



# Supplementary Materials



Financial Result for Fiscal Period July 2016  
Revised Forecast for Fiscal Period January 2017  
Forecast for Fiscal Period July 2017



*Advance Residence Investment Corporation*

September 7, 2016



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# Executive Summary

Committed in Delivering Strong and Stable Dividend



## Results for Fiscal Period ended July 31, 2016

### Increase in Revenue, Profits and Dividend

Due to rise in occupancy rate and lowering of restitution cost by optimization

Dividend per Unit\* **4,774**yen chg. from initial forecast **+184**yen chg. from last period **+196**yen

\* Dividend per unit might be abbreviated as DPU and earnings per share as EPU, hereafter.

## Fiscal Highlights

### Maintained High Occupancy, Succeeded in Raising Rents and Acquired Five Properties

#### Internal Growth

Maintaining High Occupancy while Succeeding to Raise Rents

Average Period Occupancy	<b>96.8%</b>	<small>increase from forecast</small> <b>+0.3%pt</b>
Portfolio Rent Change	<b>+0.45%</b>	<small>FP July 2015 figures</small> <b>+0.12%</b>
from Tenant Replacements	<b>+1.27%</b>	<b>+1.34%</b>
from Contract Renewals	<b>+0.40%</b>	<b>+0.21%</b>

#### External Growth

Acquired Five Properties, Mostly Sponsor Developed and Located in the Tokyo 23 Wards

No. of Properties	<b>5</b> properties
Acquisition Price	<b>8.6</b> billion yen
Average Building Age	<b>1.9</b> years
NOI Yield	<b>4.8%</b>

#### Fund Raising Activities

Lengthened Duration and Lowered Financing Cost

Average Interest Rate	<b>1.05%</b>	<small>chg. on pervious FP</small> <b>-0.09%pt</b>
Average Duration	<b>4.3</b> years	<b>+0.4</b> years
Fixed Interest Rate Debt Ratio	<b>92.6%</b>	<b>-5.7%pt</b>

# Results for Fiscal Period ended July 2016

from February 1, 2016 to July 31, 2016



	(1)	(2)	(2)-(1)	Notes		(3)	(2)-(3)	Notes	
	12th FP Forecast	12th FP Results				11th FP Results			
	Initial Forecast as of Mar. 11, 2016	Results for FP July 2016	Changes			Results for FP Jan. 2016	Changes		
<b>Revenue</b>	15,363 (255 properties) Period avg. occupancy 96.5%	15,444 (255 properties) Period avg. occupancy 96.8%	+80	<b>Asset Acquisitions and Dispositions</b> Increase from RD Funabashi III acquisition +13 Decrease from disposition of Maison Yachiyodai -28 <b>Same Store</b> Increases from higher occupancy, etc. +95		15,082 (251 properties) Period avg. occupancy 96.5%	+361	<b>Asset Acquisitions and Dispositions</b> Contribution from 2016/1 & 2016/7 acquisition +203 Decrease from 2016/7 disposition -27 <b>Same Store</b> Increases from higher occupancy +84 Peak-season increases in key money & renewal fee income +100	
<b>Operating Income</b>	7,509 (Depreciation: 2,573) (Property taxes: 825)	7,727 (Depreciation: 2,568) (Property taxes: 823)	+217	<b>Leasing Expenses</b> Net effect of additional buy/sell of real estate +5 Decrease in restitution costs +88 Decrease in utility costs +49 <b>G &amp; A Expenses</b> Increases in management fees due to higher profits -7		7,489 (Depreciation: 2,531) (Property taxes: 811)	+238	<b>Leasing Expenses</b> Net effect of additional buy/sell of 2016/1 & 2016/7 -49 Peak-season increases -89 Decrease in restitution costs +76 Increase in depreciation & expensing of property taxes -9 <b>G &amp; A Expenses</b> Increases in management fees due to higher profits -51	
<b>Ordinary Income</b>	5,967 (Funding cost*: 1,538)	5,951 (Funding cost*: 1,510)	+238	Decrease in funding costs due to lower interest rate +26 Decrease in non-operating income -5		5,951 (Funding cost*: 1,539)	+254	Increase in financing cost from increase in acquisition funding -53 Decrease in funding costs due to refinancing +79 No one-off profit -9	
<b>Net Income</b>	5,967	6,205	+238			5,951	+254		
<b>Drawdown of Retained Earnings**</b>	0	0	-	Retained earnings** after dividend: 33.5 bn yen		0	-	Retained earnings after dividend: 33.5 bn yen	
<b>Dividend Amount</b>	5,967	6,206	+239			5,951	+254		
<b>EPU (yen)</b>	4,590	4,773	+183	Units issued and outstanding 1,300,000 units		4,577	+196	Units issued and outstanding 1,300,000 units	
<b>Drawdown of Retained Earnings**</b>	0	0	-			0	-		
<b>Dividend per unit (yen)</b>	4,590	4,774	+184			4,578	+196		
<b>Total Asset LTV</b>	52.3%	52.2%	-0.1 pt			51.4%	+0.8 pt		

