| (2) Allottee and Number of Units to be Allotted  | 2,400 units to Mizuho Securities Co., Ltd.   |
| (3) Paid-in Amount (Issue Value)   | To be determined.<br>The paid-in amount (issue value) shall be determined at the meeting of the board of directors to be held on the pricing date. Furthermore, the paid-in amount (issue value) shall be the same as the paid-in amount (issue value) of the public offering. |
| (4) Total Paid-in Amount (Total Issue Amount)  | To be determined.  |
| (5) Units of Subscription  | One unit or more in multiples of one unit  |
| (6) Subscription Period (Subscription Deadline)  | October 18, 2023 (Wednesday)   |
| (7) Payment Date   | October 19, 2023 (Thursday)  |
| (8) ADR investment units with no subscriptions within the subscription period (subscription deadline) indicated in (6) above, shall not be issued.   |  |
| (9) The paid-in amount (issue amount) and other matters necessary for this issuance of new investment units by way of third-party allotment shall be determined at the meeting of the board of directors to be held on a later date. |  |
| (10) If the public offering is canceled, this issuance of new investment units by way of third-party allotment shall be also canceled.   |  |
| (11) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law takes effect.  |  |

#### <Reference>

##### 1. About the Secondary offering via Over-Allotment

- (1) Upon the public offering, depending on the demand for ADR investment units, Mizuho Securities Co., Ltd. may carry out a secondary offering of ADR investment units by borrowing a maximum of 2,400 units from ADR's unitholder, ITOCHU Corporation (hereafter, the "secondary offering via over-allotment"), separately from the public offering. The maximum number of units borrowed shall be the maximum number of investment units to be sold through the secondary offering via over-allotment. This number

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may be reduced or the secondary offering via over-allotment itself may not take place at all depending on the demand for ADR investment units and other factors.

To enable Mizuho Securities Co., Ltd. to acquire ADR investment units it requires to return after carrying out the secondary offering via over-allotment, ADR's board of directors passed a resolution at the meeting held on September 12, 2023 (Tuesday) to issue ADR investment units totaling 2,400 units through a third-party allotment with Mizuho Securities Co., Ltd. as the allottee and October 19, 2023 (Thursday) as the payment deadline.

- (2) During the period from the day after the end date of the subscription period for the public offering and secondary offering via over-allotment to October 16, 2023 (Monday) (hereafter, the "syndicate cover transaction period"), Mizuho Securities Co., Ltd. may acquire ADR investment units on the Tokyo Stock Exchange up to the number of investment units it had sold through the secondary offering via over-allotment (hereafter, the "syndicate cover transaction"), for the purpose of returning the borrowed investment units. The ADR investment units that Mizuho Securities Co., Ltd. acquires in the syndicate cover transaction will all be allocated to returning the borrowed investment units. During the syndicate cover transaction period, Mizuho Securities Co., Ltd. may not perform, any syndicate cover transaction or end the syndicate cover transaction with acquired number of ADR investment units less than the number of investment units sold as the secondary offering via over-allotment, at its own discretion.
- (3) Additionally, Mizuho Securities Co., Ltd. may conduct stabilization operation in conjunction with the public offering and secondary offering via over-allotment. All or some of the ADR investment units acquired through the said stabilization operation may be allocated to returning the borrowed investment units.

In this case, Mizuho Securities Co., Ltd. plans to acquire ADR investment units that will be the remaining number of units from subtracting the number of units acquired from the syndicate cover transaction and stabilization operation, which are appropriated in returning the borrowed ADR investment units, from the number of ADR investment units sold in the secondary offering via over-allotment. Therefore, there will be instances where all or part of the right to be allotted with the investment units to be issued in the third-party allotment will be forfeited. As a result, the number of investment units ultimately issued through the third-party allotment will decrease or the issue itself will not take place at all.

Whether or not the secondary offering via over-allotment will take place and the number of investment units to be sold in the case that the secondary offering via over-allotment takes place is determined on the pricing date. If no secondary offering via over-allotment is to take place, the above-mentioned borrowing of ADR investment units from ADR unitholders by Mizuho Securities Co., Ltd. will not take place. Accordingly, it will not accept the third-party allotment and there will be no subscriptions, which will mean there will be no issuance of new investment units by way of the third-party allotment. Moreover, no syndicate cover transaction will be performed on the TSE.

