

6th Fiscal Period

February 1, 2013 to July 31, 2013

Investor Relations Presentation
September 2013



Advance Residence Investment Corporation

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 TSE Ticker Code : 3269
 Abbreviation : ADR
 Fiscal Period End : End of January & July
 Main Sponsor : Itochu Corporation
 Asset Type : Residential

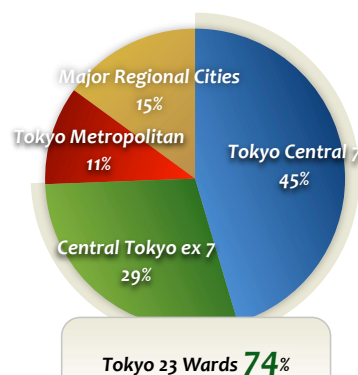
The Largest Portfolio Among Residential J-REITs

as of Sept. 13, 2013

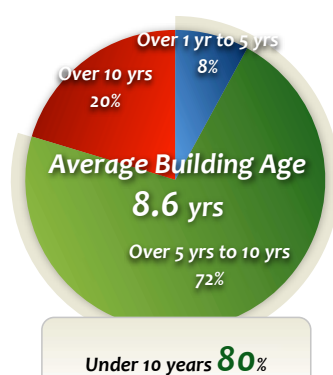
Number of Properties	Assets Under Management (Acquisition Price)	Average Property Price	Leasable units	Total Leasable Area	Book Value NOI Yield
205 properties	397.5 billion yen	1.93 billion yen	17,827 units	674,623 m ²	5.5%

* For properties held at the end of 6FP annualized actual NOI is used to calculate the **Book Value NOI Yield**. For properties acquired between 6FP End to Sept. 13, 2013, annualized appraisal NOI and acquisition price are used to calculate the NOI yield.

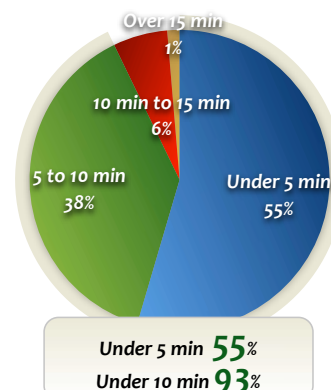
Investment Location
(based on acquisition price)



Building Age
(based on acquisition price)

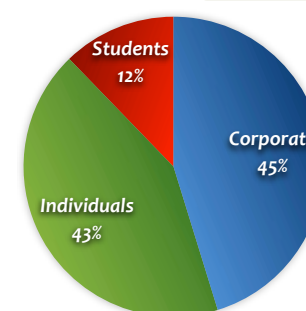


Walking Minutes to Train Station
(based on acquisition price)



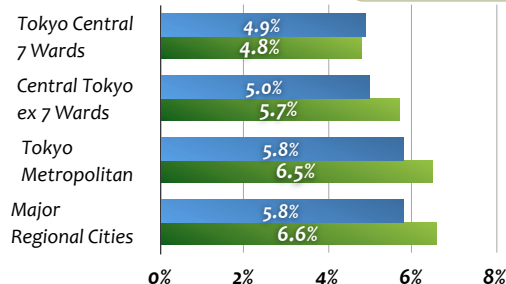
Tenant Category
(Based on no. of unit)

as of July. 31, 2013



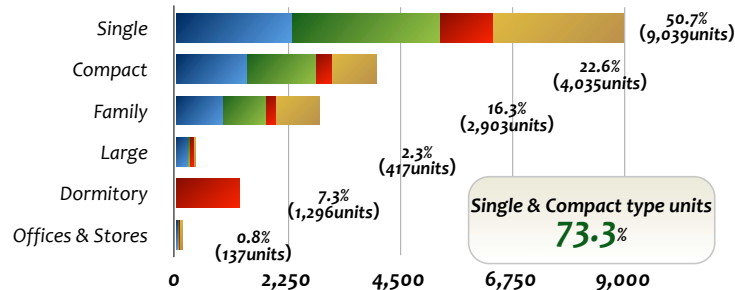
NOI Yields (%) by location

as of July. 31, 2013



Unit type

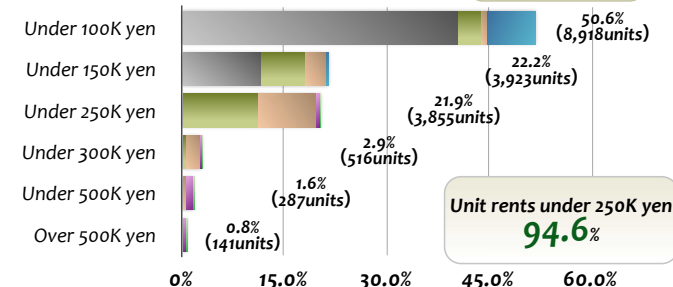
(Based on no. of unit)



Rents

(Based on no. of unit)

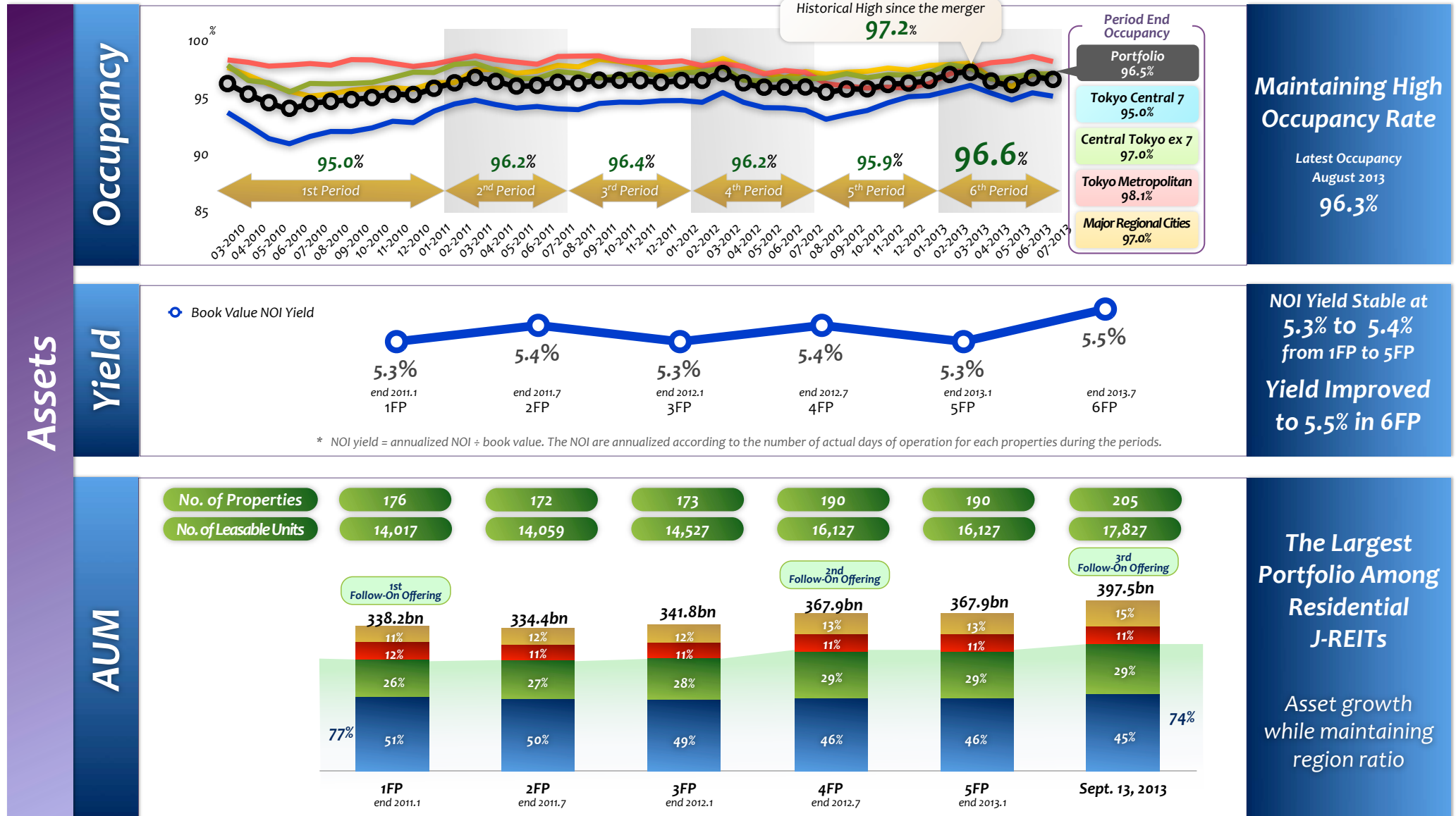
as of July. 31, 2013



* Data as of Sept. 13, 2013, include to-be-acquired properties as of Sept. 10, 2013.

Solid Track Record, Solid Growth

Steadily Increasing EPS by Implementing Various Measures

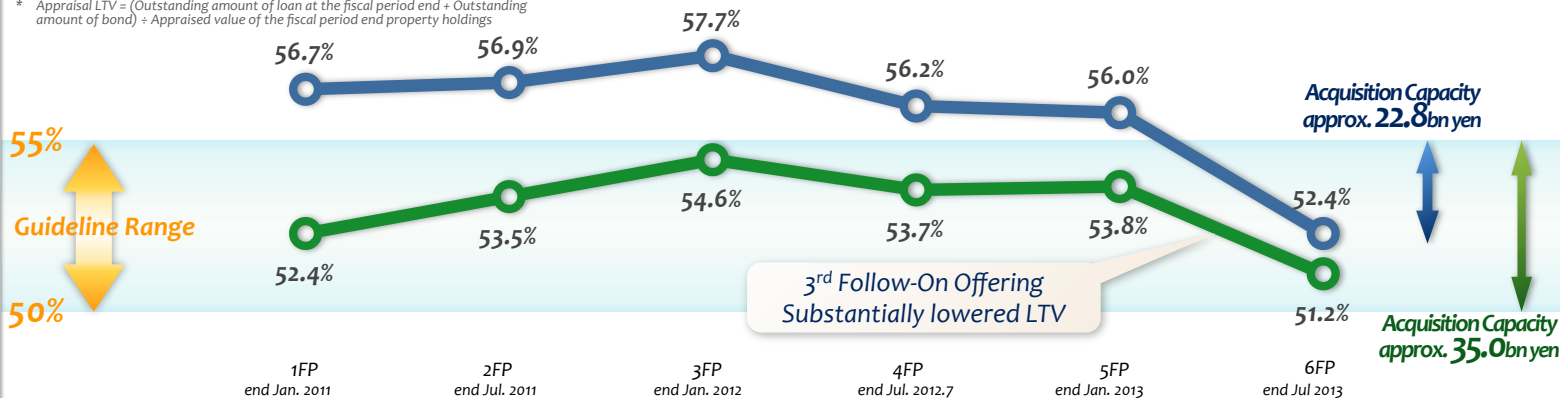


* Data as of Sept. 13, 2013, include to-be-acquired properties as of Sept. 10, 2013.

Liabilities

LTV

* Appraisal LTV = (Outstanding amount of loan at the fiscal period end + Outstanding amount of bond) ÷ Appraised value of the fiscal period end property holdings



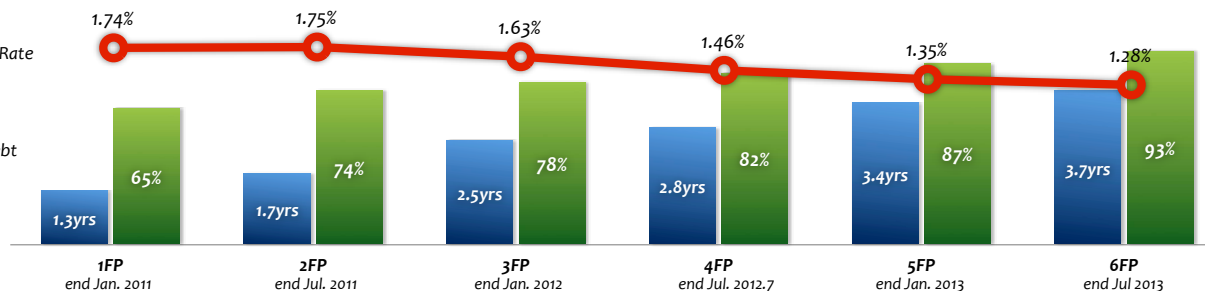
Controlling LTV Level within the Guideline Range

Acquisition Capacity of approx. 22.8bn yen to 35.0bn yen

Debts

Average Interest Rate

Debt Duration
% of Fixed Rate Debt



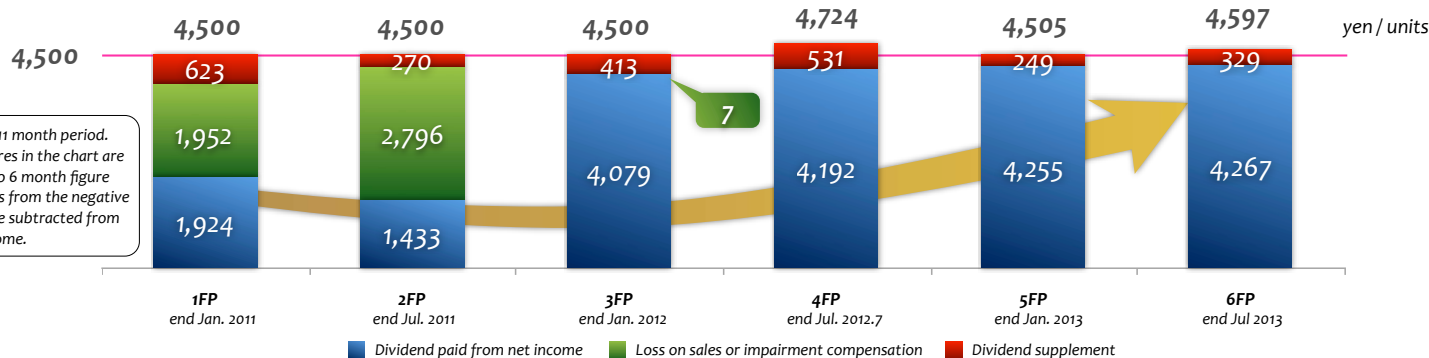
* In calculating the average interest rate, the effect of interest rate swaps are reflected. If there are any discrepancies between the principal amount of the swap and the underlining amount of debt, the swap's principal amount will be capped at the underlining amount of debt in the calculation.

Lengthened Duration, Fixed Interest Rates while Lowering Financing Cost

Equities

Dividends

1FP was an 11 month period. The 1FP figures in the chart are converted to 6 month figure and earnings from the negative good will are subtracted from the net income.



Stabled Dividend Utilizing Dividend Reserve

Dividend Reserve Outstanding
33.9bn yen
(after 6FP dividend payout)

Improving EPU

Liquidity

Market Capitalization



Market Cap moved above 200bn yen

Improving Liquidity



6th *Fiscal Period Result*

Executive Summary

Committed in Delivering Strong and Stable Dividend

Initial Guidance
(announced March 15, 2013)

Dividend Increase Due to
Favorable Leasing
Environment & Additional
Asset Acquisition

Actual Result for 6th FP
(ending July 31, 2013)

Increased Net Income and
Dividend while Substantially
Lowering LTV

Previous FP
(ending January 31, 2013)

Appraisal LTV

52.7%

-0.3pt

52.4%

-3.6pt

56.0%

Net Income per Unit

4,170 yen

+97 yen

4,267 yen

+12 yen

4,255 yen

Dividend per Unit

4,500 yen

+97 yen

4,597 yen

+92 yen

4,505 yen

Please refer to page 23 on the payout policy

Fiscal Highlight

External Growth

✓ Asset Acquisitions

14 properties 25.9 billion yen 6.0%
Total Acquisition Price Amount NOI yield*

✓ Acquired Rights of First Refusal

~ Preparing for Future External Growth ~

15 properties 15.7 billion yen 5.9%
Right of First Refusal Price Amount (incl. consumption tax) NOI yield*

Internal Growth

✓ Historical High Period Average Occupancy

96.6%
+0.5pt. against initial forecast
+0.7pt. against previous fiscal period

✓ Streamlining Leasing Expenses

Financing

✓ Lengthening duration

Average Debt Duration +0.4 years

✓ Increasing Fixed Rate Debt

% of fixed rate debt to total +6.0 pt.

✓ Reducing Interest Payment

Debt interest rate reduction -0.07 pt.

✓ Diversifying Debt Maturity

Per period debt payment amount under
commitment line limit of +20 bn yen

* For assets acquired, annualized appraisal NOI and acquisition price are used to calculate the NOI yield. The NOI yield for assets that ADR holds the rights of refusal, rights of refusal price is used.

6th Fiscal Period Result

from February 1, 2013 to July 31, 2013

in million yen

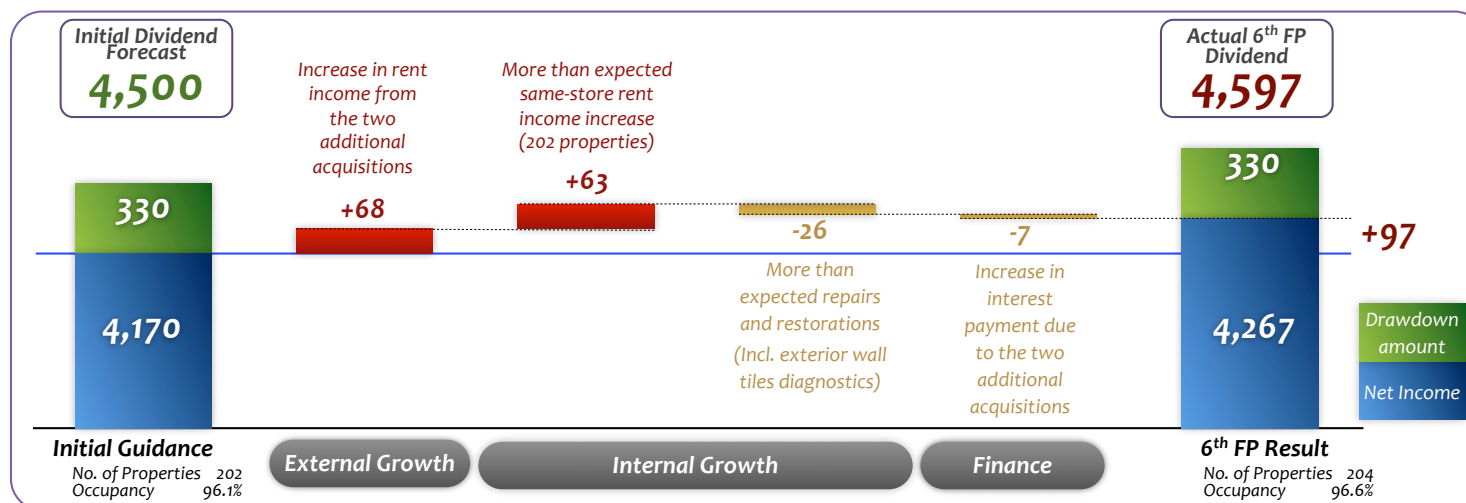
	(1) Forecast as of Mar. 15, 2013	(2) 6 th FP Result July 31, 2013	Changes (2)-(1)	Notes		(3) 5 th FP Result January 31, 2013	Changes (2)-(3)	Notes	
Revenue	13,279 (202 properties) Period avg. occupancy 96.1%	13,493 (204 properties) Period avg. occupancy 96.6%	+213	Two additionally acquired assets Increase in rental income Same-store 202 properties Increase in rental income Increase in key money, renewal fees & dividends	+134 +55 +24	12,194 (190 properties) Period avg. occupancy 95.9%	+1,299	14 newly acquired properties in 6FP Rent increase from full period contribution Same-store 190 properties Increase in rent due to rise in occupancy Peak-season increase in key money & renewal fees	+1,156 +53 +90
Operating Income	6,847 (Depreciation: 2,262) (Property taxes: 599)	6,976 (Depreciation: 2,281) (Property taxes: 612)	+129	Rental Expenses Increase in repairs & restoration fees (of which is external wall tiles diagnosis fee) Increase from two additional acquisitions SG&A Decrease in general administration cost	-63 (-40) -28 +6	6,420 (Depreciation: 2,082) (Property taxes: 566)	-556	Rental Expenses Increase due to new acquisitions: depreciation : rental expenses (of which is land rent for the two new acquisitions) Decrease in rent business expense (of which is peak-season leasing expense increase) (of which is increase in property tax) (of which is external wall tiles diagnosis fee) SG&A Decrease in consumption tax settlement	-199 -384 (-241) -203 (-97) (-46) (-60) +43
Current Income	5,172 (Funding cost: 1,639)	5,292 (Funding cost: 1,648)	+119	Non-operating income Increase in interest income Non-operating expenses Interest payment increase due to two acquisitions	+8 -17	4,681 (Funding cost: 1,705)	+610	Decrease in interest payment due to refinancing Increase in loan related expenses	+112 -58
Net Income	5,171	5,291	+119			4,681	+610		
EPU (yen)	4,170	4,267	+97			4,255	+12		
FFO per Unit (yen)	5,997	6,109	+112			6,152	-43		
Appraisal LTV	52.7%	52.4%	-0.3 pt			56.0%	-3.6 pt		
Net Income	5,171	5,291	+119			4,681	+610		
Drawdown of Retained Earnings	+) 408	+) 408	-	Retained earnings after dividend: 33.9 bn yen		+) 274	+134		
Dividend Amount	=) 5,580	=) 5,700	+120	Units issued and outstanding 1,240,000 units		=) 4,955	+744	Units issued and outstanding 1,100,000 units	
Dividend per unit (yen)	4,500	4,597	+97	Please refer to page 26 for details on the payout policy.		4,505	+92	Please refer to page 26 for details on the payout policy.	

