

Brief Summary of Kessan Tanshin (Financial Report)

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

18th Fiscal Period (February 1, 2019 – July 31, 2019)

1. Summary of Key Financial Data

Operating Revenues	16,465 million yen	Total Assets	451,589 million yen
Operating Income	8,202 million yen	Net Assets	219,837 million yen
Ordinary Income	7,094 million yen	Net Assets per Unit	162,842 yen
Net Income	7,094 million yen	NAV per Unit	270,753 yen
Earnings per Unit (EPU)	5,254 yen	Net Asset Ratio	48.7 %
Dividend per Unit (DPU)	5,504 yen	End-of-period LTV	49.9 %
FFO per Unit	7,277 yen		
ROE (semi-annual)	6.5 %		

2. 18th Fiscal Period Highlights

- The DPU for the fiscal period came to 5,504 yen, an increase of 125 yen compared to initial forecast, mostly due to rent rise and occupancy rate being higher than expected. As a result, DPU increased 82 yen compared to previous period.
- The average portfolio occupancy for the period was a record high of 97.1%, 0.1pt higher than the previous period and 0.5pt higher than initial forecast, helped by the fact that the FP included the peak leasing season. The rent rose consecutively for the tenth period. The tenant replacement and renewal rents rose 5.0% and 0.8% respectively, and overall portfolio rent rose in average of 0.68%.
- Even though the market continues to be very competitive, ADR has succeeded in acquiring one property, RESIDIA Shin-Osaka II, at 92.3% of appraisal value during the period.
- ADR continued to strengthen its financial position by reducing interest expense, diversifying debt maturities, maintaining duration and increasing fixed interest rate debt ratio. During the period, ADR procured a total of 11.1 billion yen (at an average duration of 6.9 years, average interest rate of 0.28 %). This included an issuance of a green bond, a first for a residential J-REIT. As a result, the average interest rate of our interest bearing liabilities was lowered to 0.75%, at the end of the fiscal period.
- On September 10, 2019, ADR launched its 6th follow-on offering. The procured funds will be used to fund a transaction involving acquisitions of 9 properties and disposition of one property, where the total transaction value is approximately 9.7 billion yen.

3. Earnings Forecasts

19th Fiscal Period Forecast
(August 1, 2019 to January 31, 2020)

Operating Revenues	17,046 million yen
Operating Income	8,741 million yen
Ordinary Income	7,715 million yen
Net Income	7,714 million yen
Earnings per Unit (EPU)	5,570 yen
Dividend per Unit (DPU)	5,450 yen
Outstanding No. of Issued Units	1.385 million units
Number of Properties	269
Average Period Occupancy	96.5 %

20th Fiscal Period Forecast
(February 1, 2020 to July 31, 2020)

Operating Revenues	16,715 million yen
Operating Income	8,170 million yen
Ordinary Income	7,133 million yen
Net Income	7,132 million yen
Earnings per Unit (EPU)	5,150 yen
Dividend per Unit (DPU)	5,550 yen
Outstanding No. of Issued Units	1.385 million units
Number of Properties	273
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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