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2. Changes in Total Number of Investment Units Issued and Outstanding Due to This Issuance of New Investment Units

Total number of investment units issued and outstanding at present.....	1,385,000 units
Increase in number of investment units due to issuance of new investment units through public offering .....	45,600 units
Total number of investment units issued and outstanding after issuance of new investment units through public offering .....	1,430,600 units
Increase in number of investment units due to issuance of new investment units by way of third-party allotment.....	2,400 units <sup>(Note)</sup>
Total number of investment units issued and outstanding after issuance of new investment units by way of third-party allotment.....	1,433,000 units <sup>(Note)</sup>

(Note) If all the scheduled new investment units by way of the third-party allotment are issued.

3. Purpose and Reason for the Issuance

After reviewing the outlook on real estate and financial market and taking into consideration of the current level of loan to value (LTV), ADR's earnings per unit, dividend per unit and other factors, decision was made to raise funds by issuing new investment units. The proceed will be used to enhance the revenue-generating capacity of the portfolio through new acquisition of specified assets (refers to the assets listed in Article 2, Paragraph 1 of the Investment Trusts and Investment Corporations Law; the same hereafter), while strengthening the financial foundation by lowering the level of LTV and gaining external growth potential by expanding the borrowing capacity.

4. Electronic Delivery of Prospectuses

The Underwriters, etc. will, in principle, provide the prospectuses for the primary offering, the over-allotment and third-party allotment by means of electronic delivery <sup>(Note)</sup>.

(Note) ADR refers to the provision of the information stated in prospectuses by electromagnetic means as electronic delivery of prospectuses. The person providing the prospectus is deemed to have delivered the prospectus, if such person provides the recipient of such information stated in the prospectus by electromagnetic means after obtaining consent from the recipient (Article 27-30-9, Paragraph 1 of the Financial Instruments and Exchange Act; Article 32-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Information on Regulated Securities (Ministry of Finance Order No. 22 of 1993, as amended) (the "Cabinet Office Order")). Accordingly, if such consent cannot be obtained or is withdrawn (Article 32-2, Paragraph 7 of the Cabinet Office Order), prospectuses cannot be delivered electronically, but the underwriters, etc. will sell investment units in the primary offering, the secondary offering through over-allotment and third-party allotment only to those investors who have given and have not withdrawn such consent.

5. Amount, Use and Expenditure Schedule of the Procured Funds

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(1) Amount of Procured Funds (Estimated Net Proceeds)

15,897,000,000yen<sup>(Note)</sup> (maximum)

(Note) It is the sum of the estimated proceeds from the public offering, 15,103,000,000 yen and the estimated maximum proceeds from the issuance of new investment units by way of the third-party allotment, 794,000,000 yen. These amounts are the estimated amount calculated based on the closing price on the TSE as of August 31, 2023 (Thursday).

(2) Specific Use and Expenditure Schedule of the Procured Funds

The procured funds from the public offering, totaling 15,103,000,000 yen<sup>(Note1)</sup> will be used for partly fund the acquisition of the specified assets<sup>(Note2)</sup> and early repayment of existing loan<sup>(Note3)</sup>.

Additionally, the procured funds from, the issuance of new investment units by way of third-party allotment that was decided on the same day as the public offering, totaling a maximum of 794,000,000 yen<sup>(Note1)</sup>, will be used to part fund the acquisition of the specified assets.

(Note1) The procured funds will be deposited in a financial institution until the expenditure.

(Note2) For details on the specified asset, please refer to the press release announced today, “*Notice Concerning Acquisition of Investment Asset (RESIDIA Shirokane-Takanawa II and 10 other properties)*”.

(Note3) Please refer to the press release announced today, “*Notice Concerning Early Repayment of Loans*”.

6. Designated Allocation

Not applicable

7. Future Prospects

Future prospects are as presented in the “*Notice Concerning Revision to Forecast of Financial Results for the Period Ending January 31, 2024 (FP27) and Forecast of Financial Results for the Period Ending July 31, 2024 (FP28)*” dated today.