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

6th Fiscal Period Result

Dividend Increase due to External Growth and Higher Occupancy

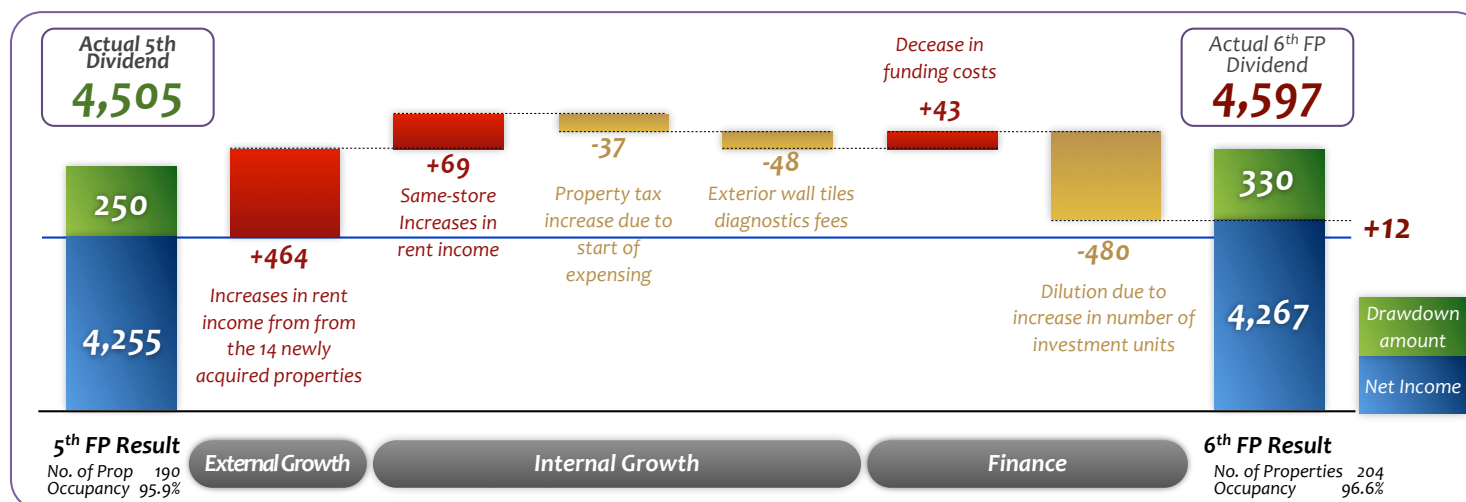
Changes from Initial Earnings Guidance (per unit yen)



in million yen

	Initial Guidance	6 th FP	diff
Revenue	13,279	13,493	+213
Operating income	6,847	6,976	+129
Current income	5,172	5,292	+119
Net income	5,171	5,291	+119
Earnings per unit (yen)	4,170	4,267	+97
Dividend per unit (yen)	4,500	4,597	+97

Changes from 5th Fiscal Period Earnings (per unit yen)



in million yen

	5 th FP	6 th FP	diff
Revenue	12,194	13,493	+1,299
Operating income	6,420	6,976	+556
Current income	4,681	5,292	+610
Net income	4,681	5,291	+610
Earnings per unit (yen)	4,255	4,267	+12
Dividend per unit (yen)	4,505	4,597	+92

Management Policies Going Forward

Actual EPS for 6th FP
4,267yen

Reaching **4,500**yen
EPS in short period

Growth strategy for
4,500yen+α EPS

External Growth

Improving the Profitability & Quality of the Portfolio

 Utilizing the Acquisition Capacity →
(22.8bn yen at 6FP End)

Sponsor Pipeline

Under development: **12**properties

Pre-construction: **2**properties

Bridge Funds

26properties **31.1** bn yen (excluding tax) NOI yield **6.0**%

 Acquisition Guideline →




Maintaining and improving portfolio profitability

Maintaining geographical ratio & lowering average building age

If property market is heated, take advantage by selling properties

Internal Growth

Maintaining & Improving NOI

 Maintain the high occupancy →
 Leasing & operational cost control →
 Maintaining →

Detailed market monitoring, timely utilization of flexible leasing terms

Increasing key money and renewal income, utilize economies of scale

Periodic and scheduled maintenances & up-grading constructions

Finance Strategy

Building A Stable Financial Base That Withstand Financial Volatility

 LTV Management
 Debt Maturity Management
 Lengthening Debt Duration
& Fixing Interest Rate

→ Upper limit guideline of LTV is **55**% on appraisal bases

→ Keeping maturity ladder flattened below the commitment line credit limit

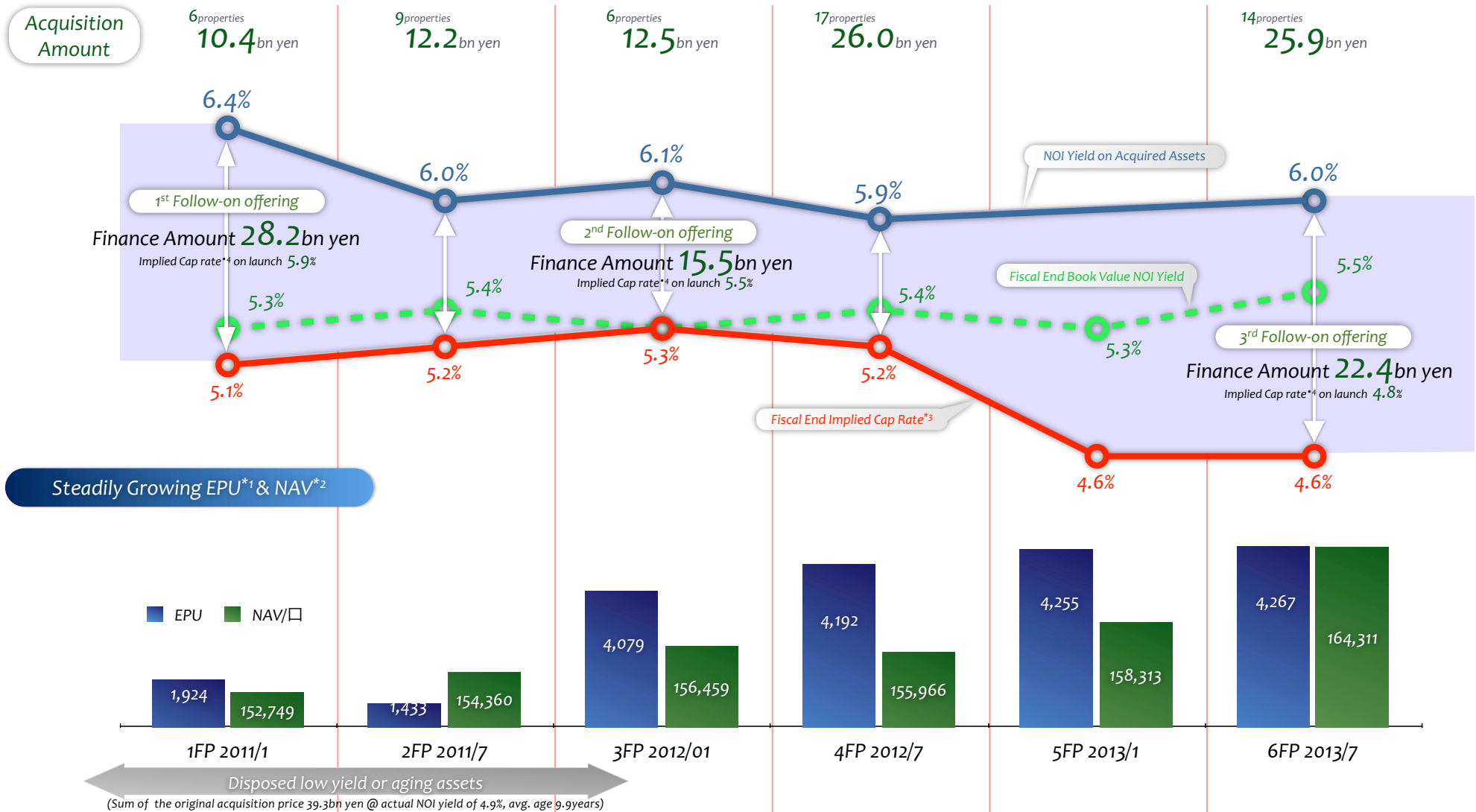
→ Lengthen debt duration and fix interest rate further in preparation for future interest rate rise



External Growth

EPU & NAV Positive External Growth

Acquired Assets Totaling 87.3bn yen at Higher Yield than Either Fiscal End Book-value NOI Yield or Fiscal End Implied Cap Rate (@ 94.2% of Appraisal Value)



*1 EPU is calculated by dividing the net income by the number of fiscal-end outstanding units of each fiscal period. Figures for 1FP is converted to six month figure where applicable. Additionally, the net income figure for 1FP is calculated by deducting the earnings from negative goodwill from the unappropriated retained earnings.
 *2 NAV per unit is calculated by adding unrealized gains/loss to the fiscal-end book value, subtracting the payable dividend amount and finally dividing the result by the number of fiscal-end outstanding unit.
 *3 Fiscal-end implied cap rate is calculated by dividing the annualized actual NOI by fiscal-end interest-bearing debt + fiscal-end market capitalization + fiscal-end deposits & deposits in trust.
 *4 Implied cap rate on launch is calculated using the last fiscal-end figure where applicable and the market capitalization calculated using the closing price on the day of the launch. Figures for the 1FP uses the actual NOI for the six-month period before the merger and uses the book value on March 1, 2010.
 *5 Weighted average of actual NOI yield of disposed assets are calculated by dividing the sum of annualized most recent fiscal period NOI by sum of the assets original acquisition price.

Preparing for Future External Growth

Itochu Group Development Properties*1

Properties under development in Tokyo 23 wards

Tokyo Central 7 Wards **4** properties **182** units
 Central Tokyo ex 7 Wards **8** properties **716** units

Development Location	Planned Units
① Minami-Shinagawa, Shinagawa-ku	49units
② Higashi-Nakanobu, Shinagawa-ku	44units
③ Shoto, Shibuya-ku	29units
④ Shibuya, Shibuya-ku	60units
⑤ Omori-Kita, Ota-ku *2	65units
⑥ Minami-kamata, Ota-ku *2	110units
⑦ Hongo, Bunkyo-ku	47units
⑧ Kameido, Koto-ku	128units
⑨ Nihonbashi-Bakurocho, Chuo-ku	76units
⑩ Kamata, Ota-ku	148units
⑪ Midori, Sumida-ku	43units
⑫ Kojima, Taito-ku	99units

+

Tokyo Central 7 **1** property
 Regional **1** property

Total **2** pre-building permit properties

*1 "Itochu Group development properties" are examples of rental apartment property developments by Itochu Corporation and Itochu Property Development Ltd, and listed above as a reference. As such, ADR is under no obligation to acquire the properties.

*2 The properties listed in **red letters** indicate completed developments.

Acquired right of first refusal for properties through equity interest in TK property funds (bridge funds)

Fund Name

Launched

Expiration Date

Right of First Refusal Price

Weighted Avg. NOI Yield

G.K. RISING

September 2012

End of May 2014

6 properties **8.6**bn yen

6.1%

Assets Under Management



G.K. RISING2

December 2012

August 30, 2014

5 properties **7.1**bn yen

6.3%



G.K. RISING3

March 2013

November 30, 2014

9 properties **6.4**bn yen (including tax*)

6.6%



G.K. RISING4

June 2013

August 30, 2015

6 properties **9.2**bn yen (including tax*)

5.4%



	Total	Tokyo Central 7	Central Tokyo ex7	Tokyo Metropolitan	Regional Cities
No. of Properties	26 properties	6properties	6properties	2properties	12properties
Acquisition Price Total (excluding tax)	31.1 bn yen	10.3bn yen	6.6bn yen	1.8bn yen	12.3bn yen
Weighted Avg. NOI Yield*2	6.0%	5.4%	5.6%	6.3%	6.7%
Investment Ratio	100%	54%			40%

The following three funds have been acquired through execution of rights of first refusal since the merger

Funds	G.K. RBFA	G.K. RBFA2	G.K. RBFA3
Right of First Refusal Price	5properties 9.2bn yen	4properties 4.5bn yen	3properties 3.5bn yen
Weighted Avg. NOI Yield*2	6.4%	6.5%	6.2%
Financing	Equity finance Jan. 2012	Equity finance Jan. 2013	

*1 For G.K. Rising3 and Rising4, right of first refusal prices includes the consumption tax to prevent any change in price in case of tax rate changes.

*2 Weighted Average NOI Yield = Sum of Annualized Appraisal NOI ÷ sum of right of first refusal price (tax not included) x 100%

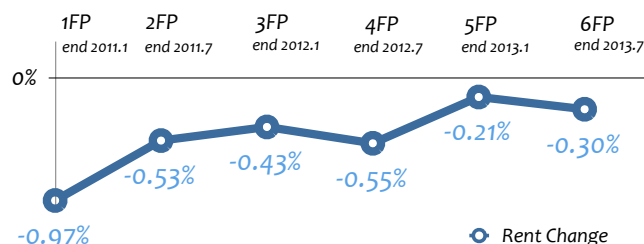


Internal Growth Finance & Earnings Guidance

Achieving Internal Growth in the Residential Sector

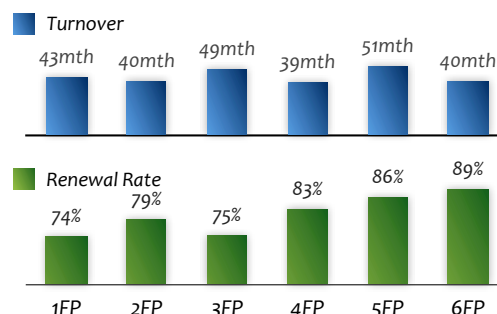
Rent Decline Bottoming-out, Turnover / Renewal Rate in Upward Trend

Portfolio Rent Change*

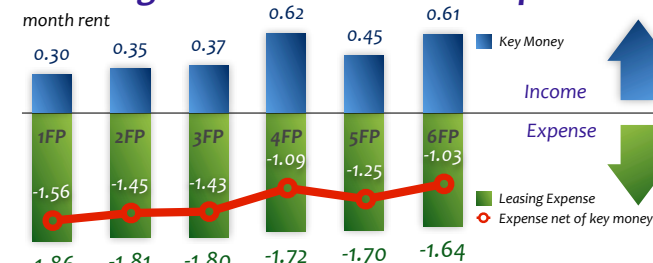


* Rent change for units that are both occupied at the beginning and the end of the period.

Turnover & Renewal Rate



Leasing Related Income and Expenses



The figures are calculated by dividing monthly key money and leasing expenses by monthly rent.

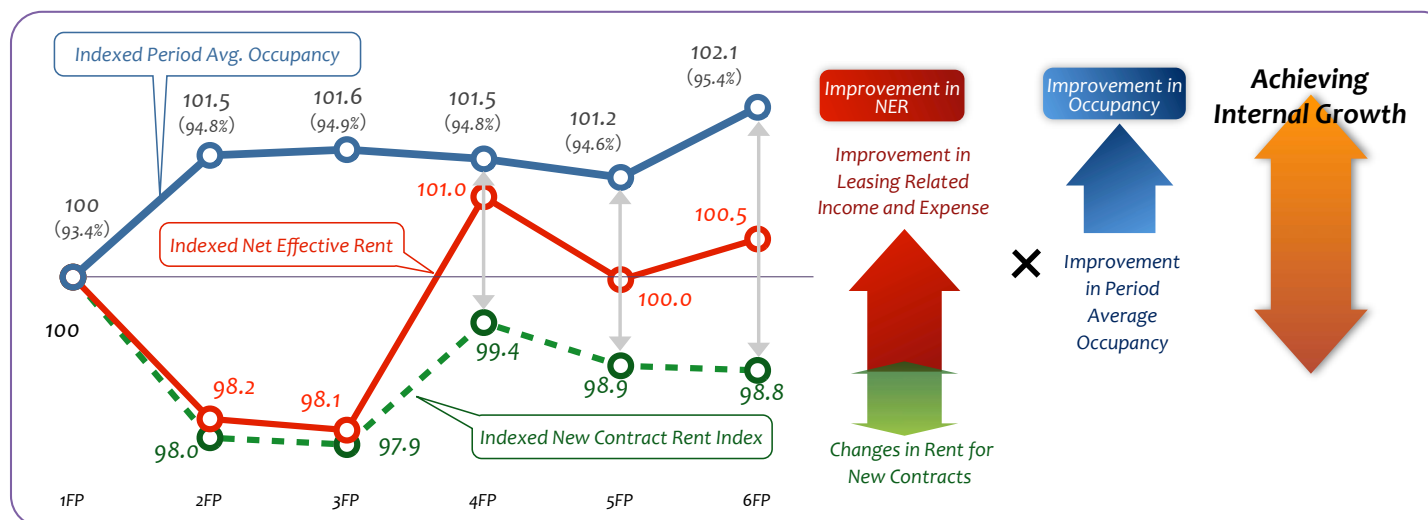
Achieving Internal Growth for New Contracts

Calculating Net Effective Rent (NER)

If the leasing contract was made under the following condition;

Monthly Rent:	120,000yen/mth
Key Money:	One month equiv.
Leasing Expenses:	180,000yen/mth

Monthly Rent	Key Money	Leasing Expenses
120,000 yen	120,000 yen	180,000yen
Costs spread for the two year lease term Divide by 24 month		
120,000 yen	+ 5,000 yen/mth	- 7,500 yen/mth
= NER 117,500 yen		



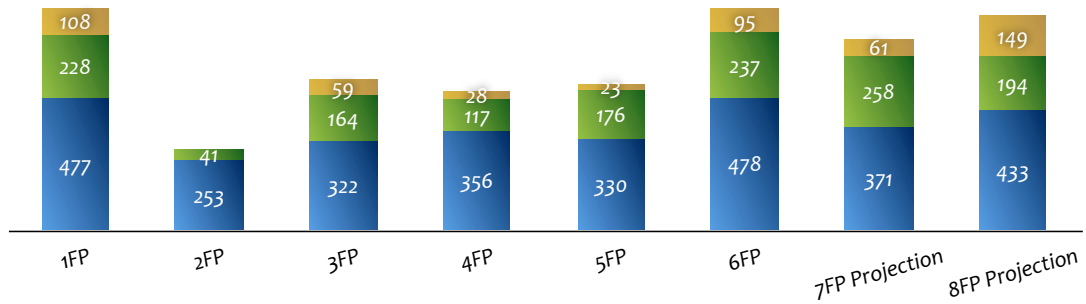
- The 119 properties that are included in above chart are properties held since the start of the 1st fiscal period. Following properties are excluded from the calculation. 1) Properties with guaranteed rent or properties where the whole building is let to one tenant. This is because fluctuation in "key money" and "leasing related expenses" do not effect ADR's rental income from the properties. 2) Properties targeted for Expats, where there are no key money practices.
- Number of new contracts for each fiscal period is as follows, 1FP) 1,837, 2FP) 1,128, 3FP) 918, 4FP) 1,061, 5FP) 1,040, 6FP) 1,065.
- Net Effective Rent Index is calculated as weighted average of monthly rental of new contracts and common fees plus key Money Income divided by 24 month, minus leasing related expenses divided by 24 month for each fiscal period and indexed by using the 1FP figure as 100.
- New Contract Rent Index is calculated as weighted average of the new contract monthly rental and common fees for each fiscal period and indexed by using the 1FP figure as 100.

Renovations

By Taking Proper Measures Portfolio Competitiveness Can Be Maintained

■ Capex (Large-scale Renovations)
■ Capex (Other Renovations)
■ Expensed Repairs

million yen



6th FP Renovations & Value Adding Expenditures

RESIDIA TOWER Azabujuban

before

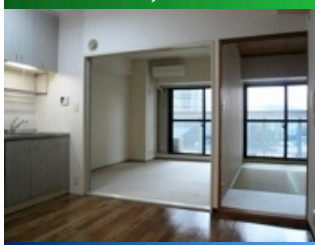


after

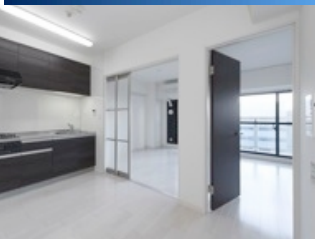


RESIDIA Shibaura

before



after



RESIDIA Kichijoji

before



after



Large-Scale Renovations

KC21 Building

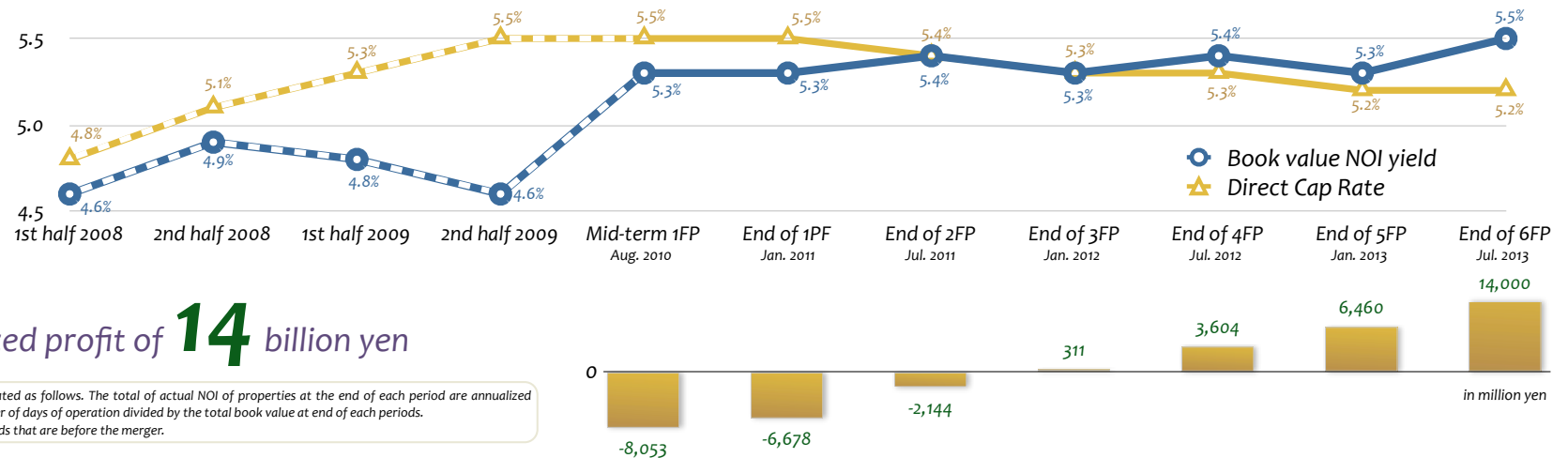


Wako Student Heights



Appraisal Value

Direct Cap Rate • Unrealized Profit and Loss



Summary of End of 6th Period Appraisal

	Appraisal (in million yen)		Appraisal NCF (in million yen)		Direct Cap Rate (%)		Movements in Appraisal			Unrealized Profit and Loss (million yen)		
	End of 6 th FP	diff vs last FP	End of 6 th FP	diff vs last FP	End of 6 th FP	diff vs last FP	Improvement	Unchanged	Deterioration	Book Value (a)	Difference from the appraisal (b)	(b)/(a)
Tokyo Central 7 Wards	171,646	1,945	8,455	-66	4.86	-0.09	69	7	3	173,097	-1,451	-0.84%
Central Tokyo ex. 7 Wards	122,074	2,218	6,215	5	5.04	-0.09	54	6	1	113,952	8,121	7.13%
Tokyo 23 Wards Total	293,720	4,163	14,670	-61	4.93	-0.09	123	13	4	287,049	6,670	2.32%
Tokyo Metropolitan	43,850	587	2,545	-10	5.79	-0.10	20	2	0	40,927	2,922	7.14%
Major Regional Cities	63,421	1,066	3,692	-4	5.77	-0.11	37	5	0	59,013	4,407	7.47%
Portfolio Total	400,991	5,817	20,908	-76	5.16	-0.10	180	20	4	386,990	14,000	3.62%

Appraisal Impact

-1.4billion yen

Breakdown of Improvement in Cap Rate

Cap rate deterioration due to aging

Appraisal Impact

-0.2billion yen

Improvement in cap rate reflecting the market

+7.5billion yen

Total

+7.2billion yen

* For Assets acquired during the 6FP, appraisal value at the time of acquisition is used as the previous appraisal value.

Building A Stable Financial Base

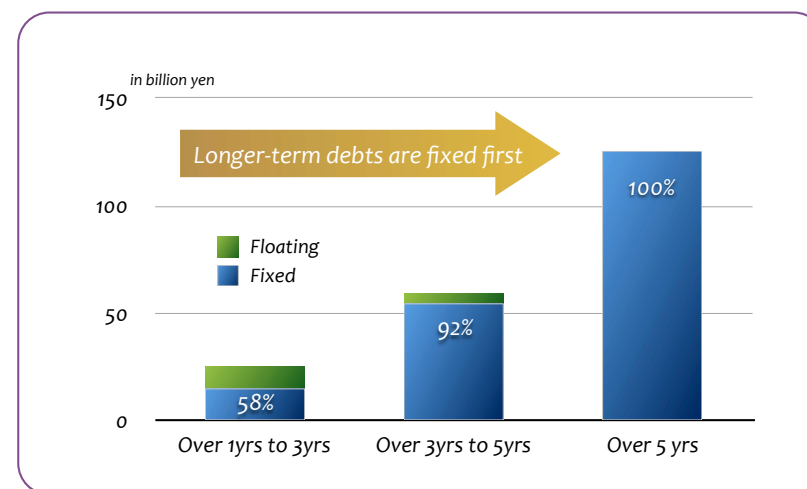
* Lease liabilities are excluded from the debts in this slide.

Key Figures on Debts

Credit Ratings **JCR: AA-** (Outlook: Stable) **R&I: A+** (Outlook: Stable)

	5FP	Loan / Bond Ratio	6FP	Loan / Bond Ratio
Loans	176.1bn yen	85.4%	177.2bn yen	84.3%
(Short-term loans)	4.1bn yen	2.0%	-	-
Bonds	30.0bn yen	14.6%	33.0bn yen	15.7%
Debt Outstanding	206.1bn yen	100.0%	210.2bn yen	100.0%
Appraisal LTV	56.0%		52.4%	

Ratio of Fixed Interest according to Duration of Debts



6th Fiscal Period Debt Financing

	Repayment	Debt Financing
Total Amount	20.7bn yen	24.8bn yen
Average Interest Rate	1.83%	1.14%
Average Debt Duration	3.3years	7.9years

* Total amount of debt repayment includes scheduled repayments.

Bond Issuance History

First Residential J-REIT to Issue Ten Year Bond

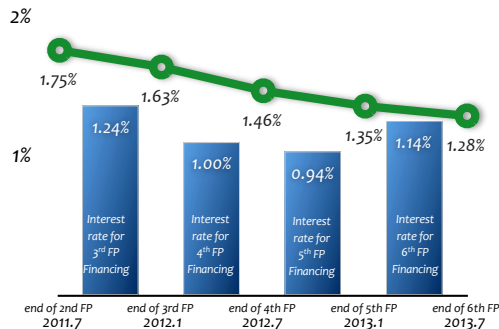
Issue Date	Sept. 2011	Apr. 2012	Sept. 2012	Apr. 2013
Maturity				
3 yrs		4bn yen 0.86%		
5 yrs	8bn yen 1.27%	4bn yen 1.08%	8bn yen 0.87%	
7 yrs	2bn yen 1.68%		4bn yen 1.23%	
10 yrs				3bn yen 1.32%

Lengthened Duration, Increased Ratio of Fixed Interest Debts and Diversified Maturity While Lowering Financing Cost

* Lease liabilities are excluded from the debts in this slide.

