

Brief Summary of Kessan Tanshin (Financial Report)

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

15th Fiscal Period (August 1, 2017 – January 31, 2018)

1. Summary of Key Financial Data

Operating Revenues	15,903 million yen
Operating Income	8,019 million yen
Ordinary Income	6,798 million yen
Net Income	6,798 million yen
Earnings per Unit (EPU)	5,035 yen
Dividend per Unit (DPU)	5,285 yen
FFO per Unit	6,999 yen
ROE (semi-annual)	6.1 %

Total Assets	448,421 million yen
Net Assets	220,574 million yen
Net Assets per Unit	163,388 yen
Net Asset Ratio	49.2 %
End-of-period LTV	49.4 %

2. 15th Fiscal Period Highlights

- The DPU for the fiscal period came to 5,285 yen, an increase of 136 yen compared to the initial forecast, mostly due to increase in occupancy. It is a record high since the merger.
- Despite the off-season period, the average portfolio occupancy for the period only down slightly from the record high of 97.0% of the previous period at 96.9%. This is up 0.4% compared to the initial forecast. The rent rose up 0.22% for this period for the seven consecutive periods.
- Even though the market continues to be very competitive, ADR was able to acquire a property located very close to Sapporo Station for 679 million yen during the period..
- ADR continued to strengthen its financial position by reducing interest expense, diversifying debt maturities, maintaining duration and fixed interest rate debt ratio. During the period, ADR procured a total of 12.3 billion yen (average duration 8 years, average interest rate 0.44%). With the continued improvements in financial stability, the credit rating agency R&I upgraded ADR's credit rating outlook to A+ (positive) from A+ (stable).

3. Earnings Forecasts

16th Fiscal Period Forecast
(February 1, 2018 to July 31, 2018)

Operating Revenues	16,162 million yen
Operating Income	8,032 million yen
Ordinary Income	6,818 million yen
Net Income	6,817 million yen
Earnings per Unit (EPU)	5,050 yen
Dividend per Unit (DPU)	5,299 yen
Outstanding No. of Issued Units	1.35 million units
Number of Properties	261
Average Period Occupancy	96.6 %

17th Fiscal Period Forecast
(August 1, 2018 to January 31, 2019)

Operating Revenues	15,970 million yen
Operating Income	7,910 million yen
Ordinary Income	6,750 million yen
Net Income	6,750 million yen
Earnings per Unit (EPU)	5,000 yen
Dividend per Unit (DPU)	5,249 yen
Outstanding No. of Issued Units	1.35 million units
Number of Properties	261
Average Period Occupancy	96.5 %

- 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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