8. Management Performance and Equity Financing Over Past Three Fiscal Periods

(1) Management Performance Over Past Three Fiscal Periods

	Fiscal Period ending July 2022	Fiscal Period ending January 2023	Fiscal Period ending July 2023
Earnings per Unit	5,406 yen	5,829 yen	5,732 yen
Dividend per Unit	5,786 yen	5,840 yen	5,890 yen
Payout Ratio	107.0%	100.2%	102.1 %
Net Assets per Unit	166,248 yen	167,044 yen	166,631 yen

(Note) The listed earnings per unit are calculated by dividing the net income by weighted average outstanding number of units by number of days.

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(2) Recent Investment Unit Prices (in yen)

(i) Unit Price Over Past Three Fiscal Periods

	Fiscal Period ending July 2022	Fiscal Period ending January 2023	Fiscal Period ending July 2023
Open	341,000 yen	367,500 yen	319,000 yen
High <sup>(Note)</sup>	369,000 yen	370,000 yen	361,500 yen
Low <sup>(Note)</sup>	318,500 yen	317,500 yen	307,000 yen
Close	367,000 yen	317,500 yen	346,500 yen

(Note) The High and the Low are based on the closing price of the TSE.

(ii) Unit Price Over Past Six Months

	April 2023	May	June	July	August	September (Note1)
Open	318,500 yen	352,500 yen	353,000 yen	348,000 yen	347,000 yen	349,000 yen
High <sup>(Note2)</sup>	353,000 yen	358,000 yen	361,000 yen	361,500 yen	361,500 yen	353,500 yen
Low <sup>(Note2)</sup>	318,000 yen	345,000 yen	344,000 yen	332,500 yen	330,000 yen	342,000 yen
Close	353,000 yen	358,000 yen	344,000 yen	346,500 yen	350,500 yen	342,000 yen

(Note1) The investment unit prices for September 2023 show prices as of September 11, 2023.

(Note2) The High and the Low are based on the closing price of the TSE.

(iii) Investment Unit Prices on Business Day Preceding Issuance Resolution Date

	September 11, 2023
Open	343,500 yen
High	344,500 yen
Low	338,000 yen
Close	342,000 yen

(3) Equity Financing Over Past Three Fiscal Periods

Not Applicable

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## 9. Other (Restrictions on Sale or Additional Issuance)

### (1) Restrictions on Sale

ITOCHU Corporation is a unitholder of ADR, holding 34,800 units of ADR investment units as of today. ITOCHU Corporation will reach an agreement with Mizuho Securities Co., Ltd. concerning the public offering; not to sell, grant collateral, lend (excludes ADR investment units lent to Mizuho Securities Co., Ltd. for the purpose of secondary offering via over-allotment) and such, ADR investment units held prior to the public offering for the period up to the corresponding date six months from the payment date of the public offering without prior written approval from Mizuho Securities Co., Ltd.

ITOCHU REIT Management Co., Ltd. is a unitholder of ADR holding 400 units of ADR investment units as of today. ITOCHU REIT Management Co., Ltd. will reach an agreement with the Joint Lead Managers concerning the public offering; to not sell, grant collateral, lend, ADR investment units held prior to the public offering for the period up to the corresponding date six months from the payment date of the public offering without prior written approval from the Joint Lead Managers.

### (2) Restrictions on Additional Issuance

ADR will reach an agreement with the Joint Lead Managers concerning the public offering that ADR will not engage in an issuance of new investment units (except for this issuance of new investment units through the public offering and the third-party allotment or issuance due to investment unit split) for the period up to the corresponding date three months from the payment date of the public offering without prior written approval from the Joint Lead Managers.

In either of (1) or (2) cases, all or part of the restrictions may be canceled or relaxed by Mizuho Securities Co., Ltd. or the Joint Lead Managers discretion or with an agreement between Mizuho Securities Co., Ltd. or the Joint Lead Managers and the relevant unitholder.

#### **About Advance Residence Investment Corporation**

Advance Residence Investment Corporation is the largest J-REIT specializing in residential properties and is managed by ITOCHU REIT Management Co., Ltd. (IRM), the asset management company of the ITOCHU Group, investing in over 270 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 470 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.

**"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/>

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