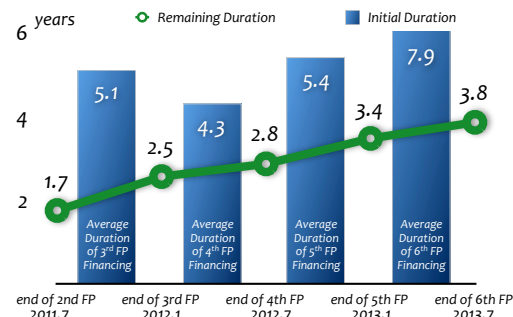
Achieving Longer Duration and Lower Financing Cost

Average Interest Rate



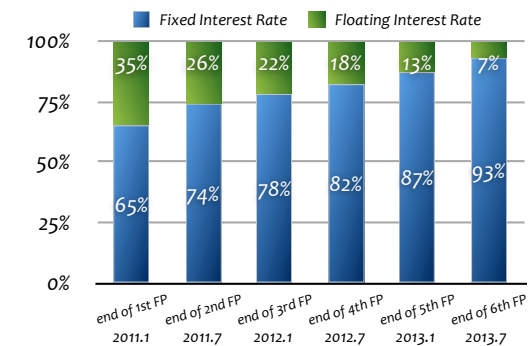
* In Calculating the average interest rate for financing during the periods, amount outstanding and interest rate applicable at the end of each period is used.

Debt Duration



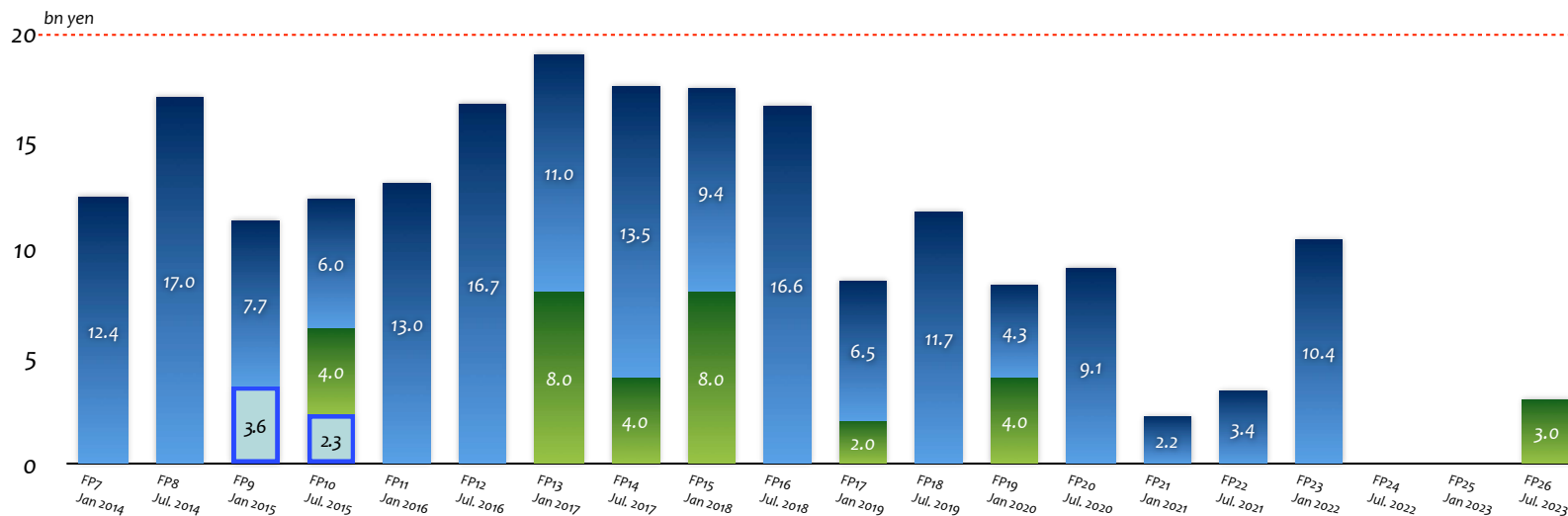
* In Calculating the average debt duration for financing during the periods, amount outstanding at the end of each period is used to calculate the weighted average.
* In calculating the years to maturity, amortization is not counted.

Ratio of Fixed Interest Rate Debts



Maturity Ladder Flattened Below the Procured a Long-term Commitment Line

Rounded down to the nearest 100million yen



Commitment Line

20bn yen

3year loan: 12bn yen
1year loan: 0.8bn yen

Fund Usage

- Property acquisitions
- Debt repayments

Benefit

- make it possible for timely property acquisitions
- lowering refinancing risk

* Amortization is not consider on this graph. (It presumes that the outstanding amount at the end of 6th period will be repaid on maturity)

7th & 8th Period Earnings Guidance

in million yen

7th FP from August 1, 2013 to January 31, 2014

8th FP from February 1, 2014 to July 31, 2014

	(1) 6 th FP Result Jul 31, 2013	(2) 7 th FP Forecast as of Sept 9, 2013	Changes (2)-(1)	Notes	(3) 8 th FP Forecast as of Sept 9, 2013	Changes (3) - (2)	Notes	Consumption tax 8%*2
								8 th FP Forecast
Revenue	13,493 (204 properties) Period avg. occupancy 96.6%	13,593 (204 properties) Period avg. occupancy 96.0%	+99	Rent income increase from 6FP 14 properties +239 Forecasting Lower occupancy -62 Off-peak decreases in key money and renewals -78	13,683 (204 properties) Period avg. occupancy 96.2%	+90	Forecasting occupancy increase +18 Peak-season increase in key money and renewals +72	13,683
Operating Income	6,976 (Depreciation: 2,281) (Property taxes: 612)	6,938 (Depreciation: 2,313) (Property taxes: 658)	-38	Rent business expense increases Increase in property tax -40 No external wall diagnosis fee +60 Off-peak decreases in leasing expenses +26 Increase in depreciation (6FP acquisition) -32 SG&A Consumption tax increase & increase due to external growth -145	6,902 (Depreciation: 2,315) (Property taxes: 707)	-35	Rent business expense increases Property tax increase from expensing of 6 th FP acquisition assets -49 Peak-season increases in leasing expenses -95 SG&A Decreases in other expenses +19	6,849
Current Income	5,292 (Funding cost: 1,648)	5,333 (Funding cost: 1,591)	+40	Decrease in interest payments & other financial expenses +57 No equity financing expenses +23	5,333 (Funding cost: 1,560)	+0	Decreases in interest payments due to refinancing +59 increase in funding costs -23	5,280
Net Income	5,291	5,332	+40		5,332	+0		5,279
EPU (yen)	4,267	4,300	+33		4,300	0		4,257
FFO per Unit (yen)	6,109	6,168	+59		6,169	+1		6,127
Appraisal LTV	52.4%	52.4%			52.4%			52.4%
Net Income	5,291	5,332	+40		5,332	+0		5,279
Drawdown of Retained Earnings	+) 408	+) 247	-161	Retained earnings after dividend: 33.7bn yen	+) 247	-0	Retained earnings after dividend: 33.4bn yen	+) 300
Dividend Amount	=) 5,700	=) 5,580	-120	Units issued and outstanding 1,240,000 units	=) 5,580	0	Units issued and outstanding 1,240,000 units	=) 5,580
Dividend per unit (yen)	4,597	4,500	-97	Please refer to page 26 for details on the payout policy.	4,500	0	Please refer to page 26 for details on the payout policy.	4,500

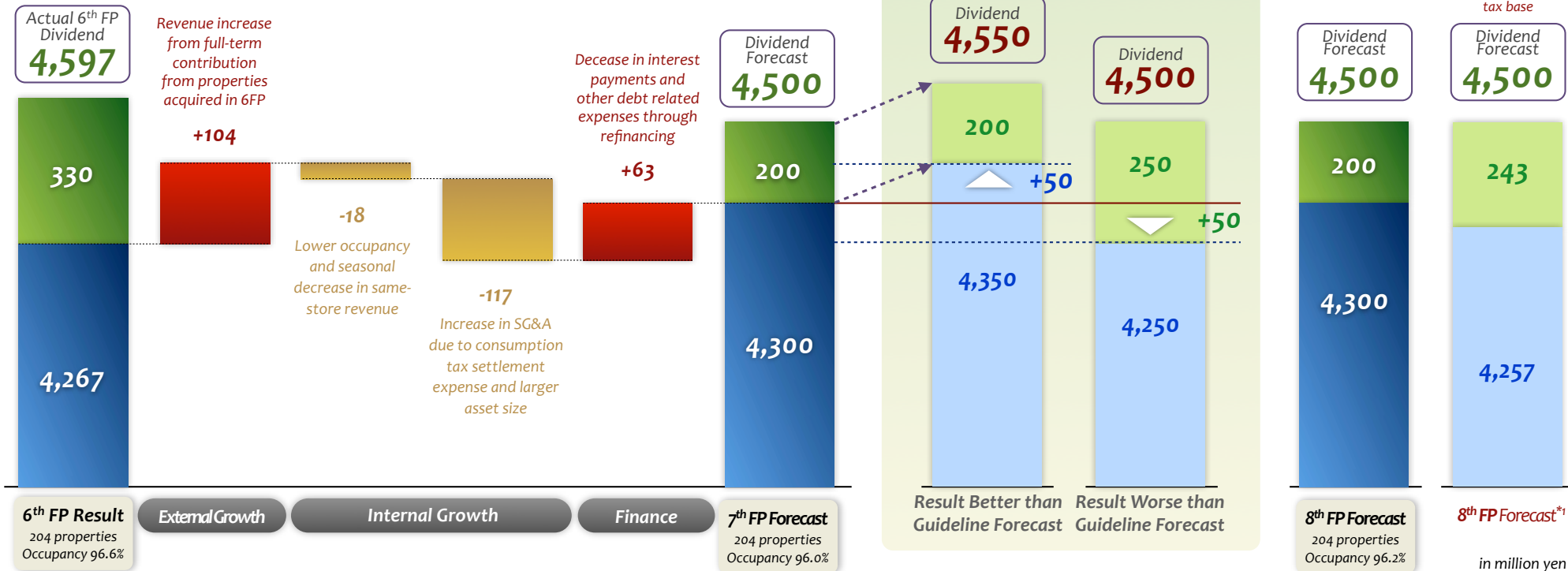
*1 Funding costs include interest payments for loans and bonds as well as other finance fees.

*2 The forecast is based if the the government's cabinet decision to raise the consumption tax to 8% from April 2014, and 10% from April 2015.

Growth in Normalized EPU Due to External Growth Financed Through Premium Priced PO

Drawdown amount

Net Income



	6th FP Result (a)	7FP Forecast (b)	diff (b-a)
Revenue	13,493	13,593	+99
Operating income	6,976	6,938	-38
Current income	5,292	5,333	+40
Net income	5,291	5,332	+40
Earnings per unit (yen)	4,267	4,300	+33
Dividend per unit (yen)	4,597	4,500	-97

	8FP Forecast (c)	diff (c-b)	8 th FP Forecast*1
Revenue	13,683	+90	13,683
Operating income	6,902	-35	6,849
Current income	5,333	+0	5,280
Net income	5,332	+0	5,279
Earnings per unit (yen)	4,300	0	4,257
Dividend per unit (yen)	4,500	0	4,500

*1 The forecast is based if the the government's cabinet decision to raise the consumption tax to 8% from April 2014, and 10% from October 2015.



Appendix on Financial Results

Balance Sheet

	6 th Fiscal Period (July 31, 2013)	in thousand yen
Assets		
Current assets		
Cash and deposits		7,415,835
Cash and deposits in trust		7,368,577
Operating accounts receivables		317,270
Short-term investment securities		5,200,000
Prepaid expenses		457,775
Consumption tax receivables		45,609
Other		17,861
Allowance for doubtful accounts		△ 22,922
Current assets		20,800,007
Fixed assets		
Property, plant and equipment		
Buildings		69,133,947
Structures		9,520
Machinery and equipment		11,323
Tools, furniture and fixtures		48,171
Land		70,357,878
Buildings in trust		115,442,093
Structures in trust		86,761
Machinery and equipment in trust		84,982
Tools, furniture and fixtures in trust		192,933
Land in trust		128,764,575
Property, plant and equipment		384,132,186
Intangible assets		
Leasehold right		1,071,902
Leasehold right in trust		1,786,215
Other		10,213
Intangible assets		2,868,331
Investments and other assets		
Securities investments		931,291
Long-term prepaid expenses		652,060
Guarantee deposits		457,830
Guarantee deposits in trust		995,717
Other		1,602
Investments and other assets		3,038,501
Fixed assets		390,039,019
Deferred assets		
Investment unit issuance expenses		16,886
Investment corporation bond issuance costs		133,240
Deferred assets		150,127
Total Assets		410,989,155

	6 th Fiscal Period (July 31, 2013)	in thousand yen
Liabilities		
Current liabilities		
Operating accounts payable		193,547
Short-term loans payable		—
Current portion of long-term loans payable		29,705,215
Accounts payable-other		1,061,359
Accrued expenses		173,911
Accrued consumption taxes		—
Advances received		67,292
Other		34,800
Current liabilities		31,236,125
Long-term liabilities		
Investment corporation bond		33,000,000
Long-term loans payable		147,555,096
Tenant leasehold and security deposits		1,254,001
Tenant leasehold and security deposits in trust		2,483,123
Long-term deposits received		10,648
Other		4,082
Long-term liabilities		184,306,951
Liabilities		215,543,077
Net assets		
Unitholders' equity		
Unitholders' capital, gross		102,557,018
Surplus		
Capital surplus		53,220,279
Reserve for dividend		34,376,971
Unappropriated retained earnings (undisposed loss)		5,291,809
Surplus		92,889,059
Unitholders' equity		195,446,078
Net assets		195,446,078
Liabilities and net assets		410,989,155

Profit and Loss Statement

6 th Fiscal Period (from Feb. 1, 2013 to Jul. 31, 2013)		in thousand yen
Operating revenue		
Rent revenue-real estate		13,462,948
Dividend income		30,874
Operating revenue		13,493,823
Operating expenses		
Expenses related to rent business		5,343,295
Asset management fee		829,251
Asset custody fee		9,059
Administrative service fees		60,667
Directors' compensations		2,400
Taxes and dues		72,877
Provision of allowance for doubtful accounts		2,080
Bad debts expenses		361
Other operating expenses		197,107
Operating expenses		6,517,100
Operating income		6,976,722
Non-operating income		
Interest income		10,428
Interest on securities		3,738
Reversal of distributions payable		2,790
Other		1,983
Non-operating income		18,941
Non-operating expenses		
Interest expenses		1,190,245
Interest expenses on investment corporation bonds		174,350
Amortization of investment unit issuance expenses		8,146
Amortization of investment corporation bond issuance costs		16,543
Investment unit issuance expenses		20,966
Borrowing related expenses		283,599
Other		9,397
Non-operating expenses		1,703,249
Ordinary income		5,292,414
Income before income taxes		5,292,414
Income taxes-current		605
Income taxes		605
Net income		5,291,809
Unappropriated retained earnings (undisposed loss)		5,291,809

6 th Fiscal Period (from Feb. 1, 2013 to Jul. 31, 2013)		in thousand yen
A. Revenue from Property Leasing		
Rental		
Rent income		12,107,204
Facility charge		502,535
Parking fee		402,624
Subtotal		13,012,364
Other revenues related to property leasing		
Income from leasing rights, etc.		34,616
Miscellaneous income		415,967
Subtotal		450,584
Total revenues from property leasing		13,462,948
B. Rental Expenses		
Taxes and Duties		612,740
Property management fees		961,455
Utilities		226,871
Repairs and maintenance		478,551
Insurance		24,428
Trust fee		61,543
Other rental expenses		696,146
Depreciation and amortization		2,281,559
Total rental expenses		5,343,295
C. Operating Income from Property Leasing Activities (A-B)		8,119,652

Cash Flow Statement

6 th Fiscal Period (from Feb. 1, 2013 to Jul. 31, 2013)	in thousand yen
Net cash provided by (used in) operating activities	
Income before income taxes	5,292,414
Depreciation and amortization	2,284,585
Amortization of investment unit issuance expenses	8,146
Amortization of investment corporation bond issuance costs	16,543
Other offering costs associated with the issuance of investment units	20,966
Increase (decrease) in allowance for doubtful accounts	-6,728
Interest income	-14,167
Interest expenses	1,190,245
Interest expenses on investment corporation bonds	174,350
Decrease (increase) in operating accounts receivables	-47,427
Decrease (increase) in consumption tax receivables	-45,609
Decrease (increase) in prepaid expenses	-131,860
Increase (decrease) in accrued consumption taxes	-35,901
Increase (decrease) in operating accounts payable	15,603
Increase (decrease) in accounts payable-other	63,488
Increase (decrease) in accrued expenses	-24,915
Increase (decrease) in advances received	13,308
Decrease (increase) in long-term prepaid expenses	-58,091
Other	18,733
Subtotal	8,733,685
Interest income received	10,133
Interest expenses paid	-1,383,757
Income taxes paid	-2,917
Net cash provided by (used in) operating activities	7,357,143

6 th Fiscal Period (from Feb. 1, 2013 to Jul. 31, 2013)	in thousand yen
Net cash provided by (used in) investing activities	
Payments into time deposits	-
Proceeds from withdrawal of time deposits	3,000,000
Purchase of short-term investment securities	-5,200,000
Proceeds from sales of short-term investment securities	5,000,000
Purchase of property, plant and equipment	-3,502,538
Purchase of property, plant and equipment in trust	-22,699,381
Purchase of intangible fixed assets in trust	-1,686,789
Proceeds from tenant leasehold and security deposits	21,328
Proceeds from tenant leasehold and security deposits in trust	589,839
Payments of leasehold and security deposits in trust	-813,333
Purchase of Securities Investment	-462,602
Proceeds from withdrawal of investment securities	452,912
Repayments of long-term deposits received	-6,348
Net cash provided by (used in) investing activities	-25,306,911
Net cash provided by (used in) financing activities	
Increase in short-term loans payable	-
Decrease in short-term loans payable	-4,148,000
Proceeds from long-term loans payable	21,828,000
Repayment of long-term loans payable	-16,574,139
Proceeds from investment corporation bond issuance	3,000,000
Redemption of investment corporation bonds	-
Payments for investment corporation bond issuance costs	-20,679
Proceeds from issuance of investment units	22,469,720
Payments for investment unit issuance expenses	-11,739
Other offering costs associated with the issuance of investment units	-33,370
Repayments of finance lease obligations	-2,721
Dividends paid	-4,956,774
Net cash provided by (used in) financing activities	21,550,295
Net increase (decrease) in cash and cash equivalents	3,600,527
Fiscal period start cash and cash equivalents	11,183,885
Fiscal period end cash and cash equivalents	14,784,412

The Payout Policy

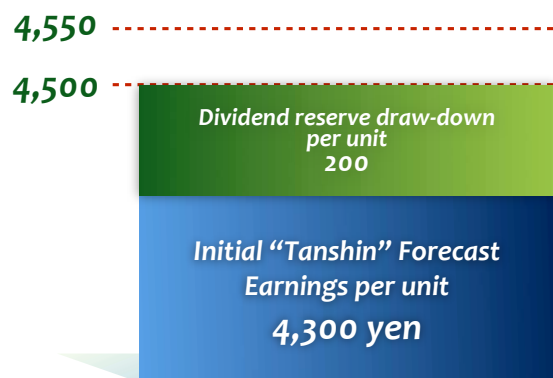
Stable Payout with an Upside Potential

Under the new payout policy, ADR will continue to stabilize dividends by using reserve for dividends as before, but when the management performance is solid, dividends will be increased by how much the result beats the “Tanshin” forecast.

Forecast

“Tanshin” Forecast

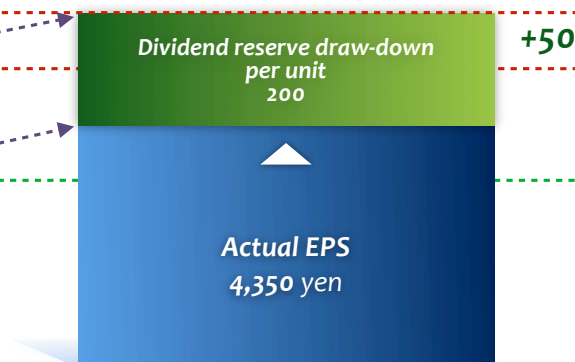
Earnings per share **4,300** yen
Reserve draw-down per share **200** yen
Dividend per share **4,500** yen



Result

IF the result beats the forecast

Assuming the actual EPS result is **4,350** yen
beating the forecast by **50** yen
dividend will increase by **50** yen
to **4,550** yen



IF the result is lower than the forecast

Assuming the actual EPS result is **4,250** yen
Reserve draw-down increased to **250** yen
dividend will remain at **4,500** yen



The actual dividends will be decided by the ADR's board based on a comprehensive consideration of such factors as the amount exceeding the forecast net income per investment unit announced in the previous fiscal period's “tanshin” (an abridgment of business performance), increase/decrease in rent and status of occupancy of portfolio, status of cash reserves, level of LTV, debt costs and balance of reserve for dividends.



Appendix on External Growth

Occupancy by Unit-type & Rent Level

Greater Tokyo Area

Single Type Units

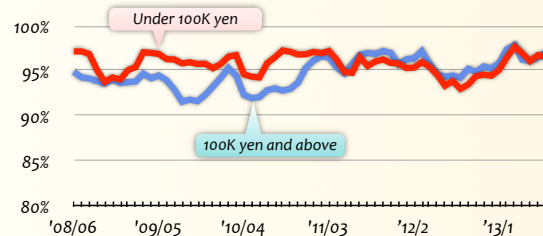
Occupancies are stable in all rent levels.

% share by location

Under 100K yen 9.0%

100K yen and above 7.8%

16.8%



Family & Large Type Units

Volatilities in occupancies are highest in rents above 250K yen.

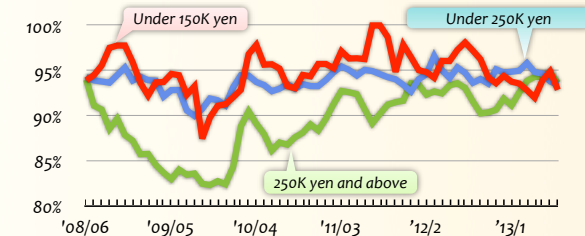
% share by location

Under 150K yen 1.3%

Under 250K yen 10.6%

250K yen and above 7.4%

19.2%



Compact Type Units

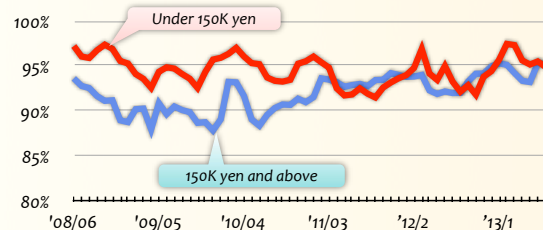
The differences in volatility in occupancies are smaller between the rent level in recent fiscal periods.

% share by location

Under 150K yen 4.0%

150K yen and above 11.5%

15.5%



Regional Areas

All Unit Types

Volatilities in occupancies are relatively more stable in rent levels under 150K yen.

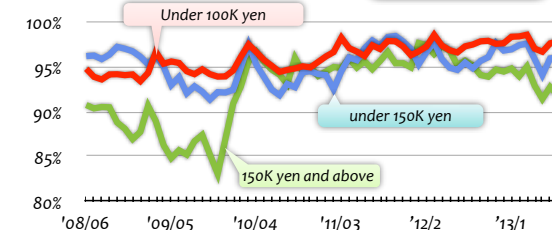
% share by location

Under 100K yen 11.4%

Under 150K yen 6.9%

150K yen and above 2.7%

21.1%



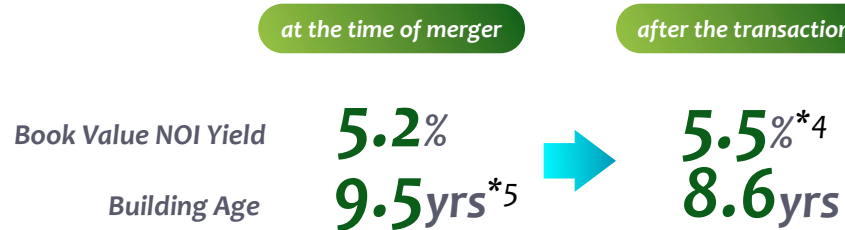
* 72.6% of units of the total portfolio are included in the above figures and charts. Guaranteed rent units, commercial units such as offices and stores are excluded. % share by locations are percentage share of the total portfolio rentable area at the end of 6th fiscal period.