\* Funding costs include interest payments for loans and bonds as well as other finance fees.

\*\* "Retained Earnings" means "Dividend Reserve" or "Retained Earnings for Temporary Difference Adjustment."

# Earnings Guidance for FP Jan. 2017 & July 2017

	(1) 12th FP Results	(2) 13th FP Forecast	(2)-(1)		(3) 14th FP Forecast	(3)-(2)		in million yen
	Results for FP July 2016	Forecast for FP Jan. 2017 (announced Sept. 6, 2016)	Changes	Notes	Forecast for FP July. 2017 (announced Sept. 6, 2016)	Changes	Notes	
<b>Revenue</b>	<b>15,444</b> (255 properties) Period avg. occupancy <b>96.8%</b>	<b>15,399</b> (257 properties) Period avg. occupancy <b>96.2%</b>	<b>-44</b>	<b>Asset Acquisitions and Dispositions</b> Increase from FP2016/7&2017/1 acquisitions <b>+105</b> <b>Same Store</b> Off-peak season decrease <b>-196</b> Increase from change in contracts from guaranteed rent to pass-through rent <b>+46</b>	<b>15,709</b> (260 properties) Period avg. occupancy <b>96.3%</b>	<b>+309</b>	<b>Asset Acquisitions and Dispositions</b> Increase from FP2017/1&2017/7 acquisitions <b>+145</b> <b>Same Store</b> Peak season increase <b>+163</b>	
<b>Operating Income</b>	<b>7,727</b> (Depreciation: 2,568) (Property taxes: 823)	<b>7,663</b> (Depreciation: 2,596) (Property taxes: 836)	<b>-64</b>	<b>Leasing Expenses</b> Net effect from FP2016/7&2017/1 buy&sell of properties <b>-16</b> Off-peak season decrease <b>+91</b> Increase in utility costs & depreciations <b>-47</b> Increase due to changes in contracts from guaranteed rent to pass-through rent <b>-32</b> <b>GA Expenses</b> Decrease in management fee & increase in consumption tax settlement <b>-15</b>	<b>7,723</b> (Depreciation: 2,636) (Property taxes: 847)	<b>+59</b>	<b>Leasing Expenses</b> Increase from FP2017/1&2017/7 acquisitions <b>-38</b> Peak season increase <b>-115</b> Increase in depreciation & expensing of property tax <b>-47</b> <b>GA Expenses</b> Increase in G & A expenses <b>-48</b>	
<b>Ordinary Income</b>	<b>5,951</b> (Funding cost*: 1,510)	<b>6,210</b> (Funding cost*: 1,432)	<b>+4</b>	Decrease in interest payment from refinancing & debt reduction <b>+81</b> One off cost related to the public offering <b>-19</b>	<b>6,386</b> (Funding cost*: 1,334)	<b>+175</b>	Decrease in interest payment from refinancing & debt reduction <b>+101</b> No one off cost <b>+20</b>	
<b>Net Income</b>	<b>6,205</b>	<b>6,210</b>	<b>+4</b>		<b>6,385</b>	<b>+175</b>		
<b>Drawdown of Retained Earnings**</b>	<b>0</b>	<b>349</b>	<b>-</b>	Retained earnings after dividend: <b>33.2bn yen</b>	<b>336</b>	<b>-13</b>	Retained earnings after dividend: <b>32.8bn yen</b>	
<b>Dividend Amount</b>	<b>6,206</b>	<b>6,559</b>	<b>+353</b>		<b>6,721</b>	<b>+162</b>		
<b>EPU (yen)</b>	<b>4,773</b>	<b>4,600</b>	<b>-173</b>	Units issued and outstanding <b>1,350,000 units</b>	<b>4,730</b>	<b>+130</b>	Units issued and outstanding <b>1,350,000 units</b>	
<b>Drawdown of Retained Earnings**</b>	<b>0</b>	<b>259</b>	<b>+259</b>	Begin drawing down (of more than 248 yen per unit***) of retained earnings for temporary difference adjustment	<b>249</b>	<b>-10</b>		
<b>Dividend per unit (yen)</b>	<b>4,774</b>	<b>4,859</b>	<b>+85</b>		<b>4,979</b>	<b>+120</b>		
<b>Total Asset LTV</b>	<b>52.2%</b>	<b>49.7%</b>	<b>-2.5pt</b>		<b>49.7%</b>	<b>-0.0pt</b>		