Building a High Quality Portfolio

Acquisitions and Dispositions Since the Merger

	Acquisitions	Dispositions
No. of Properties	53	36
Total Value (Acquisition Price)	90.9 bn yen	39.3 bn yen
Weighted Average NOI Yield	6.0%* ₁	4.9%* ₂
Weighted Average Building Age* ₃	3.9 yrs	9.9 yrs

Improving Yield and Reducing Average Age



Balanced and Diversified Acquisition Sources

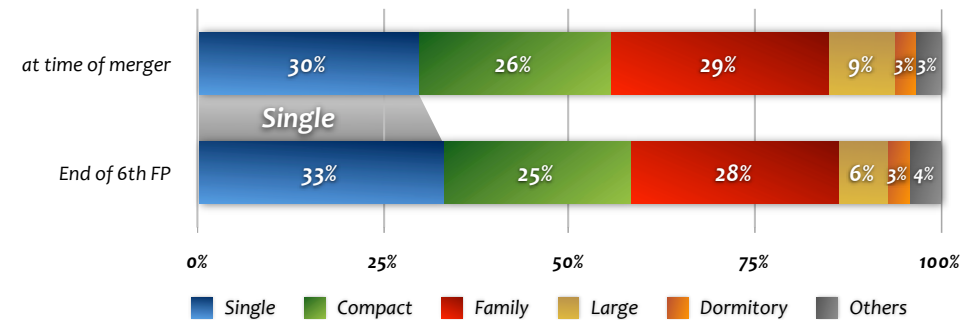
Transactions since the Merger	The Sponsor Group* _{6,7}	Bridge Funds* ₈	Third party and Others	Total
No. of Properties	14	12	27	53
Total Acquisition Value (bn yen)	23.6	17.3	50.0	90.9
Share of Sources	25.9%	19.1%	55.0%	100.0%

Acquisition Focused on Single-type Units in Central Tokyo and Regional Cities

in number of residential units

	Single	Compact	Family	Large	Dormitory	Others	Total
Tokyo Central 7 Wards	+361	-33	-42	-62	0	+8	+232
Central Tokyo ex 7	+907	+458	+370	+11	0	+8	+1,754
Tokyo Metropolitan	+241	-18	-72	0	+172	-2	+321
Major Regional Cities	+895	+258	+141	-6	0	-4	+1,284
Total	+2,404	+665	+397	-57	+172	+10	+3,591

Unit-type Ratio (based on rentable space)



The figures in this slide are all based on data as of September 13, 2013. To-be-acquired asset as of the publication date of this slide (September 10, 2013) is also included.

*₁ Weighted average NOI yield of acquisitions

= Total annual NOI as entered on the appraisal of acquisitions ÷ Total of the acquisition prices × 100%

*₂ Weighted average NOI yield of dispositions = Total actual annual NOI ÷ Total of the historical acquisition prices × 100

*₃ Weighted average building age is acquisition price weighted average as of the time of acquisition or disposition.

*₄ The following figures are used to calculate the Book Value NOI Yield. Annualized NOI ÷ 6th FP end book value, where the NOI is annualized using the actual days in operation during the 6th FP. For the asset acquired between after 6th FP end and September 13, 2013, the appraisal NOI is used for annualized NOI and the acquisition price is used for book value.

*₅ Weighted Average age of buildings held at the time of merger as of September 13, 2013

*₆ The Sponsor Group applies to Itochu Corporation, who is the parent company of ADR's asset management company, and its subsidiaries.

*₇ The assets acquired from the Sponsor Group includes 9 properties developed by the Sponsor Group and 5 properties which were not developed but warehoused according to Advance Residence's request. The 9 properties' acquisition price total is 16.1 billion yen. The 5 properties' acquisition price total is 7.4 billion yen.

*₈ Bridge Funds are property funds which are often TK and where ADR has a right of first refusal on the assets under management.

6th & 7th Fiscal Period New Acquisitions

(including to-be acquired assets)

	Total	Tokyo Central 7 Wards	Central Tokyo ex 7	Tokyo Metropolitan	Major Regional Cities
Properties	15	6	1	1	7
Acquisition price (million yen)	29,627	9,724	8,250	1,050	10,603
Share	100.0%	32.8%	27.8%	3.5%	35.8%
Weighted average NOI yield	5.9%	5.4%	5.7%	6.5%	6.5%
Weighted average building age (as of acquired date)	4.5yrs	3.3yrs	3.9yrs	3.2yrs	6.1yrs
No. of rentable units	1,700	426	472	85	717

C-65 RESIDIA TOWER Kami-Ikebukuro

Source: Market



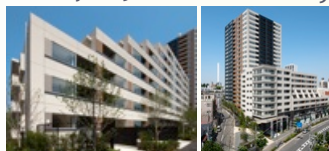
Area	Central Tokyo ex 7
Location	Toshima-ku, Tokyo
Acquisition price	8,250million yen
Appraisal price	8,340million yen
NOI yield	5.7%
No. of rentable units	472units

Annex Building Completed
Sept. 2008



Park Building Completed
February 2009

Tower Building Completed
May 2009



P-91 RESIDIA Meguro III

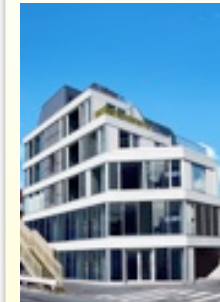
Source: Market



Area	Tokyo Central 7 Wards
Location	Meguro-ku, Tokyo
Acquisition price	950million yen
Appraisal price	1,000million yen
NOI yield	5.3%
No. of rentable units	31units
Completion date	January 2010

P-92 RESIDIA Jiyugaoka II

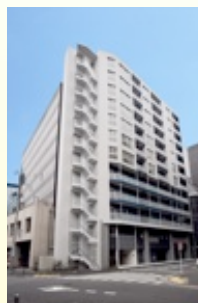
Source: Bridge Fund



Area	Tokyo Central 7 Wards
Location	Setagaya-ku, Tokyo
Acquisition price	778million yen
Appraisal price	885million yen
NOI yield	5.9%
No. of rentable units	17units
Completion date	October 2007

P-93 RESIDIA Kudanshita II

Source: Sponsor



Area	Tokyo Central 7 Wards
Location	Chiyoda-ku, Tokyo
Acquisition price	1,240million yen
Appraisal price	1,290million yen
NOI yield	5.3%
No. of rentable units	48units
Completion date	January 2012

P-94 RESIDIA Oomori II

Source: Sponsor



Area	Tokyo Central 7 Wards
Location	Shinagawa-ku, Tokyo
Acquisition price	1,620million yen
Appraisal price	1,740million yen
NOI yield	5.6%
No. of rentable units	90units
Completion date	March 2012

P-95 RESIDIA Shirokane-Takanawa

Source: Sponsor



Area	Tokyo Central 7 Wards
Location	Minato-ku, Tokyo
Acquisition price	1,480million yen
Appraisal price	1,570million yen
NOI yield	5.2%
No. of rentable units	53units
Completion date	March 2012

- * Names of properties will be changed to the listed names.
- * Acquisition prices are rounded down to the nearest million. The appraisal price at the time of acquisition is listed.
- * NOI yields = appraisal NOI ÷ acquisition price × 100%

6th & 7th Fiscal Period New Acquisitions

(including to-be acquired assets)

P-96 RESIDIA Nakaochiai

Source: Market



7th Fiscal Period Acquisition

Area	Tokyo Central 7 Wards
Location	Shinjuku-ku, Tokyo
Acquisition price	3,656million yen
Appraisal price	3,870million yen
NOI yield	5.3%
No. of rentable units	187units
Completion date	March 2008

S-29 Cocofump Hiyoshi

Source: Market



Area	Tokyo Metropolitan
Location	Yokohama, Kanagawa
Acquisition price	1,050million yen
Appraisal price	1,090million yen
NOI yield	6.5%
No. of rentable units	85units
Completion date	January 2010

R-45 RESIDIA Kita-Nijyo East

Source: Bridge Fund



Area	Major Regional Cities
Location	Sapporo, Hokkaido
Acquisition price	894million yen
Appraisal price	968million yen
NOI yield	6.8%
No. of rentable units	56units
Completion date	March 2006

R-46 RESIDIA Shinsaibashi West

Source: Bridge Fund



Area	Major Regional Cities
Location	Osaka, Osaka
Acquisition price	1,921million yen
Appraisal price	2,050million yen
NOI yield	6.2%
No. of rentable units	97units
Completion date	February 2007

R-47 RESIDIA Marunouchi

Source: Bridge Fund



Area	Major Regional Cities
Location	Nagoya, Aichi
Acquisition price	972million yen
Appraisal price	1,010million yen
NOI yield	6.1%
No. of rentable units	86units
Completion date	January 2007

R-48 RESIDIA Sapporo-ekimae

Source: Bridge Fund



Area	Major Regional Cities
Location	Sapporo, Hokkaido
Acquisition price	1,483million yen
Appraisal price	1,710million yen
NOI yield	7.1%
No. of rentable units	168units
Completion date	February 2007

R-49 RESIDIA Goshohigashi

Source: Bridge Fund



Area	Major Regional Cities
Location	Kyoto, Kyoto
Acquisition price	1,227million yen
Appraisal price	1,280million yen
NOI yield	6.2%
No. of rentable units	57units
Completion date	September 2007

R-50 RESIDIA Rakuhoku

Source: Bridge Fund



Area	Major Regional Cities
Location	Kyoto, Kyoto
Acquisition price	874million yen
Appraisal price	898million yen
NOI yield	6.3%
No. of rentable units	75units
Completion date	March 2008

R-51 RESIDIA Miyakojima I & II

Source: Market



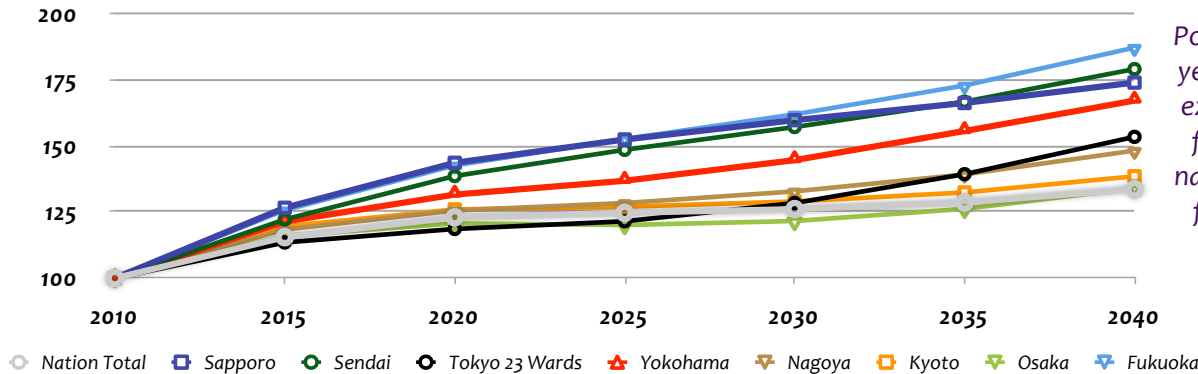
Area	Major Regional Cities
Location	Osaka, Osaka
Acquisition price	3,232million yen
Appraisal price	3,510million yen
NOI yield	6.5%
No. of rentable units	178units
Completion date	September 2006

- * P-96 RESIDIA Nakaochiai is a to-be-acquired property. Scheduled acquisition date is Sept. 13, 2013. As of Sept. 10, 2013, the property is not yet acquired.
- * Names of properties will be changed to the listed names.
- * Acquisition prices are rounded down to the nearest million. The appraisal price at the time of acquisition is listed.
- * NOI yields = appraisal NOI ÷ acquisition price × 100%

Senior Housing Market

Growing Senior Housing Market

Population trend of 65 years or older
(Indexed using 2010 figure as 100)



Population of 65 years or older is expected to grow for the whole nation as well as for the major cities

(Source: National Institute of Population and Social Security Research, figures as of March 2013)

Private Nursing Home Holding

S-22 Life & Senior House Kohoku II

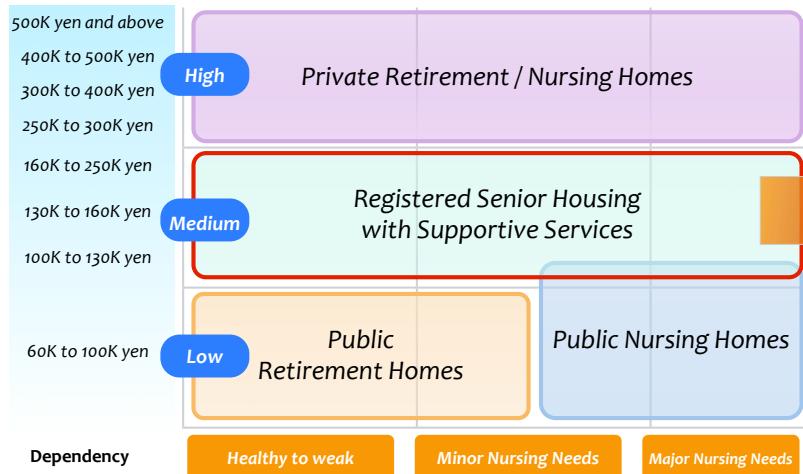
6FP Actual NOI Yield **7.3%**



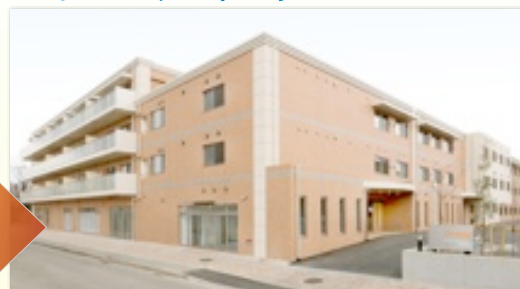
Area	Tokyo Metropolitan
Location	Kohoku-ku, Kanagawa
Acquisition price	1,670 million yen
No. of rentable units	78 units
Operator	Seikatsu Kagaku Un-Ei Co., Ltd.

First J-REIT to Invest in Registered Senior Housing with Supportive Services

Level of Out-of-pocket
Monthly Burden



S-29 Cocofump Hiyoshi 6FP Actual NOI Yield **7.0%**



Area	Tokyo Metropolitan
Location	Kohoku-ku, Kanagawa
Acquisition price	1,050 million yen
No. of rentable units	85 units
Operator	Gakken Cocofump Corporation

Highly Rated Points

- **Good Transportation and good living environment**
(8min. walk to Yokohama Municipal Subway Green Line Hiyoshi-honcho Station)
- **Capable of providing comprehensive medical and nursing services at the attached facility**
(day care, home care, pharmacy and medical clinic, etc.)
- **Facility operator, Gakken Cocofump Corporation being part of a TSE 1st section listed company group**
- **Affordable move-in fee (2 month deposit), having a relatively low rent burden**

Gakken Cocofump Corporation is a leading operator of Registered Senior Housing with Supportive Services (RSHSS). It has a solid track record from operating **38 RSHSS** mainly within the Tokyo metropolitan region.

Parent Company: Gakken Cocofump Holdings Co., Ltd.
(Listed company on the TSE 1st Section)
Main Business: Planning, developing, operating RSHSS and providing other senior nursing related services.

Dormitories and Student Apartments

No. of properties

11 properties

Actual NOI yield

7.1%

Occupancy
(Residential portion)

100%

No of rentable units

2,098 units

Total of acquisition price

15,920 million yen

Investment ratio of
portfolio

4.0%

Dormitories*1

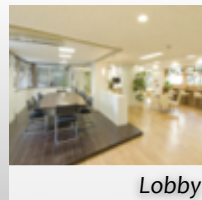
*1 Dormitories are apartments either have common bathrooms or laundry spaces within in the property and offer meals

S-1 Hiyoshidai Student Heights

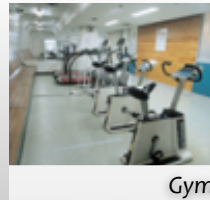
Actual NOI yield 10.6%



Location	Yokohama-shi, Kanagawa
No of units	920units
Completion Date	Mar. 1969
Main Univ.	Keio University



Lobby



Gym

* Quake-proofing renovation in 2002

S-11 Wako Student Heights

Actual NOI yield 6.3%
Study room



Location	Wako-shi, Saitama
No of units	127units
Completion Date	Apr. 1990
Main Univ.	Waseda university



S-23 College Court Tanashi

Actual NOI yield 7.5%
Cafeteria



Location	Nishitokyo-shi, Tokyo
No of units	91units
Completion Date	Feb. 2010
Main Univ.	Waseda university



Student apartments*2

*2 Student apartments are normal apartments where the tenants are exclusively students.

P-3 RESIDIA Nakameguro

Actual NOI yield 5.7%



Location	Meguro-ku, Tokyo
No of units	88units
Completion Date	Feb. 2005
Main Univ.	The University of the Sacred Heart Keio University

P-85 RESIDIA Komazawa

Actual NOI yield 5.9%



Location	Setagaya-ku, Tokyo
No of units	59units
Completion Date	Oct. 2008
Main Univ.	Komazawa University Aoyama Gakuin University

C-28 RESIDIA Oji

Actual NOI yield 6.1%



Location	Kita-ku, Tokyo
No of units	61units
Completion Date	Feb. 2005
Main Univ.	Tokyo University

C-50 RESIDIA Shin Itabashi

Actual NOI yield 6.2%



Location	Itabashi-ku, Tokyo
No of units	67units
Completion Date	Aug. 2009
Main Univ.	Teikyo University Toyo university

S-15 RESIDIA Okurayama

Actual NOI yield 6.0%



Location	Yokohama-shi, Kanagawa
No of units	64units
Completion Date	Mar. 1998
Main Univ.	Kanagawa University Teikyo University

R-2 RESIDIA Imadegawa

Actual NOI yield 6.7%



Location	Kyoto-shi, Kyoto
No of units	154units
Completion Date	Feb. 1999
Main Univ.	Doshisha University

R-8 RESIDIA Kobe Port Island

Actual NOI yield 6.0%



Location	Kobe-shi, Hyogo
No of units	404units
Completion Date	Mar. 2007
Main Univ.	Kobe Gakuin University Kobe Women's University Hyogo University of Health Sciences

R-38 RESIDIA Hirose-dori

Actual NOI yield 7.5%



Location	Sendai, Miyagi
No of units	63units
Completion Date	February 2010
Main Univ.	Tohoku University

* Actual NOI yield = 6th FP actual annualized NOI ÷ book value × 100%.

Internal Migration Statistics

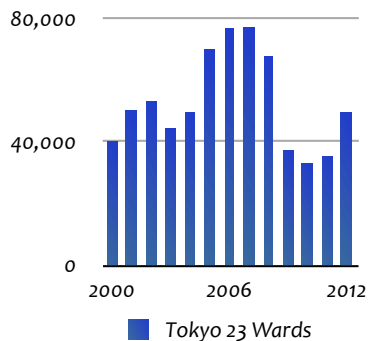
Population Inflow to Central Tokyo and Major Regional Cities Continues

Net Inflow is Pre-dominantly Younger Generation

Migration Statistics of Major Cities in Japan

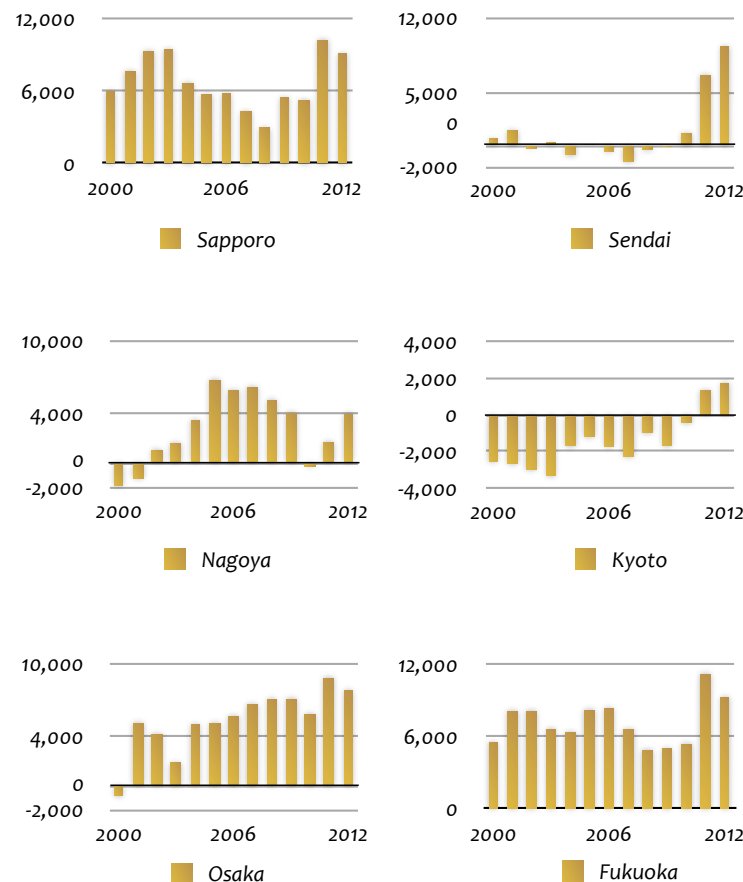
Tokyo 23 Wards unit: no. of people

ADR's Investment Ratio 74%



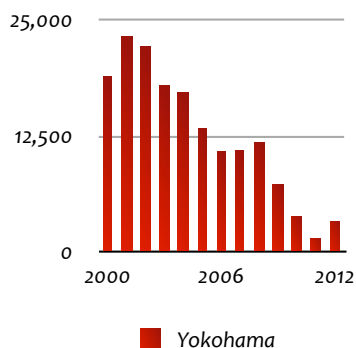
Major Regional Cities unit: no. of people

ADR's Investment Ratio 15%



Cities in Tokyo Metropolitan Area

ADR's Investment Ratio 11%



Tokyo's Population Inflow by Age Group

Tokyo Prefecture unit: no. of people

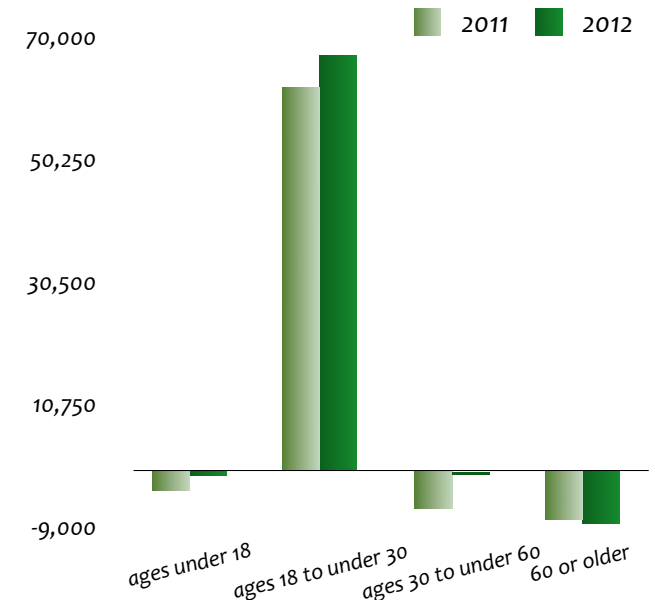
ADR's Investment Ratio* 46%

* The ratio is for number of single and compact type units in Tokyo 23 wards.

Residential Needs of Younger Generation



Single & Compact Type Units

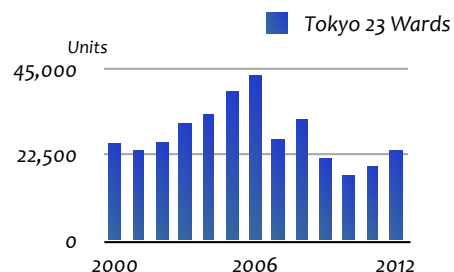


Source: "Report on Internal Migration in Japan" Statistics Bureau, Ministry of Internal Affairs and Communications; "Report on Internal Migration" Statistics Division, Bureau of General Affairs, Tokyo Metropolitan (2012)

Housing Starts

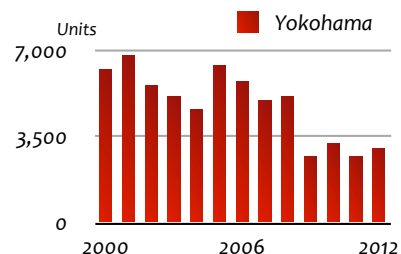
Housing Starts Halved from the Peak since Lehman Shock

Tokyo 23 Wards



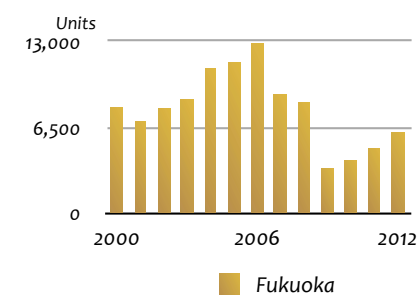
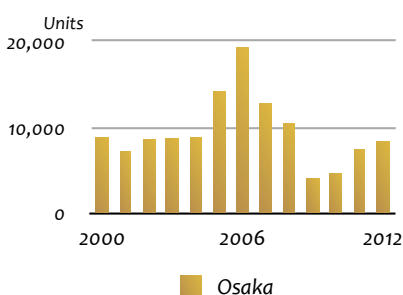
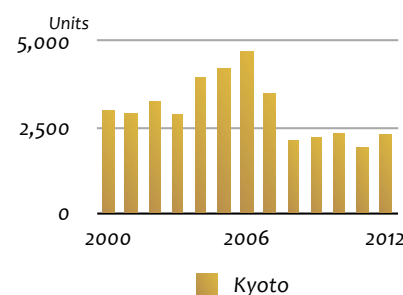
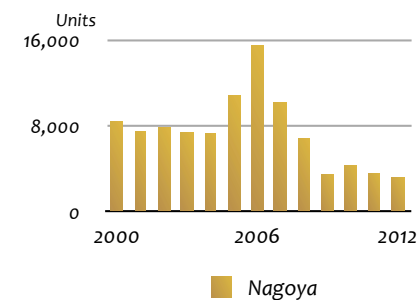
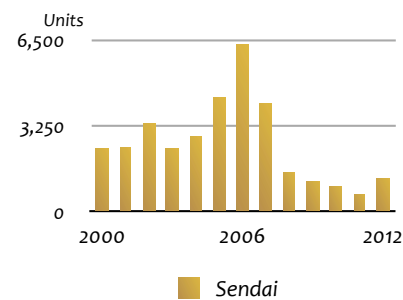
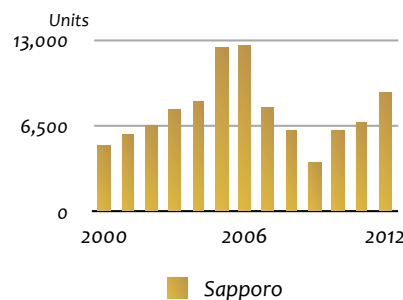
ADR's Investment Ratio in the Region
74%

Tokyo Metropolitan Area



ADR's Investment Ratio in the Region
11%

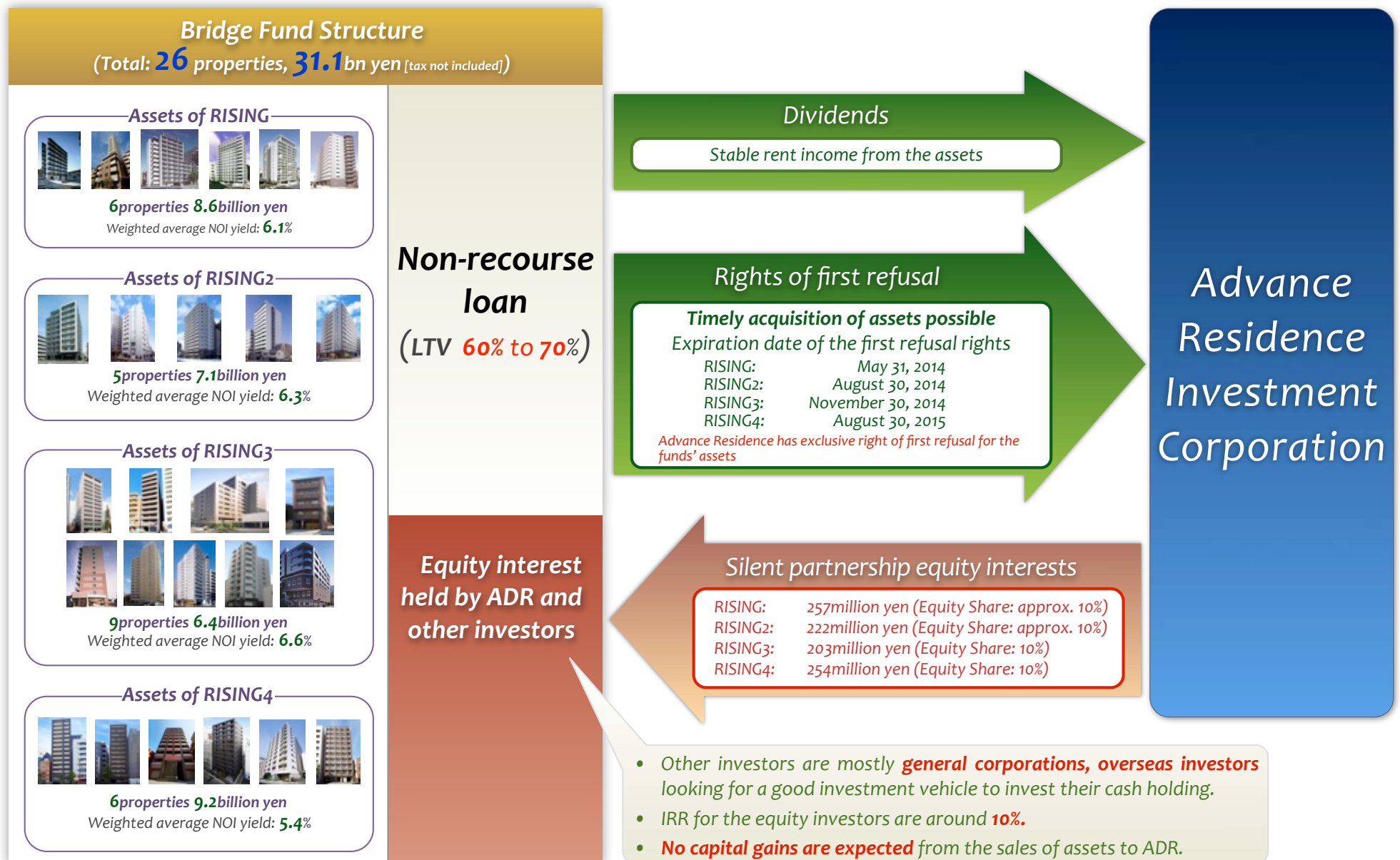
Major Regional Cities



ADR's Investment Ratio in the Region
15%

Source: Ministry of Land, Infrastructure, Transportation and Tourism, Policy Bureau, Information Policy Division, Construction Statistics Office "Housing Starts" (RC and SRC Construction Rented Collective Housing) (2012)

Bridge Funds (Warehousing Vehicles)



* Weighted average NOI yield = total appraisal NOI at the time of equity interest investment ÷ right of first refusal acquisition price total × 100%



Appendix on Internal Growth & Finance

Measures to Reduce Rent Declines Caused by Aging

Rent Decline due to Aging

Supply of new properties

Equipments become obsolete

Quality decline due to wearing

Change in tenants' needs



Gradual decline in Competitiveness

Measures taken to prevent or reduce rent declines

Building Maintenance

Daily Cleaning

Equipment Maintenance

Daily Repairs

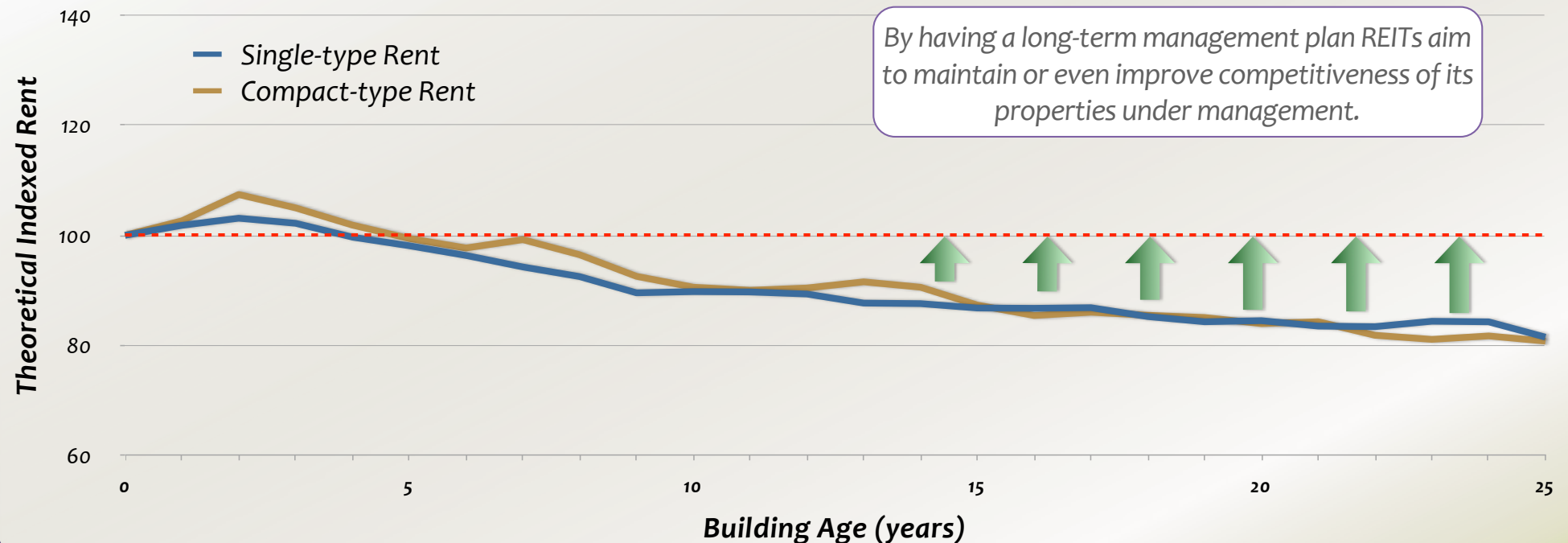
Timely Capital Expenditures

Large-scale renovations of common areas and exteriors

Renovations of individual apartment units



Providing living environment matching the tenants' needs



* Figures are indexed theoretical rent categorized by year and building age using actual rents provided by At Home Co., Ltd., of which Sumitomo Mitsui Trust Research Institute Co., Ltd. statistically processed using hedonic method.

* Analysis was conducted separately between rent data from single-type units (18m² to 30m²) and compact-type units (30m² to 60m²) of apartment in 23 wards of Tokyo.

Renovation Examples in ADR's Properties

By taking proper measures competitiveness can be maintained

Examples of Measures Taken

P-73 RESIDIA Shibaura

Building age 22 years

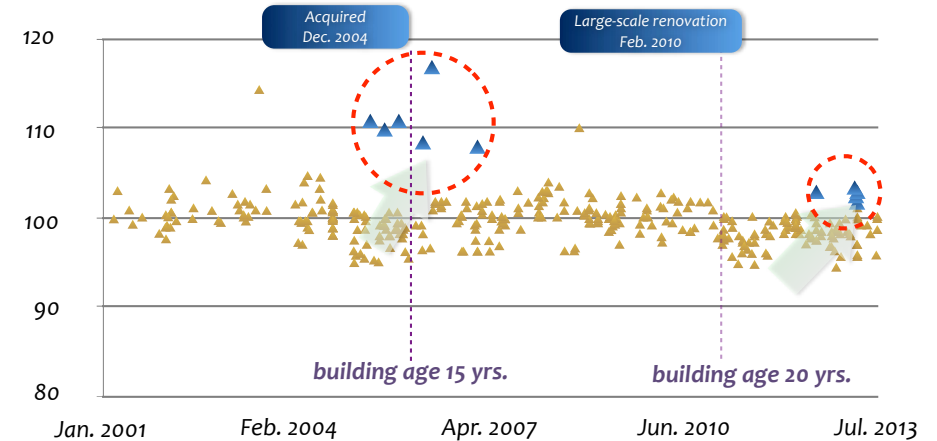
Common area renovation
(Cost: 128 million yen)



Individual apartment unit
upgrading renovations
(Cost: 4,500 thousand yen/unit)



Impact of the measures taken



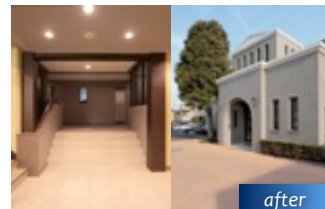
* Rents for RESIDIA Shibaura are indexed by basing the average per m² rent during 2001 as 100.

▲ Indexed rent for upgraded units
▲ Indexed rent for non-upgraded units

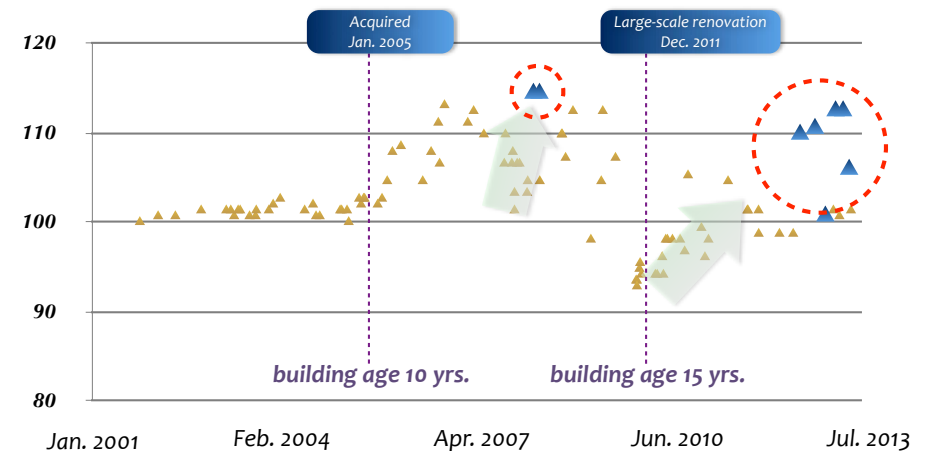
S-19 RESIDIA Kichijoji

Building age 18 years

Common area renovation
(Cost: 32 million yen)



Individual apartment unit
upgrading renovations
(Cost: 3,850 thousand yen/unit)



* Rents for RESIDIA Kichijoji are indexed by basing the average per m² rent during 2001 as 100.

▲ Indexed rent for upgraded units
▲ Indexed rent for non-upgraded units

Lowering Costs through Economy of Scale

Total cost reduction since the merger
6th fiscal period cost reduction

258 million yen / annum
10 million yen / annum

in million yen / annum

■ Property Management Fees

total	69
6 th Fiscal Period	-
1-5 th Fiscal Period	69

■ Appraisal Fees

total	39
6 th Fiscal Period	-
1-5 th Fiscal Period	39

■ Building Management Fees

total	60
6 th Fiscal Period	-
1-5 th Fiscal Period	60

■ Custodial Fees

total	37
6 th Fiscal Period	1
1-5 th Fiscal Period	36

■ Electricity Bill for Shared Spaces

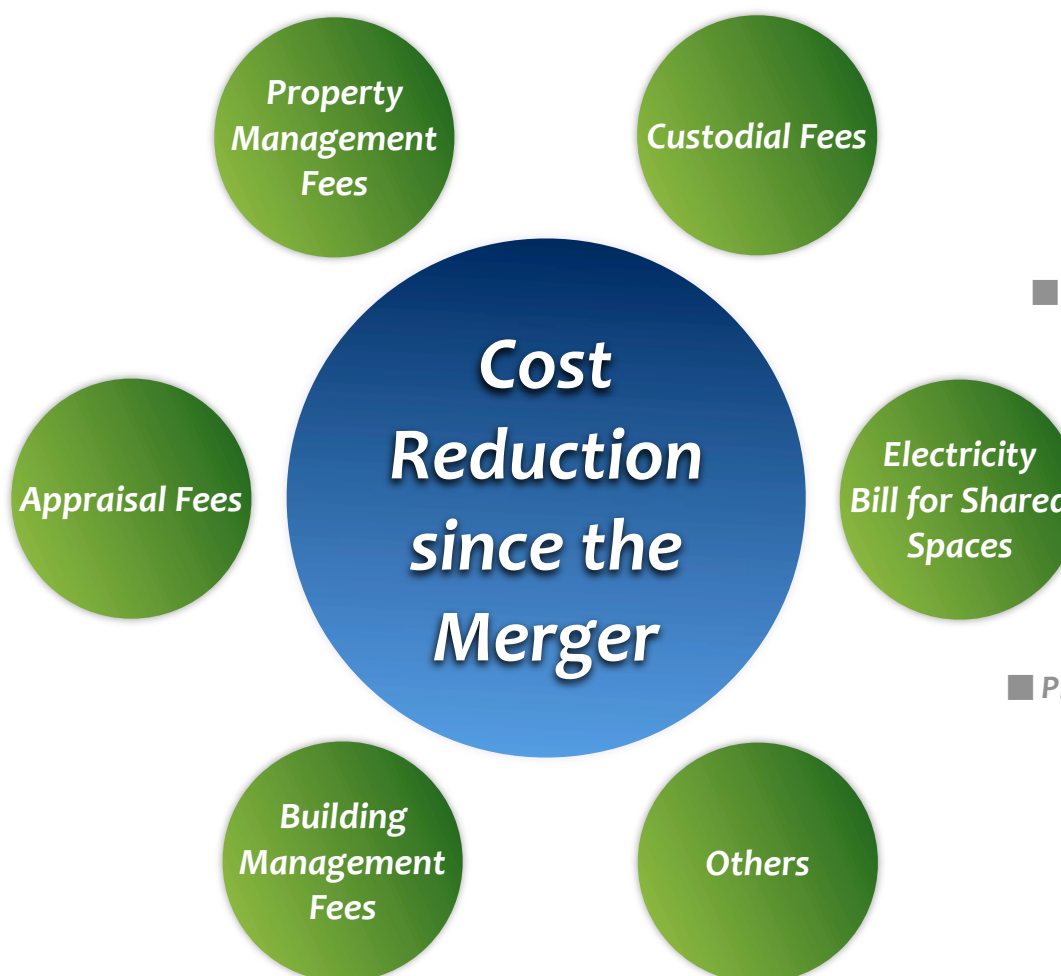
■ LED Lighting

total	39
6 th Fiscal Period	7
1-5 th Fiscal Period	31

■ Property Insurance Fees

■ Internet Provider

total	11
6 th Fiscal Period	0.9
1-5 th Fiscal Period	10



*All un-shown decimals are rounded down

Brand Strategy

The Brand

RESIDENCE

×

ARCADIA

RESIDIA



189 properties

as of September 13, 2013

Tenant Service

RESIDIA Customer Support

24hours, 7days a week, RESIDIA customer support for tenants. Providing housekeeping services (ex. cleaning) and emergency responses (ex. water leak, key lost), etc.

Moving Support from RESIDIA to RESIDIA

If RESIDIA tenants move to other RESIDIA apartments, tenants do not have to pay key money nor broker fee. Therefore tenants can save moving cost and ADR can keep high occupancy.

KAJITAKU ~Tenant Service~

“KAJITAKU” provides housekeeping services.



×



Leasing Channel

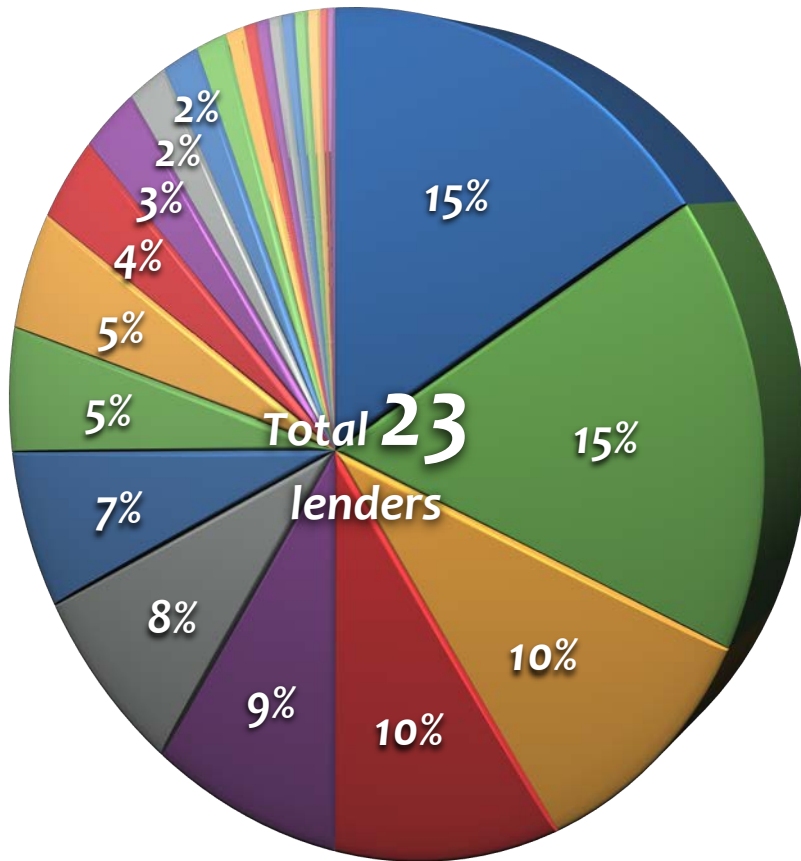


RESIDIA Leasing Website <http://www.residia.jp/>



RESIDIA Shibuya Building Sign

Lender Line-up



The 23 lineup of lenders includes
3 mega banks, 3 major trust banks

▷ The 77 bank to join line up on September 2013

as of September 13, 2013

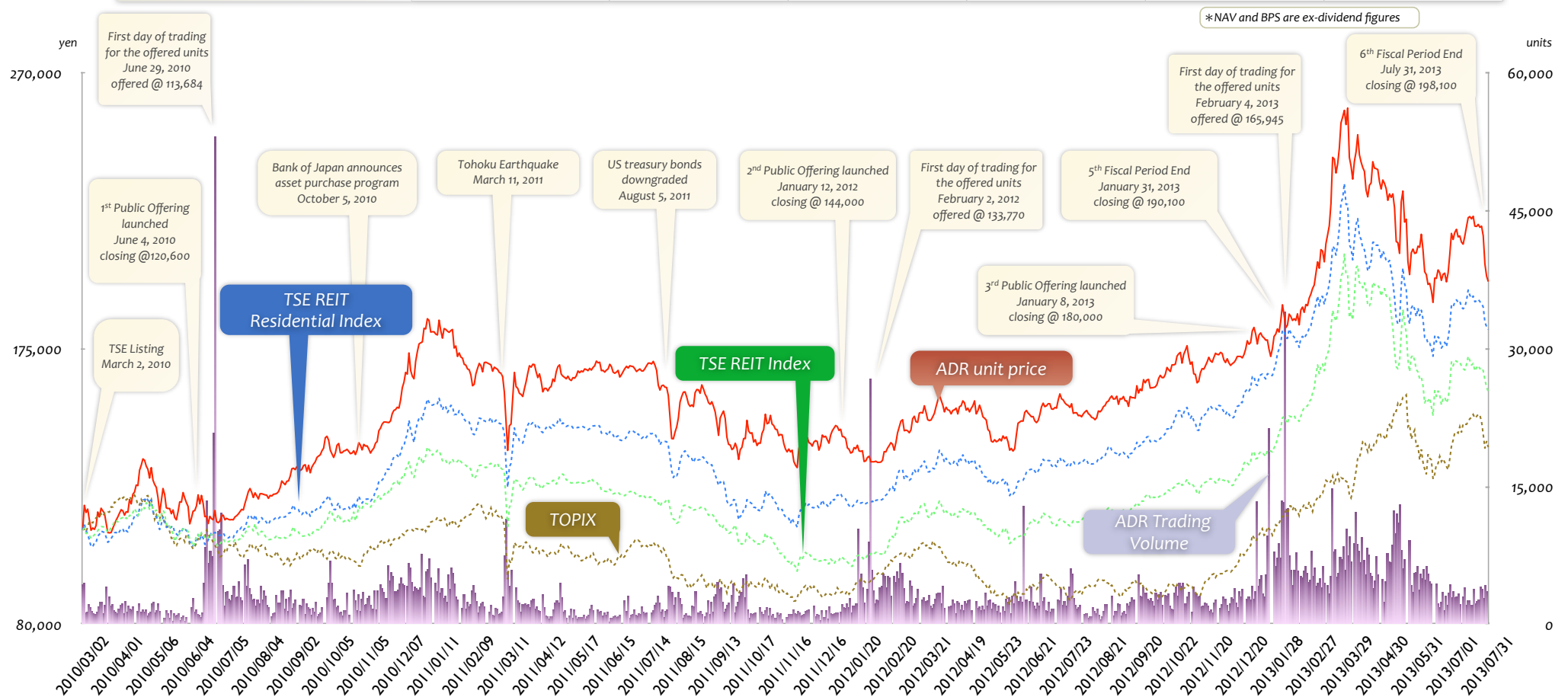
Lenders	Loan Outstanding (bn yen)	% share
Sumitomo Mitsui Trust Bank	27.5	15.3
The Bank of Tokyo-Mitsubishi UFJ	27.5	15.2
Mizuho Bank	17.7	9.8
Sumitomo Mitsui Banking	17.7	9.8
Mitsubishi UFJ Trust & Banking	15.6	8.7
Development Bank of Japan Inc.	14.2	7.9
Aozora Bank	12.2	6.8
Mizuho Trust & Banking	9.6	5.3
Resona Bank	9.1	5.1
The Norinchukin Bank	6.5	3.6
The Bank of Fukuoka	5.0	2.8
Shinsei Bank	3.4	1.9
Taiyo Life Insurance	3.0	1.7
The Nishi-Nippon City Bank	2.5	1.4
Tokio Marine & Nichido Fire Insurance	1.5	0.8
Mitsui Sumitomo Insurance	1.0	0.6
The Yamaguchi Bank	1.0	0.6
The Tokyo Tomin Bank	1.0	0.6
The Gunma Bank	1.0	0.6
The Kagawa Bank	1.0	0.6
The Hiroshima Bank	1.0	0.6
The Iyo Bank	0.6	0.3
The 77 Bank	0.5	0.3
Total	180.6	100.0