\* Funding costs include interest payments for loans and bonds as well as other finance fees. \*\* "Retained Earnings" means "Dividend Reserve" or "Retained Earnings for Temporary Difference Adjustment."

\*\*\* Number of units issued and outstanding are assumed to be 1,350,000 at the end of FP Jan. 2017.

# Earnings Guidance for FP Jan. 2017

## Comparison of Old and New Forecast

	(1) Old 13th FP Forecast	(2) New 13th FP Forecast	(2)-(1)		
	Original Forecast for FP Jan. 2017 <i>(announced March 11, 2016)</i>	Forecast for FP Jan. 2017 <i>(announced Sept. 6, 2016)</i>	Changes	Notes	in million yen
<b>Revenue</b>	<b>15,296</b> (255 properties) Period avg. occupancy <b>96.4%</b>	<b>15,399</b> (257 properties) Period avg. occupancy <b>96.2%</b>	<b>+103</b>	<b>Asset Acquisitions and Dispositions</b> Increase from FP2016/7&2017/1 additional acquisitions <b>+22</b> <b>Same Store</b> Increase from change in contracts from guaranteed rent to pass-through rent increase in key money, renewal fee and other income <b>+65</b> <b>+46</b>	
<b>Operating Income</b>	<b>7,493</b> (Depreciation: 2,595) (Property taxes: 839)	<b>7,663</b> (Depreciation: 2,596) (Property taxes: 836)	<b>+169</b>	<b>Leasing Expenses</b> Net effect from FP2016/7 & 2017/1 additional buying & selling of properties Increase due to change s in contracts from guaranteed rent to pass-through rent Decrease in restitution and utility costs <b>+6</b> <b>-36</b> <b>+87</b> <b>GA Expenses</b> Decrease in consumption tax settlement <b>+8</b>	
<b>Ordinary Income</b>	<b>5,980</b> (Funding cost*: 1,510)	<b>6,210</b> (Funding cost*: 1,432)	<b>+230</b>	Decrease in interest payment from refinancing & debt reduction One off cost related to the public offering	<b>+81</b> <b>-21</b>
<b>Net Income</b>	<b>5,980</b>	<b>6,210</b>	<b>+230</b>		
<b>Drawdown of Retained Earnings**</b>	<b>336</b>	<b>349</b>	<b>+12</b>	Maintained the previously disclosed per unit drawdown amount	
<b>Dividend Amount</b>	<b>6,316</b>	<b>6,559</b>	<b>+242</b>		
<b>EPU (yen)</b>	<b>4,600</b>	<b>4,600</b>	<b>-</b>	Units issued and outstanding <b>1,350,000 units</b>	
<b>Drawdown of Retained Earnings**</b>	<b>259</b>	<b>259</b>	<b>-</b>		
<b>Dividend per unit (yen)</b>	<b>4,859</b>	<b>4,859</b>	<b>-</b>		
<b>Total Asset LTV</b>	<b>52.3%</b>	<b>49.7%</b>	<b>-2.6pt</b>		

\* Funding costs include interest payments for loans and bonds as well as other finance fees.

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