Other Reference Materials

Unit Price Chart

Key Figures	End of 1 st FP	End of 2 nd FP	End of 3 rd FP	End of 4 th FP	End of 5 th FP	End of 6 th FP
Market capitalization	168.8 bn yen Jan. 31, 2011 closing @172,300	158.9 bn yen July 29, 2011 closing @162,200	134.7 bn yen Jan. 31, 2012 closing @137,500	168.1 bn yen July 31, 2012 closing @152,900	209.1 bn yen Jan. 31, 2013 closing @190,100	245.6 bn yen Jul. 31, 2013 closing @198,100
Average Trading volume	0.44 bn yen / day 3,247units	0.31 bn yen / day 1,920units	0.27 bn yen / day 1,908units	0.47 bn yen / day 3,160units	0.54 bn yen / day 3,208units	1.29 bn yen / day 6,055units
LTV (Total assets base)	52.4%	53.5%	54.6%	53.7%	53.8%	51.2%
NAV per Unit (yen)	152,749	154,360	156,459	155,966	158,313	164,311
ex Dividend Payment Reserve (yen)	113,307	117,984	120,504	124,465	127,061	136,917
BPS (yen)	159,564	156,548	156,141	152,689	152,440	153,020
ex Dividend Payment Reserve (yen)	120,122	120,172	120,185	121,188	121,188	125,626
Implied CAP rate	5.1%	5.2%	5.3%	5.2%	4.6%	4.6%

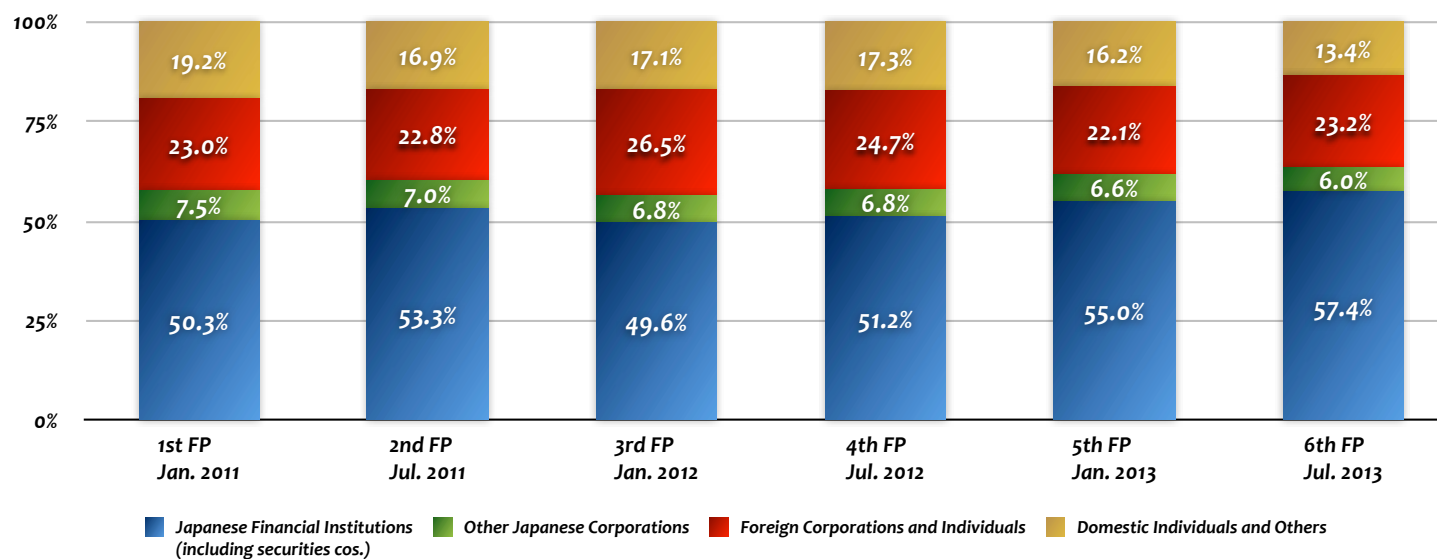


Major Unitholders

Increase in Japanese Financial Institutions' Holdings

	Number of Units		Number of Unitholders	
	Units	(%)	Unit-holders	(%)
Japanese Financial Institutions (including securities cos.)	711,732	57.4%	155	0.7%
Other Japanese Corporations	74,502	6.0%	331	1.4%
Foreign Corporations and Individuals	287,705	23.2%	226	1.0%
Domestic Individuals and Others	166,061	13.4%	22,701	97.0%
Total	1,240,000	100.0%	23,413	100.0%

Name of Unitholders	Holdings (units)	% share of issued and outstanding
Japan Trustee Services Bank, Ltd. (Tr. Acc.)	288,592	23.3%
The Master Trust Bank of Japan, Ltd (Tr. Acc.)	71,088	5.7%
The Nomura Trust and Banking Co., Ltd. (Inv. Tr. Acc.)	65,793	5.3%
Trust & Custody Services Bank, Ltd. (Securities Inv. Tr. Acc.)	65,203	5.3%
NOMURA BANK (LUXEMBOURG) S.A.	50,587	4.1%
ITOCHU Corporation	34,800	2.8%
NORTHERN TRUST CO. (AVFC) SUB A/C BRITISH CLIENTS	20,051	1.6%
Mizuho Trust & Banking Co., Ltd.	18,083	1.5%
Trust & Custody Services Bank, Ltd. (Cash in Tr. Taxable Acc.)	16,783	1.4%
The Gibraltar Life Insurance Co., Ltd.	11,746	0.9%



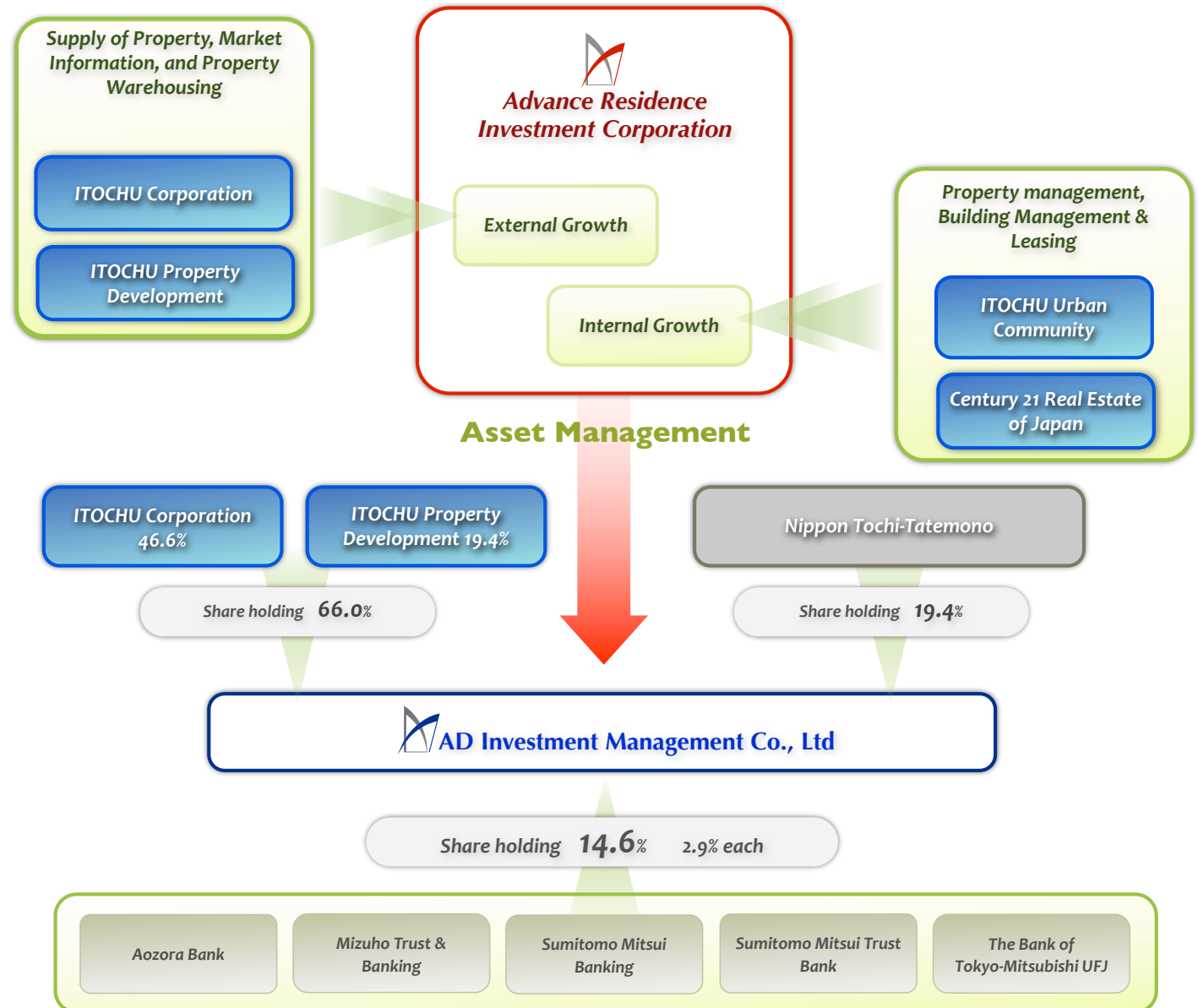
Sponsor Support

Support from ITOCHU Group

Being a member of a major conglomerate trading house, the ITOCHU Group, AD Investment Management Co., Ltd., the asset management company, utilizes the support of ITOCHU Group to maximize the asset of Advance Residence through external and internal growth.

Shareholders of the AD Investment Management Co., Ltd.

The shareholders of AD Investment Management Co., Ltd. not only include the companies of ITOCHU Group but also include five major Japanese financial institutions.



Asset Management Company Profile

Company Profile as of August 5, 2013

AD Investment Management Co., Ltd.

<http://www.adim.co.jp/>

Advance Residence Investment Corporation

<http://www.adr-reit.com/>

Name: AD Investment Management Co., Ltd.
Address: 9F Hitotsubashi SI Bldg., 3-26 Kanda-Nishikicho, Chiyoda-ku, Tokyo, Japan
Company Representative: Kenji Kousaka, Representative Director and President
Amount of Capital: 300 million yen
Type of Business: Asset Management

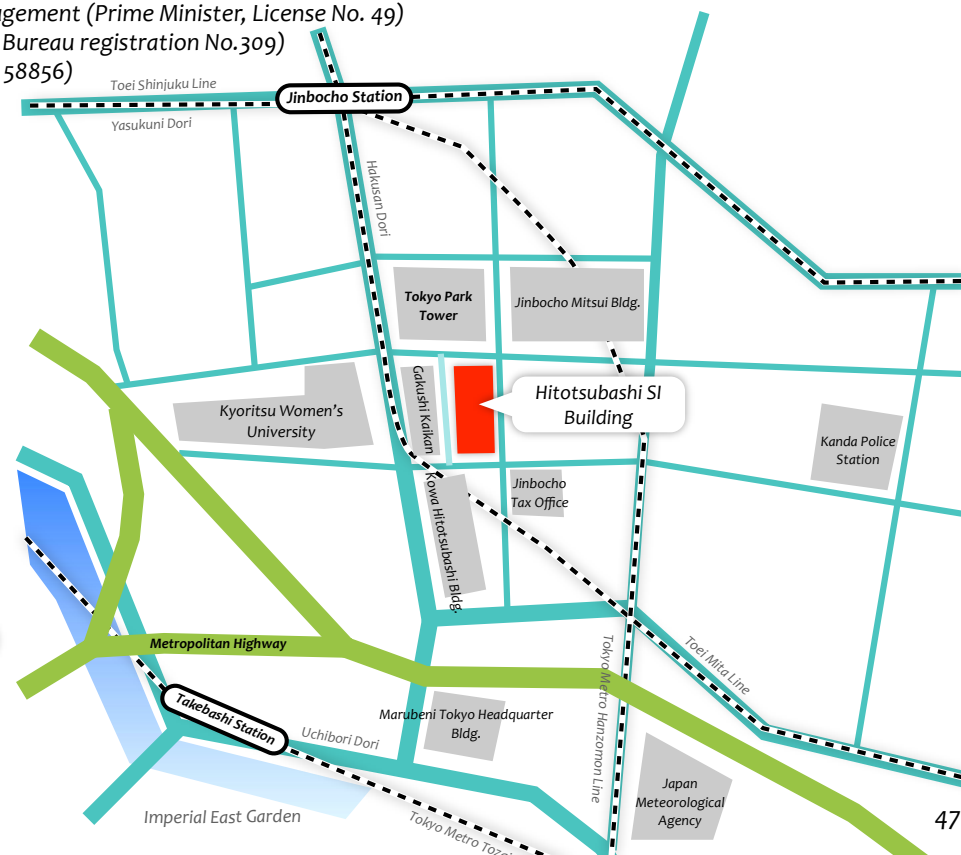
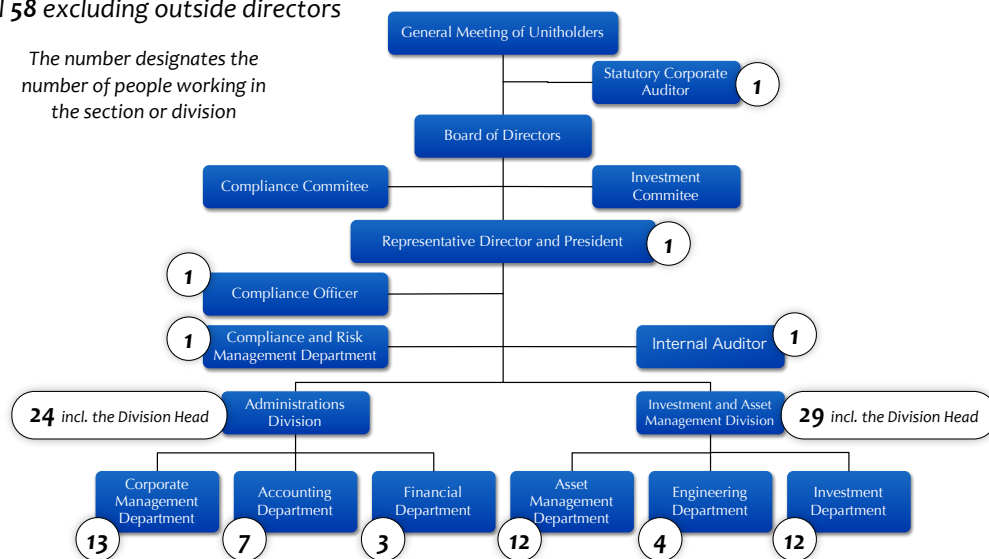
History: March 1, 2010 Merges with Pacific Residential Corporation
 May 17, 2005 Company name is changed to AD Investment Management Co., Ltd.
 February 2, 2005 Established as Japan Residential Management Co., Ltd.

Registrations and Licenses: Real estate agent's license (The Governor of Tokyo (2) No.84325)
 Approval for a discretionary transaction agent (Minister of Land, Infrastructure, Transport and Tourism Approval, No.37)
 Certification to conduct businesses related to investment trust management (Prime Minister, License No. 49)
 Registered for a financial instruments business (Kanto Local Finance Bureau registration No.309)
 Registered as First-Class-Architect Office (The Governor of Tokyo No. 58856)

Organizational Chart as of July 31, 2013

Total 58 excluding outside directors

The number designates the number of people working in the section or division



Portfolio Diversification Policy

Investment Regions* ¹	Investment ratio* ²
Tokyo Central 7 Wards	40 ~ 60%
Central Tokyo ex 7 Wards	20 ~ 40%
Tokyo Metropolitan (ex. the 23 Wards)	5 ~ 20%
Major Regional Cities	5 ~ 20%

Unit types	Investment ratio* ³
Singles	~ 50%
Compacts	20 ~ 40%
Families	20 ~ 40%
Large	~ 10%

■ In addition to the above, we invest in the following unit type.

Unit types	Investment ratio* ³
Dormitories	up to 20%

*Note

1. Tokyo Central 7 Wards include Minato, Chiyoda, Shibuya, Shinjuku, Meguro, Setagaya and Shinagawa. Tokyo Metropolitan (ex. the 23 Wards) include Tokyo (ex. the 23 Wards), Kanagawa, Saitama and Chiba. Major regional cities excluding cities located within Tokyo Metropolitan.
2. Investment ratios are calculated based on acquisition price.
3. Investment ratios are calculated based on leasable area.

Unit-type Definition

Number of Bedrooms	~30m ²	~40m ²	~50m ²	~60m ²	~70m ²	~80m ²	~90m ²	over 90m ²
Studio	S	S	C	C	L	L	L	L
1 Bedroom	S	C	C	C	L	L	L	L
2 Bedroom	-	C	C	F	F	F	F	L
3 Bedroom	-	-	F	F	F	F	F	L
4 Bedroom ~	-	-	-	-	F	F	F	L

Floor plan

Studio	1R, 1K, STUDIO
1Bedroom	1DK, 1LDK
2Bedroom	2DK, 2LDK, 1LDK+S
3Bedroom	3DK, 3LDK, 2LDK+S
4Bedroom ~	4DK, 4LDK, 3LDK+S, or units with more rooms

Dormitory Type Units

The units share common bathrooms and laundry spaces within in the property

Life & Senior House Kohoku 2, College Court Tanashi and Cocofump Hiyoshi are categorized as Dormitory type due to their characteristics

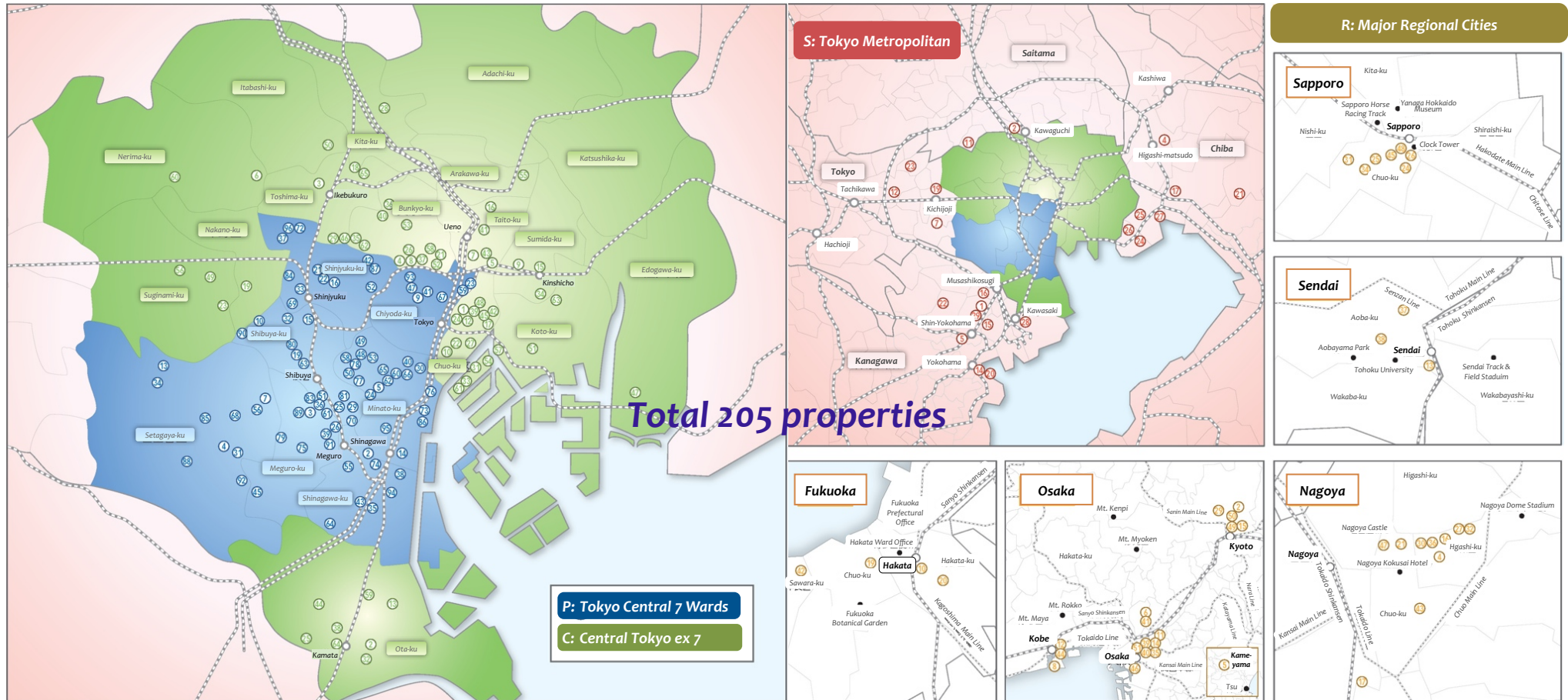
Unit types

- S = Single Type Units**
C = Compact Type Units
F = Family Type Units
L = Large Type Units

mostly for singles
 mostly for singles, couples or small families
 mostly for families
 mostly for foreign executives

ポートフォリオ・マップ

as of July 13, 2013



P-2 RESIDIA Shimazuyama	P-32 RESIDIA Yoyogi	P-56 RESIDIA Sangenjaya	P-78 RESIDIA TOWER Roppongi	C-4 RESIDIA Bunkyo-Hongo	C-28 RESIDIA Oji	C-50 RESIDIA Shin Itabashi	S-11 Wako Student Heights	R-8 RESIDIA Kobe Port Island	R-34 RESIDIA Odori-Koen
P-3 RESIDIA Nakameguro	P-33 RESIDIA Nishi-Shinjuku	P-58 RESIDIA Minami-Aoyama	P-79 RESIDIA Kamimeguro	C-5 RESIDIA Asakusabashi	C-29 RESIDIA Mejiro II	C-51 RESIDIA Kiba	S-12 RESIDIA Kokubunji	R-10 RESIDIA Hakata	R-35 RESIDIA Tanimachi
P-4 RESIDIA Setagaya-Tsurumaki	P-34 RESIDIA Kyoto	P-59 RESIDIA Kanda-Higashi	P-80 RESIDIA Yoyogikoen	C-6 Maison Eclairée Ekoda	C-31 RESIDIA Tsukishima	C-52 RESIDIA Bunkyo-Yushima	S-14 RESIDIA Yokohama-Kannai	R-11 RESIDIA Tenjinbashi	R-36 RESIDIA Hisaya-Odori
P-5 RESIDIA Azabujuban	P-35 RESIDIA Oimachi	P-60 RESIDIA Higashi-Azabu	P-81 Windsor House Hiroo	C-7 RESIDIA Ueno-Okachimachi	C-32 RESIDIA Kamata II	C-53 RESIDIA Bunkyo-Hankomagome	S-15 RESIDIA Okurayama	R-12 RESIDIA Sannomiya-Higashi	R-37 RESIDIA Sendai-Miyamachi
P-7 RESIDIA Ikejirihoashi	P-36 RESIDIA Ebisu II	P-61 RESIDIA Ebisu-Minami	P-83 RESIDIA Daikanyama-Sarugakuchō / Daikanyama Parkside Village	C-8 RESIDIA Bunkyo-Hongo II	C-34 RESIDIA Kinshicho II	C-54 RESIDIA Tsukishima III	S-16 RESIDIA Musashikosugi	R-13 KC21 Building	R-38 RESIDIA Hirose-dori
P-9 RESIDIA Kudanshita	P-37 RESIDIA Kamiichiai	P-62 RESIDIA TOWER Asabujuban	P-84 RESIDIA Kita-Shinjuku	C-9 RESIDIA Ryugoku	C-35 RESIDIA Nishi-Shinjuku	C-55 RESIDIA Minaminsenju	S-17 RESIDIA Funabashi I and II	R-14 RESIDIA Utsuboko	R-39 RESIDIA Eadori
P-10 RESIDIA Hatagaya	P-38 RESIDIA Higashi-Shingawa	P-63 RESIDIA Shibuya	P-85 RESIDIA Yogi	C-10 RESIDIA Higashi-Ginza	C-36 RESIDIA Bunkyo-Otowa	C-57 RESIDIA Monzenmakacho	S-19 RESIDIA Kichijoji	R-15 RESIDIA Kyoto-ekimae	R-40 RESIDIA Kyomachibori
P-13 RESIDIA Sakurajosui	P-39 RESIDIA Meguro II	P-64 RESIDIA Nakano	P-86 RESIDIA Komazawa	C-11 RESIDIA Nihonbashi-Ningyochō II	C-37 RESIDIA Bunkyo-Sengoku	C-58 RESIDIA Ochanomizu	S-20 Pacific Royal Court	R-16 RESIDIA Takaka	R-41 RESIDIA Esaka
P-14 RESIDIA Kita-Shingawa	P-40 RESIDIA Toranomon	P-65 RESIDIA Asabudai	P-87 RESIDIA Shibaura KAGAN	C-12 RESIDIA Omori-Higashi	C-38 RESIDIA Bunkyo-Yushima	C-59 RESIDIA Omori	S-21 Minato Mirai Ocean Tower	R-17 RESIDIA Hibino	R-42 RESIDIA Nishijin
P-15 RESIDIA Yoyoginomori	P-41 RESIDIA Shin-Ochanomizu	P-66 RESIDIA Shibadaimon II	P-88 RESIDIA Ichigaya-Yakuji	C-13 RESIDIA Negishi	C-39 RESIDIA Nihonbashi-Ningyochō	C-60 RESIDIA Nakamurabashi	S-22 Life & Senior House Kohoku II	R-18 RESIDIA Tenjin-Minami	R-43 RESIDIA Tsurumai
P-16 RESIDIA Yoyoginomori III	P-42 RESIDIA Kagurazaka	P-67 RESIDIA Kanda	P-89 RESIDIA TOWER Nakameguro	C-14 RESIDIA Kinshicho	C-40 RESIDIA Bunkyo-Sengoku II	C-61 RESIDIA Kachidoki	S-23 College Court Tanashi	R-19 RESIDIA Nishi-Minami	R-44 RESIDIA Kobe-Isogami
P-19 RESIDIA Leopold Udagawacho Mansion	P-43 RESIDIA Oimachi II	P-68 RESIDIA Sangenjaya II	P-90 RESIDIA Nishi-Shinjuku II	C-15 RESIDIA Shinkawa	C-41 RESIDIA Irya	C-62 RESIDIA Bunkyo-Otowa II	S-24 RESIDIA Urayasu	R-20 RESIDIA Hakataeki-Minami	R-45 RESIDIA Kita-Niyo-East
P-21 RESIDIA Shinjuku-East II	P-44 RESIDIA Jiyugaoka	P-69 RESIDIA Hirono-Minami	P-91 RESIDIA Meguro III	C-16 RESIDIA Kamikebukuro	C-42 RESIDIA Nihonbashi-Hamacho	C-63 RESIDIA Kinshicho III	S-25 RESIDIA Minami-Gyotoku	R-21 Mare	R-46 RESIDIA Shinsaihashi West
P-22 RESIDIA Shinjuku-East	P-45 RESIDIA Suidobashi	P-70 RESIDIA Hirono-Minami	P-92 RESIDIA Jiyugaoka II	C-17 RESIDIA Shin-nakano	C-43 RESIDIA Shin-Okachimachi	C-64 RESIDIA Kamata III	S-26 RESIDIA Urayasu II	R-22 RESIDIA Minami-Ichijo	R-47 RESIDIA Marunouchi
P-23 RESIDIA Kanda-Iwamotocho	P-46 RESIDIA Tower Nogizaka	P-71 RESIDIA Mejiro-Otomeyama	P-93 RESIDIA Kudanshita II	C-18 RESIDIA Bunkyo-Yushima II	C-44 RESIDIA Chidori	C-65 RESIDIA TOWER Kami-Ikebukuro	S-27 RESIDIA Gyotoku	R-23 RESIDIA Kita-Sanjo	R-48 RESIDIA Sapporo-Ekimae
P-24 RESIDIA Azabujuban II	P-47 RESIDIA Akasaka	P-72 RESIDIA Shibaura	P-94 RESIDIA Gotenya	C-19 RESIDIA Tsukiji	C-45 RESIDIA Shin-Kawa II	S-28 RESIDIA Kawasaki	S-28 RESIDIA Gyotoku	R-24 RESIDIA Odori-Nishi	R-49 RESIDIA Goshu-Higashi
P-25 RESIDIA Ebisu	P-48 RESIDIA Nishi-Azabu	P-73 RESIDIA Shiba	P-95 RESIDIA Yutenji	C-20 RESIDIA Sasazuka	C-46 RESIDIA Mejiro	S-29 Cocofump Hyoshi	S-29 Cocofump Hyoshi	R-25 RESIDIA Kita-Sanjo	R-50 RESIDIA Rakuhoku
P-26 RESIDIA Meguro	P-49 RESIDIA Daikanyama	P-74 RESIDIA Yutenji	P-96 Park Tower Shibaura Bayward Urban Wing	C-21 RESIDIA Tamagawa	C-47 RESIDIA Kasai	S-30 Imadegawa	S-30 Imadegawa	R-26 RESIDIA Shinkabe-Higashi	R-51 RESIDIA Miyakojima I and II
P-29 RESIDIA Hiroo II	P-50 RESIDIA Daikanyama	P-75 Park Tower Shibaura Bayward Urban Wing	P-97 Motoazabu Place	C-22 RESIDIA Kyobashi	C-48 RESIDIA Nihonbashi-Bakurocho	R-4 RESIDIA Higashi-Sakura	R-4 RESIDIA Higashi-Sakura	R-27 RESIDIA Uzumasa	
P-30 Planetta Shiodome	P-51 RESIDIA Ichigaya			C-23 RESIDIA Tamagawa	C-49 RESIDIA Suginami-Honanchō	R-5 RESIDIA Kameyama	R-5 RESIDIA Kameyama	R-28 RESIDIA Izumi	
P-31 RESIDIA Komazawadaijuku	P-52 RESIDIA Roppongi-Hinokichokoen			C-24 RESIDIA Korakuen		R-6 RESIDIA Ryokuchi Koen	R-6 RESIDIA Ryokuchi Koen	R-29 RESIDIA Maruyama Kita-Gojo	
	P-53 RESIDIA TOWER Meguro-Fudomae			C-25 RESIDIA Ikebukuro				R-30 RESIDIA Tokugawa	
	P-54 RESIDIA TOWER Meguro-Fudomae								

P-96 RESIDIA Naka-chiai was bought after the 6th FP end.

Portfolio

(as of July 31, 2013)

No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Share of Investment (%)	Appraisal Price (mil yen)	Book Value (mil yen)	Unrealized Profit and Loss (%)	PML	No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Share of Investment (%)	Appraisal Price (mil yen)	Book Value (mil yen)	Unrealized Profit and Loss (%)	PML
P-2	RESIDIA Shimazuyama	Shinagawa-ku, Tokyo	2004/12/24	115	2,860	0.7%	2,830	2,521	12.2%	4.3%	P-50	RESIDIA Nishi-Azabu	Minato-ku, Tokyo	2004/7/15	125	6,780	1.7%	6,620	6,606	0.2%	2.8%
P-3	RESIDIA Nakameguro	Meguro-ku, Tokyo	2005/2/10	88	1,730	0.4%	1,770	1,526	16.0%	2.6%	P-51	RESIDIA Daikanyama	Shibuya-ku, Tokyo	2004/7/23	42	2,150	0.5%	1,930	2,075	-7.0%	4.0%
P-4	RESIDIA Setagaya-Tsurumaki	Setagaya-ku, Tokyo	2002/3/11	28	1,229	0.3%	1,140	1,179	-3.4%	7.3%	P-52	RESIDIA Ichigaya	Shinjuku-ku, Tokyo	2004/8/20	85	2,500	0.6%	2,580	2,426	6.3%	3.6%
P-5	RESIDIA Azabujuban	Minato-ku, Tokyo	1999/11/29	44	1,987	0.5%	1,810	1,933	-6.4%	4.2%	P-53	RESIDIA Roppongi-Hinokichokoen	Minato-ku, Tokyo	1999/9/16	88	3,570	0.9%	3,530	3,488	1.2%	6.8%
P-7	RESIDIA Ikejiriohashi	Setagaya-ku, Tokyo	2005/8/19	42	1,230	0.3%	1,200	1,218	-1.5%	3.1%	P-55	RESIDIA TOWER Meguro-Fudomae	Shinagawa-ku, Tokyo	2007/1/7	358	16,500	4.2%	16,400	15,852	3.5%	1.8%
P-9	RESIDIA Kudanshita	Chiyoda-ku, Tokyo	2004/3/9	86	2,270	0.6%	2,230	2,141	4.1%	2.9%	P-56	RESIDIA Sangenjaya	Setagaya-ku, Tokyo	2005/1/11	78	2,760	0.7%	2,850	2,661	7.1%	2.7%
P-10	RESIDIA Hatagaya	Shibuya-ku, Tokyo	2006/2/9	35	1,130	0.3%	1,040	1,099	-5.4%	7.3%	P-58	RESIDIA Minami-Aoyama	Minato-ku, Tokyo	2005/3/14	13	728	0.2%	493	730	-32.5%	2.0%
P-13	RESIDIA Sakurajosui	Setagaya-ku, Tokyo	2006/7/7	39	1,120	0.3%	1,120	1,099	1.8%	7.0%	P-59	RESIDIA Kanda-Higashi	Chiyoda-ku, Tokyo	2003/10/29	64	1,620	0.4%	1,670	1,567	6.5%	3.4%
P-14	RESIDIA Kita-Shinagawa	Shinagawa-ku, Tokyo	2007/2/23	120	2,720	0.7%	2,620	2,657	-1.4%	4.3%	P-60	RESIDIA Higashi-Azabu	Minato-ku, Tokyo	2006/4/17	31	1,430	0.4%	1,290	1,392	-7.4%	3.2%
P-15	RESIDIA Yoyoginomori	Shibuya-ku, Tokyo	2007/3/8	22	732	0.2%	598	728	-17.9%	4.4%	P-61	RESIDIA Ebisu-Minami	Shibuya-ku, Tokyo	2007/3/6	39	2,020	0.5%	1,920	1,988	-3.5%	7.1%
P-16	RESIDIA Shinjuku-East III	Shinjuku-ku, Tokyo	2009/2/23	39	750	0.2%	720	754	-4.6%	4.3%	P-62	RESIDIA TOWER Azabujuban	Minato-ku, Tokyo	2003/1/9	113	6,190	1.6%	5,460	6,092	-10.4%	0.7%
P-19	Leopalace Udagawacho Mansion	Shibuya-ku, Tokyo	2001/8/7	30	588	0.1%	625	578	8.1%	8.2%	P-63	RESIDIA Shibuya	Shibuya-ku, Tokyo	2006/6/22	40	1,250	0.3%	1,320	1,230	7.2%	3.5%
P-21	RESIDIA Shinjuku-East II	Shinjuku-ku, Tokyo	2004/2/6	54	1,380	0.4%	1,450	1,344	7.8%	4.3%	P-64	RESIDIA Nakanobu	Shinagawa-ku, Tokyo	2005/11/16	65	1,880	0.5%	2,020	1,828	10.5%	3.4%
P-22	RESIDIA Shinjuku-East	Shinjuku-ku, Tokyo	2000/8/1	48	941	0.2%	936	916	2.1%	5.3%	P-65	RESIDIA Azabudai	Minato-ku, Tokyo	2006/2/28	47	1,610	0.4%	1,550	1,581	-2.0%	4.6%
P-23	RESIDIA Kanda-Iwamotocho	Chiyoda-ku, Tokyo	2004/2/12	65	1,520	0.4%	1,690	1,467	15.2%	4.1%	P-66	RESIDIA Shibadaimon II	Minato-ku, Tokyo	2006/8/24	48	1,740	0.4%	1,610	1,704	-5.5%	3.3%
P-24	RESIDIA Azabujuban II	Minato-ku, Tokyo	2001/2/14	37	874	0.2%	885	852	3.8%	3.1%	P-67	RESIDIA Kanda	Chiyoda-ku, Tokyo	2006/6/1	43	1,140	0.3%	1,160	1,118	3.7%	4.9%
P-25	RESIDIA Ebisu	Shibuya-ku, Tokyo	2001/1/31	26	554	0.1%	564	535	5.3%	3.0%	P-68	RESIDIA Sangenjaya II	Setagaya-ku, Tokyo	2006/3/13	34	1,280	0.3%	1,310	1,253	4.5%	4.4%
P-26	RESIDIA Meguro	Shinagawa-ku, Tokyo	1999/10/13	20	722	0.2%	660	710	-7.1%	6.2%	P-69	RESIDIA Nishi-Shinjuku II	Shinjuku-ku, Tokyo	2007/5/16	74	1,830	0.5%	1,900	1,780	6.7%	10.9%
P-29	RESIDIA Hiroo II	Shibuya-ku, Tokyo	2005/11/1	76	1,660	0.4%	1,710	1,603	6.6%	2.9%	P-70	RESIDIA Hiroo-Minami	Shibuya-ku, Tokyo	2007/8/30	26	923	0.2%	901	901	-0.0%	2.8%
P-30	Pianetta Shiodome	Minato-ku, Tokyo	2005/2/18	67	1,950	0.5%	1,900	1,884	0.8%	5.3%	P-72	RESIDIA Mejiro-Otomeyama	Shinjuku-ku, Tokyo	2002/12/10	19	974	0.2%	990	948	4.4%	4.9%
P-31	RESIDIA Komazawadaiaku	Setagaya-ku, Tokyo	2004/10/22	18	333	0.1%	354	323	9.4%	8.5%	P-73	RESIDIA Shibaura	Minato-ku, Tokyo	1991/9/30	154	4,670	1.2%	4,960	4,529	9.5%	2.8%
P-32	RESIDIA Yoyogi	Shibuya-ku, Tokyo	2005/2/24	16	326	0.1%	331	318	3.8%	11.0%	P-74	RESIDIA Gotenyama	Shinagawa-ku, Tokyo	2007/1/29	16	930	0.2%	805	908	-11.4%	7.9%
P-33	RESIDIA Nishi-Shinjuku	Shinjuku-ku, Tokyo	2005/2/18	19	363	0.1%	375	355	5.6%	9.9%	P-75	RESIDIA Yutenji	Meguro-ku, Tokyo	2006/8/24	118	5,260	1.3%	5,270	5,165	2.0%	7.8%
P-34	RESIDIA Kyodo	Setagaya-ku, Tokyo	2005/2/23	15	286	0.1%	296	277	6.5%	10.6%	P-76	Park Tower Shibaura Bayward Urban Wing	Minato-ku, Tokyo	2005/5/24	191	9,570	2.4%	9,610	9,290	3.4%	3.6%
P-35	RESIDIA Oimachi	Shinagawa-ku, Tokyo	2005/12/16	48	947	0.2%	973	913	6.5%	4.3%	P-77	Motoazabu Place	Minato-ku, Tokyo	2001/2/5	41	8,430	2.1%	6,240	8,323	-25.0%	9.7%
P-36	RESIDIA Ebisu II	Shibuya-ku, Tokyo	2006/1/31	61	2,280	0.6%	2,420	2,244	7.8%	3.4%	P-78	RESIDIA TOWER Roppongi	Minato-ku, Tokyo	2006/2/28	83	7,040	1.8%	5,680	6,866	-17.3%	1.5%
P-37	RESIDIA Kamiochiai	Shinjuku-ku, Tokyo	2006/9/5	70	1,180	0.3%	1,240	1,144	8.4%	4.8%	P-79	RESIDIA Kamimeguro	Meguro-ku, Tokyo	1993/1/27	16	878	0.2%	868	875	-0.9%	7.7%
P-38	RESIDIA Higashi-Shinagawa	Shinagawa-ku, Tokyo	2006/8/1	122	2,040	0.5%	2,160	1,987	8.7%	4.0%	P-80	RESIDIA Yoyogikoen	Shibuya-ku, Tokyo	1998/7/15	6	1,100	0.3%	735	1,072	-31.5%	5.1%
P-39	RESIDIA Meguro II	Meguro-ku, Tokyo	2006/1/31	34	1,190	0.3%	1,200	1,170	2.5%	6.5%	P-81	Windsor House Hiroo	Shibuya-ku, Tokyo	2003/6/13	12	1,750	0.4%	1,300	1,702	-23.6%	4.8%
P-40	RESIDIA Toranomon	Minato-ku, Tokyo	2006/9/22	63	1,320	0.3%	1,330	1,286	3.4%	3.3%	P-83	RESIDIA Daikanyama-Sarugakucho / Daikanyama Parkside Village	Shibuya-ku, Tokyo	1998/1/14	77	7,360	1.9%	6,040	7,270	-16.9%	6.7%
P-41	RESIDIA Shin-Ochanomizu	Chiyoda-ku, Tokyo	2006/3/17	52	1,160	0.3%	1,170	1,135	3.0%	2.8%	P-84	RESIDIA Kita-Shinjuku	Shinjuku-ku, Tokyo	1997/2/26	26	1,460	0.4%	1,480	1,426	3.7%	8.8%
P-42	RESIDIA Kagurazaka	Shinjuku-ku, Tokyo	2006/8/4	52	918	0.2%	925	894	3.4%	2.1%	P-85	RESIDIA Komazawa	Setagaya-ku, Tokyo	2008/10/17	59	870	0.2%	1,040	875	18.7%	10.0%
P-43	RESIDIA Oimachi II	Shinagawa-ku, Tokyo	2007/7/2	40	1,050	0.3%	1,110	1,025	8.3%	4.8%	P-86	RESIDIA Shibaura KAIGAN	Minato-ku, Tokyo	2010/1/6	72	2,400	0.6%	2,770	2,441	13.5%	4.4%
P-45	RESIDIA Jiyugaoka	Meguro-ku, Tokyo	2002/3/19	28	1,050	0.3%	1,060	1,018	4.1%	7.3%	P-87	RESIDIA Ichigaya-Yakuoji	Shinjuku-ku, Tokyo	2008/8/19	98	2,070	0.5%	2,300	2,099	9.5%	3.0%
P-47	RESIDIA Suidobashi	Chiyoda-ku, Tokyo	2004/12/22	65	2,310	0.6%	2,340	2,242	4.3%	2.3%	P-88	RESIDIA Yoga	Setagaya-ku, Tokyo	2008/6/3	66	1,523	0.4%	1,660	1,618	2.6%	10.3%
P-48	RESIDIA TOWER Nogizaka	Minato-ku, Tokyo	2004/8/31	68	3,660	0.9%	3,280	3,562	-7.9%	3.5%	P-89	RESIDIA TOWER Nakameguro	Meguro-ku, Tokyo	2007/3/30	70	3,300	0.8%	3,650	3,461	5.5%	2.4%
P-49	RESIDIA Akasaka	Minato-ku, Tokyo	2004/5/21	37	1,180	0.3%	1,180	1,148	2.8%	8.3%	P-90	RESIDIA Sasazuka II	Shibuya-ku, Tokyo	2011/1/21	166	3,760	1.0%	3,840	3,849	-0.2%	4.2%

Portfolio

(as of July 31, 2013)

No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Share of investment (%)	Appraisal Price (mil yen)	Book Value (mil yen)	Unrealized Profit and Loss (%)	PML
P-91	RESIDIA Meguro III	Meguro-ku, Tokyo	2010/1/29	31	950	0.2%	1,030	990	4.0%	2.6%
P-92	RESIDIA Jiyugaokall	Setagaya-ku, Tokyo	2007/10/31	17	778	0.2%	902	800	12.6%	5.4%
P-93	RESIDIA KudanshitaII	Chiyoda-ku, Tokyo	2012/1/6	48	1,240	0.3%	1,320	1,282	2.9%	2.6%
P-94	RESIDIA OmoriII	Shinagawa-ku, Tokyo	2012/3/2	90	1,620	0.4%	1,770	1,678	5.4%	2.2%
P-95	RESIDIA Shirokane-Takanawa	Minato-ku, Tokyo	2012/3/15	53	1,480	0.4%	1,630	1,531	6.5%	6.7%
C-1	RESIDIA Mitsukoshimae	Chuo-ku, Tokyo	2005/2/7	105	1,920	0.5%	2,070	1,702	21.6%	3.3%
C-2	RESIDIA Kamata	Ota-ku, Tokyo	2005/3/9	166	2,640	0.7%	3,080	2,333	32.0%	4.7%
C-3	RESIDIA Ikebukuro	Toshima-ku, Tokyo	2005/3/15	60	1,520	0.4%	1,590	1,455	9.2%	7.1%
C-4	RESIDIA Bunkyo-Hongo	Bunkyo-ku, Tokyo	2005/7/23	65	1,680	0.4%	1,810	1,612	12.3%	4.6%
C-5	RESIDIA Asakusabashi	Taito-ku, Tokyo	2005/8/27	47	1,060	0.3%	1,200	992	20.9%	2.9%
C-6	Maison Eclairée Ekoda	Nerima-ku, Tokyo	1993/3/31	93	953	0.2%	949	945	0.3%	9.2%
C-7	RESIDIA Ueno-Okachimachi	Taito-ku, Tokyo	2006/2/20	127	3,160	0.8%	3,230	3,005	7.5%	2.1%
C-8	RESIDIA Bunkyo-Hongo II	Bunkyo-ku, Tokyo	2006/1/27	70	1,623	0.4%	1,600	1,604	-0.3%	3.6%
C-9	RESIDIA Ryogoku	Sumida-ku, Tokyo	2006/2/10	48	913	0.2%	940	886	6.0%	9.1%
C-10	RESIDIA Higashi-Ginza	Chuo-ku, Tokyo	2006/9/1	169	5,251	1.3%	4,840	5,179	-6.5%	4.3%
C-12	RESIDIA Nihonbashi-Ningyocho II	Chuo-ku, Tokyo	2007/1/17	137	3,180	0.8%	3,200	3,098	3.3%	4.6%
C-13	RESIDIA Omori-Higashi	Ota-ku, Tokyo	2007/8/6	81	1,980	0.5%	1,750	1,935	-9.6%	3.8%
C-15	RESIDIA Kinshicho	Sumida-ku, Tokyo	2007/11/13	157	4,200	1.1%	3,830	4,156	-7.8%	7.2%
C-16	RESIDIA Negishi	Taito-ku, Tokyo	2005/12/2	28	856	0.2%	799	860	-7.2%	7.7%
C-17	RESIDIA Shinkawa	Chuo-ku, Tokyo	2003/2/10	83	1,880	0.5%	1,860	1,827	1.8%	5.3%
C-18	RESIDIA Kamiikebukuro	Toshima-ku, Tokyo	2001/12/21	44	558	0.1%	590	535	10.1%	6.4%
C-19	RESIDIA Shin-nakano	Nakano-ku, Tokyo	2002/6/7	24	352	0.1%	404	340	18.6%	3.8%
C-21	RESIDIA Bunkyo-Yushima II	Bunkyo-ku, Tokyo	2004/3/1	63	1,010	0.3%	1,050	977	7.4%	5.3%
C-22	RESIDIA Tsukiji	Chuo-ku, Tokyo	2005/12/6	54	1,460	0.4%	1,540	1,401	9.9%	3.4%
C-23	RESIDIA Sasazuka	Suginami-ku, Tokyo	2000/3/15	96	1,800	0.5%	1,850	1,745	6.0%	6.9%
C-24	RESIDIA Kyobashi	Chuo-ku, Tokyo	2005/1/18	52	1,220	0.3%	1,260	1,174	7.2%	3.4%
C-25	RESIDIA Tamagawa	Ota-ku, Tokyo	2004/9/29	98	1,300	0.3%	1,380	1,244	10.9%	5.9%
C-26	RESIDIA Korakuen	Bunkyo-ku, Tokyo	2004/10/18	31	603	0.2%	626	579	8.1%	3.5%
C-27	RESIDIA Ginza-Higashi	Chuo-ku, Tokyo	2004/9/7	94	2,000	0.5%	2,070	1,926	7.5%	4.0%
C-28	RESIDIA Oji	Kita-ku, Tokyo	2005/2/15	61	867	0.2%	932	827	12.6%	3.2%
C-29	RESIDIA Mejiro II	Toshima-ku, Tokyo	2005/7/13	63	1,050	0.3%	1,030	1,018	1.2%	2.3%
C-31	RESIDIA Tsukishima	Chuo-ku, Tokyo	2006/2/27	40	1,100	0.3%	1,110	1,064	4.3%	6.8%
C-32	RESIDIA Kamata II	Ota-ku, Tokyo	2006/9/3	78	1,360	0.3%	1,420	1,324	7.2%	4.0%
C-33	RESIDIA Tsukishima II	Chuo-ku, Tokyo	2006/9/22	105	2,440	0.6%	2,550	2,377	7.3%	3.8%
C-34	RESIDIA Kinshicho II	Sumida-ku, Tokyo	2008/1/29	99	2,380	0.6%	2,380	2,319	2.6%	4.7%
C-35	RESIDIA Bunkyo-Otowa	Bunkyo-ku, Tokyo	2003/8/4	104	3,380	0.9%	3,570	3,221	10.8%	4.7%
C-36	RESIDIA Bunkyo-Sengoku	Bunkyo-ku, Tokyo	2003/2/19	33	707	0.2%	776	674	15.0%	5.0%

No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Share of investment (%)	Appraisal Price (mil yen)	Book Value (mil yen)	Unrealized Profit and Loss (%)	PML
C-37	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	2003/2/20	39	1,050	0.3%	1,130	1,008	12.1%	6.9%
C-38	RESIDIA Ikegami	Ota-ku, Tokyo	2003/7/2	19	378	0.1%	380	362	4.7%	8.5%
C-39	RESIDIA Nihonbashi-Ningyocho	Chuo-ku, Tokyo	2004/3/3	25	557	0.1%	625	533	17.1%	5.6%
C-40	RESIDIA Bunkyo-Sengoku II	Bunkyo-ku, Tokyo	2005/4/15	45	1,440	0.4%	1,450	1,400	3.5%	4.1%
C-41	RESIDIA Iriya	Taito-ku, Tokyo	2004/12/8	49	990	0.3%	1,010	942	7.1%	5.4%
C-42	RESIDIA Nihonbashi-Hamacho	Chuo-ku, Tokyo	2006/8/31	45	1,310	0.3%	1,350	1,285	5.1%	4.5%
C-43	RESIDIA Shin-Okachimachi	Taito-ku, Tokyo	2007/3/16	69	1,860	0.5%	1,850	1,815	1.9%	3.0%
C-44	RESIDIA Chidoricho	Ota-ku, Tokyo	2006/9/5	60	1,290	0.3%	1,300	1,255	3.5%	5.0%
C-45	RESIDIA Shinkawa II	Chuo-ku, Tokyo	2003/2/26	36	1,320	0.3%	1,340	1,265	5.9%	3.9%
C-46	RESIDIA Mejiro	Toshima-ku, Tokyo	1999/1/12	162	6,280	1.6%	6,360	6,038	5.3%	2.6%
C-47	RESIDIA Kasai	Edogawa-ku, Tokyo	2000/1/18	29	683	0.2%	724	653	10.7%	7.0%
C-48	RESIDIA Nihonbashi-Bakurocho	Chuo-ku, Tokyo	2007/2/15	132	5,500	1.4%	5,900	5,327	10.8%	2.4%
C-49	RESIDIA Suginami-Honancho	Suginami-ku, Tokyo	2009/2/26	194	3,834	1.0%	4,660	3,841	21.3%	4.3%
C-50	RESIDIA Shin Itabashi	Itabashi-ku, Tokyo	2009/8/4	67	888	0.2%	1,050	896	17.2%	8.6%
C-51	RESIDIA Kiba	Koto-ku, Tokyo	2008/3/13	155	1,950	0.5%	2,480	2,014	23.1%	7.2%
C-52	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	2008/12/18	52	1,129	0.3%	1,300	1,145	13.5%	4.4%
C-53	RESIDIA Bunkyo-Honkomagome	Bunkyo-ku, Tokyo	2008/3/6	98	2,340	0.6%	2,600	2,407	8.0%	3.5%
C-54	RESIDIA Tsukishima III	Chuo-ku, Tokyo	2008/2/25	119	2,570	0.7%	3,040	2,612	16.4%	4.0%
C-55	RESIDIA Minamisenju	Arakawa-ku, Tokyo	2007/3/3	175	2,580	0.7%	3,230	2,703	19.5%	5.3%
C-56	RESIDIA Ogikubo	Suginami-ku, Tokyo	2003/3/7	101	1,710	0.4%	1,900	1,817	4.5%	4.5%
C-57	RESIDIA Monzennakacho	Koto-ku, Tokyo	2005/2/24	68	970	0.2%	1,080	1,023	5.5%	7.6%
C-58	RESIDIA Ochanomizu	Bunkyo-ku, Tokyo	2005/9/7	80	2,090	0.5%	2,400	2,143	12.0%	4.2%
C-59	RESIDIA Omori	Ota-ku, Tokyo	2006/3/15	75	1,150	0.3%	1,280	1,179	8.5%	1.8%
C-60	RESIDIA Nakamurabashi	Nerima-ku, Tokyo	2008/2/21	66	1,075	0.3%	1,190	1,102	7.9%	4.5%
C-61	RESIDIA Kachidoki	Chuo-ku, Tokyo	2008/2/25	55	1,805	0.5%	2,040	1,849	10.3%	4.9%
C-62	RESIDIA Bunkyo-Otowa II	Bunkyo-ku, Tokyo	2008/2/26	89	2,268	0.6%	2,500	2,387	4.7%	4.0%
C-63	RESIDIA Kinshicho III	Koto-ku, Tokyo	2005/2/21	51	651	0.2%	729	690	5.6%	9.6%
C-64	RESIDIA Kamata III	Ota-ku, Tokyo	2007/3/2	53	948	0.2%	1,040	974	6.8%	3.5%
C-65	RESIDIA Tower Kami-Ikebukuro	Toshima-ku, Tokyo	2009/3/26	472	8,250	2.1%	8,850	8,924	-0.8%	5.7% 5.4% 2.9%
S-1	Hiyoshidai Student Heights	Yokohama, Kanagawa	1969/3/31	920	3,420	0.9%	3,760	3,060	22.8%	7.1%
S-2	Chester House Kawaguchi	Kawaguchi, Saitama	1991/3/7	39	770	0.2%	695	748	-7.1%	5.5%
S-4	RESIDIA Higashi-Matsudo	Matsudo, Chiba	2007/4/23	44	1,100	0.3%	1,060	1,094	-3.1%	4.6%
S-5	RESIDIA Shin-Yokohama	Yokohama, Kanagawa	2007/1/30	131	1,920	0.5%	1,790	1,866	-4.1%	5.6%
S-7	RESIDIA Chofu	Chofu, Tokyo	2007/3/7	41	1,143	0.3%	1,070	1,123	-4.8%	5.0%
S-11	Wako Student Heights	Wako, Saitama	1990/4/30	127	675	0.2%	676	726	-7.0%	10.2%
S-12	RESIDIA Kokubunji	Kokubunji, Tokyo	2003/2/10	33	518	0.1%	525	494	6.1%	2.9%
S-14	RESIDIA Yokohama-Kannai	Yokohama, Kanagawa	2004/8/17	102	1,700	0.4%	1,730	1,621	6.7%	8.4%

Portfolio

(as of July 31, 2013)

No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Share of Investment (%)	Appraisal Price (mil yen)	Book Value (mil yen)	Unrealized Profit and Loss (%)	PML
S-15	RESIDIA Okurayama	Yokohama, Kanagawa	1998/3/2	64	755	0.2%	819	755	8.4%	5.3%
S-16	RESIDIA Musashikosugi	Kawasaki, Kanagawa	2007/2/26	68	1,580	0.4%	1,600	1,539	3.9%	7.2%
S-17	RESIDIA Funabashi I and II	Funabashi, Chiba	2007/3/1	172	2,730	0.7%	2,800	2,640	6.0%	3.6% 3.4%
S-19	RESIDIA Kichijoji	Musashino, Tokyo	1995/3/20	48	1,380	0.4%	1,440	1,433	0.4%	9.1%
S-20	Pacific Royal Court Minato Mirai Ocean Tower	Yokohama, Kanagawa	2007/11/6	416	14,000	3.6%	14,300	13,009	9.9%	4.5%
S-21	Maison Yachiyodai	Yachiyo, Chiba	1989/8/7	39	882	0.2%	866	846	2.3%	5.4%
S-22	Life & Senior House Kohoku II	Yokohama, Kanagawa	2003/10/31	78	1,670	0.4%	1,680	1,613	4.1%	6.4%
S-23	College Court Tanashi	Nishi-Tokyo, Tokyo	2010/2/18	91	810	0.2%	978	815	19.9%	7.7%
S-24	RESIDIA Urayasu	Urayasu, Chiba	2009/9/18	146	2,115	0.5%	2,400	2,193	9.4%	6.7%
S-25	RESIDIA Minami-Gyotoku	Ichikawa, Chiba	2005/2/16	85	823	0.2%	945	870	8.5%	6.6%
S-26	RESIDIA Urayasu II	Urayasu, Chiba	2005/2/25	74	802	0.2%	910	848	7.3%	7.5%
S-27	RESIDIA Gyotoku	Ichikawa, Chiba	2005/2/25	75	761	0.2%	866	805	7.6%	6.1%
S-28	RESIDIA Kawasaki	Kawasaki, Kanagawa	2007/3/6	104	1,670	0.4%	1,850	1,719	7.6%	4.7%
S-29	Cocofump Hiyoshi	Yokohama, Kanagawa	2010/1/29	85	1,050	0.3%	1,090	1,099	-0.8%	7.5%
R-2	RESIDIA Imadegawa	Kyoto, Kyoto	1999/2/26	154	1,671	0.4%	1,580	1,591	-0.7%	10.9%
R-4	RESIDIA Higashi-Sakura	Nagoya, Aichi	2006/2/20	91	1,290	0.3%	1,200	1,154	3.9%	3.4%
R-5	RESIDIA Kameyama	Kameyama, Mie	2007/2/20	182	1,610	0.4%	1,150	1,607	-28.5%	4.2%
R-6	RESIDIA Ryokuchi Koen	Toyonaka, Osaka	2007/5/7	44	979	0.2%	871	945	-7.9%	5.7%
R-8	RESIDIA Kobe Port Island	Kobe, Hyogo	2007/9/1	404	3,740	0.9%	3,560	3,657	-2.7%	6.8% 6.7%
R-10	RESIDIA Hakata	Fukuoka, Fukuoka	2002/3/12	155	1,220	0.3%	1,220	1,188	2.7%	3.4%
R-11	RESIDIA Tenjinbashi	Osaka, Osaka	2000/2/15	78	871	0.2%	929	827	12.3%	8.3%
R-12	RESIDIA Sannomiya-Higashi	Kobe, Hyogo	2005/11/7	161	2,220	0.6%	2,440	2,103	16.0%	3.2%
R-13	KC21 Building	Sendai, Miyagi	1997/3/12	79	900	0.2%	954	926	3.0%	2.4%
R-14	RESIDIA Utuboko-en	Osaka, Osaka	2006/1/11	94	1,170	0.3%	1,300	1,117	16.3%	6.6%
R-15	RESIDIA Kyoto-ekimae	Kyoto, Kyoto	2006/2/28	116	1,970	0.5%	2,130	1,886	12.9%	9.9%
R-16	RESIDIA Takaoka	Nagoya, Aichi	2007/8/20	198	2,330	0.6%	2,640	2,248	17.4%	3.5%
R-17	RESIDIA Hibino	Nagoya, Aichi	1992/4/10	124	1,340	0.3%	1,380	1,255	9.9%	3.9%
R-19	RESIDIA Tenjin-Minami	Fukuoka, Fukuoka	2004/1/15	56	936	0.2%	990	892	10.9%	4.9%
R-20	RESIDIA Hakataeki-Minami	Fukuoka, Fukuoka	2003/1/14	39	324	0.1%	347	305	13.7%	2.7%
R-21	Mare	Nagoya, Aichi	2005/2/2	38	685	0.2%	706	649	8.7%	5.0%
R-24	RESIDIA Minami-Ichijo	Sapporo, Hokkaido	2006/12/19	179	1,640	0.4%	1,750	1,564	11.9%	0.9%
R-25	RESIDIA Odori-Nishi	Sapporo, Hokkaido	2006/12/5	103	1,320	0.3%	1,270	1,278	-0.7%	1.1%
R-26	RESIDIA Kita-Sanjo	Sapporo, Hokkaido	2007/1/25	100	1,130	0.3%	1,200	1,073	11.8%	1.4%
R-27	RESIDIA Shirakabe-Higashi	Nagoya, Aichi	2005/5/25	33	831	0.2%	824	797	3.3%	4.1%
R-29	RESIDIA Uzumasa	Kyoto, Kyoto	2000/1/17	48	701	0.2%	710	681	4.2%	13.5%
R-30	RESIDIA Izumi	Nagoya, Aichi	2005/11/17	122	3,700	0.9%	3,780	3,543	6.7%	3.1%
R-31	RESIDIA Maruyama Kita-Gojo	Sapporo, Hokkaido	2007/2/2	56	1,050	0.3%	1,070	1,009	6.0%	1.2%
R-32	RESIDIA Tokugawa	Nagoya, Aichi	2006/12/19	27	751	0.2%	769	725	6.0%	3.9%
R-34	RESIDIA Odori-Koen	Sapporo, Hokkaido	2007/8/2	109	2,010	0.5%	2,190	1,932	13.3%	0.9%

Advance Residence Investment Corporation

No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Share of Investment (%)	Appraisal Price (mil yen)	Book Value (mil yen)	Unrealized Profit and Loss (%)	PML
R-35	RESIDIA Tanimachi	Osaka, Osaka	2008/8/22	108	1,100	0.3%	1,390	1,172	18.8%	7.5%
R-36	RESIDIA Hisaya-Odori	Nagoya, Aichi	2007/2/1	57	652	0.2%	810	669	21.1%	4.8%
R-37	RESIDIA Sendai-Miyamachi	Sendai, Miyagi	2008/1/30	67	529	0.1%	664	544	21.9%	2.5%
R-38	RESIDIA Hirose-dori	Sendai, Miyagi	2010/2/22	63	494	0.1%	579	510	13.3%	2.8%
R-39	RESIDIA Edobori	Osaka, Osaka	2007/2/11	127	1,400	0.4%	1,710	1,482	15.4%	8.7%
R-40	RESIDIA Kyomachibori	Osaka, Osaka	2007/3/6	84	1,000	0.3%	1,170	1,068	9.5%	7.8%
R-41	RESIDIA Esaka	Suita, Osaka	2007/7/31	68	989	0.3%	1,140	1,021	11.6%	4.8%
R-42	RESIDIA Nishijin	Fukuoka, Fukuoka	2008/1/22	173	2,380	0.6%	2,720	2,449	11.1%	2.6%
R-43	RESIDIA Tsurumai	Nagoya, Aichi	2008/2/7	122	1,206	0.3%	1,400	1,243	12.6%	3.6%
R-44	RESIDIA Kobe-Isogami	Kobe, Hyogo	2008/3/17	196	2,740	0.7%	3,200	2,820	13.5%	3.6%
R-45	RESIDIA Kita-Niijo-East	Sapporo, Hokkaido	2006/3/1	56	894	0.2%	982	936	4.8%	1.1%
R-46	RESIDIA Shinsaibashi West	Osaka, Osaka	2007/2/21	97	1,921	0.5%	2,090	1,991	5.0%	9.1%
R-47	RESIDIA Marunouchi	Nagoya, Aichi	2007/1/16	86	972	0.2%	1,030	1,015	1.4%	2.8%
R-48	RESIDIA Sapporo-Ekimae	Sapporo, Hokkaido	2007/2/8	168	1,483	0.4%	1,740	1,556	11.8%	0.7%
R-49	RESIDIA Gosyo-Higashi	Kyoto, Kyoto	2007/9/4	57	1,227	0.3%	1,310	1,273	2.9%	8.9%
R-50	RESIDIA Raku-hoku	Kyoto, Kyoto	2008/3/19	75	874	0.2%	916	910	0.6%	12.4%
R-51	RESIDIA Miyakojima - II	Osaka, Osaka	2006/9/3	178	3,232	0.8%	3,610	3,381	6.8%	7.1%
Total				17,640	393,882	100%	400,991	386,990	3.6%	2.8%

Area	Rentable Units	Acquisition Price (mil yen)	Share of Investment (%)	Appraisal Price (mil yen)	Book Value (mil yen)	Unrealized Profit and Loss (%)
P Tokyo Central 7 Wards	4,831	176,854	44.9%	171,646	173,097	-0.8%
C Central Tokyo ex 7 wards	5,255	115,270	29.3%	122,074	113,952	7.1%
S Tokyo Metropolitan	2,982	42,274	10.7%	43,850	40,927	7.1%
R Major Regional Cities	4,572	59,483	15.1%	63,421	59,013	7.5%
Total	17,640	393,882	100%	400,991	386,990	3.6%

Properties Acquired After the 6th FP End & the Portfolio Including the Acquisitions
(as of September 13, 2013)

No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Appraisal Price (mil yen)
P-96	RESIDIA Naka-ochiai	Shinjuku-ku, Tokyo	2008/3/3	187	3,656	3,870
Total				187	3,656	3,870

Area	Rentable Units	Acquisition Price (mil yen)	Share of Investment (%)
P Tokyo Central 7 Wards	5,018	180,510	45.4%
C Central Tokyo ex 7 wards	5,255	115,270	29.0%
S Tokyo Metropolitan	2,982	42,274	10.6%
R Major Regional Cities	4,572	59,483	15.0%
Total	17,827	397,538	100%

Asset Management Fee Structure Change

An Asset Management Fee Structure More Inline with Unitholders' Interest

Introducing an Asset Management Fee that is Coupled to NOI^{*1} and Adjusted EPU^{*2}

more inline with unitholders' interest

The proposed fee structure

Fee Linked to Total Asset Size
(Previous fiscal end)

AM Fee I

Fee Linked to NOI^{*1}

AM Fee II

Fee Linked Adjusted EPU^{*2}

AM Fee III

Fee Linked to the Size of the Asset Under Management

The current fee structure

Fee Linked to Total Asset Size
(Previous fiscal end)

Base Fee

Incentive Fee
Fee Linked to Pre-tax Net Income^{*3}

The proposed fee structure

Fees	Fee Base	Maximum Fee Rate
AM Fee I	Total Asset (Previous fiscal end)	× 0.20%
AM Fee II	NOI ^{*1}	× 3.00%
AM Fee III	(AM Fees I + II) × Adjusted EPU ^{*2}	× 0.008%(note)
Acquisition Fee	Acquisition Price	× 1.00%
Disposition Fee	Disposition Price	× 0.50%
Merger Fee	Acquired Asset Value	× 0.50%

The current fee structure

Fees	Fee Base	Maximum Fee Rate
Base Fee	Total Asset (Previous fiscal end)	× 0.40%
Incentive Fee	Pre-tax Net Income ^{*3}	× 3.00%
Acquisition Fee	Acquisition Price	× 1.00%
Disposition Fee	Disposition Price	× 0.50%

No Change

(note) Until EPU reaches 4,500yen maximum fee rate will be set at 0.005%

※1 NOI = Gross Operating Income minus Gross Operating Expense (excluding depreciation and loss from fixed asset retirement.)

※2 Adjusted EPU = Net Income excluding AM Fee III divided by number of outstanding asset at the fiscal period end.

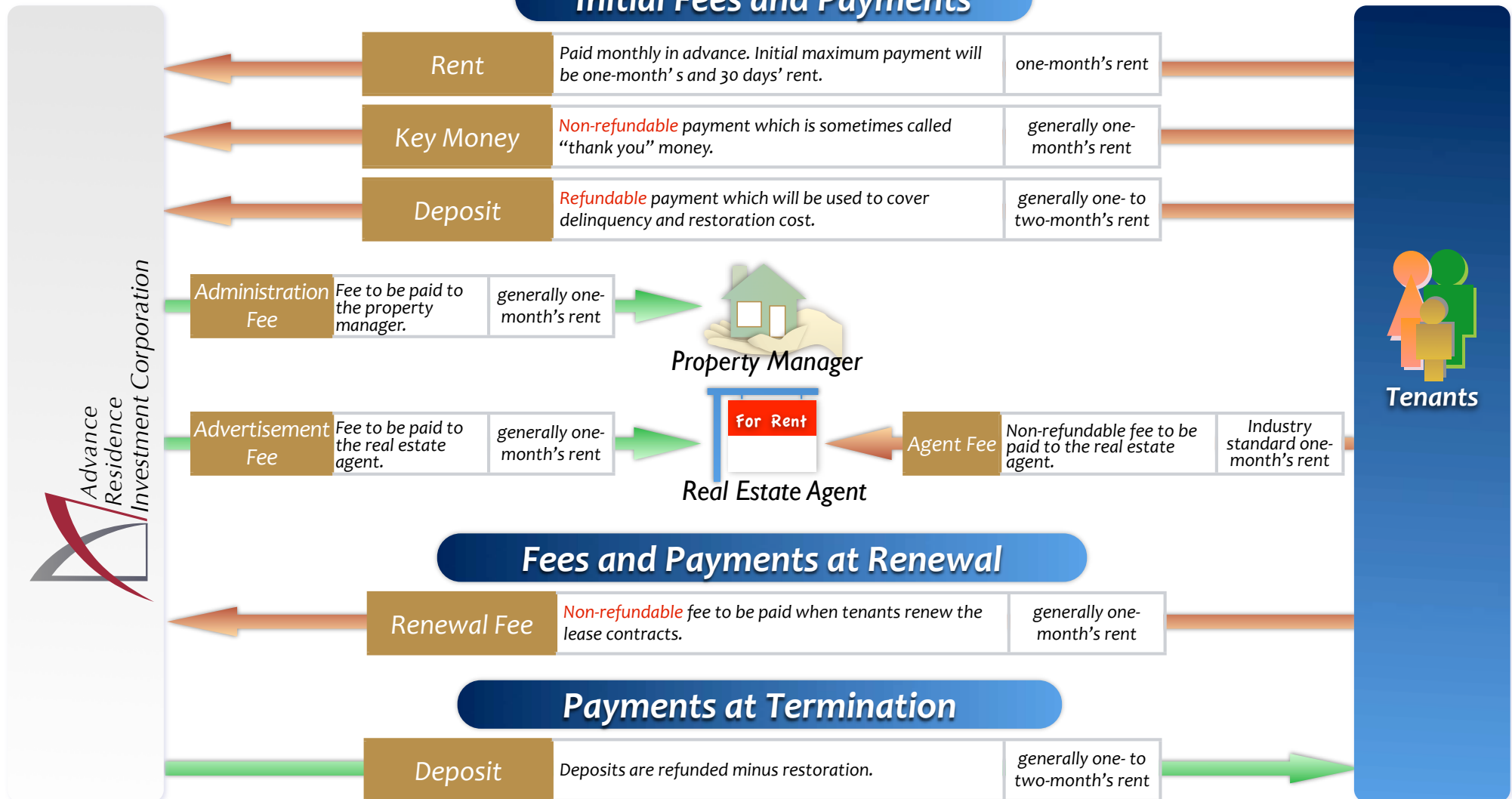
※3 Pre-tax Net Income = Pre-tax Net Income excluding Incentive Fee, (if there exist a loss brought forward from the previous term, pre-tax net income after covering the loss.)

The proposed fee structure is subject to the approval by the ADR's unitholders' at the 2nd General Unitholders' Meeting which will be held on October 25, 2013. If the unitholders' approve, it will become effective from the fiscal period ending July 31, 2014.

Japanese Real Estate Leasing Contract Practices

- Standard lease terms in Japan are mostly two years.
- Tenants are able to leave the leased space before contract expiration without paying for the remaining contract period.
- Japan's Lease Land and House Law makes raising rents of existing contracts almost impossible.

Initial Fees and Payments



Disclaimer



This material contain forward-looking statements on future operating results, plans, business objectives and strategies of the company.

Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements.

This material is based on Japanese GAAP unless otherwise stated.

This material was not created for the purpose of soliciting investment in the company. Investments should be based on your own judgment and responsibility.

