

Brief Summary of Kessan Tanshin (Financial Report)

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

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

1. Summary of Key Financial Data

Operating Revenues	16,302 million yen
Operating Income	8,272 million yen
Ordinary Income	7,088 million yen
Net Income	7,087 million yen
Earnings per Unit (EPU)	5,250 yen
Dividend per Unit (DPU)	5,499 yen
FFO per Unit	7,136 yen
ROE (semi-annual)	6.5 %

Total Assets	452,846 million yen
Net Assets	220,524 million yen
Net Assets per Unit	163,351 yen
NAV per Unit	248,686 yen
Net Asset Ratio	48.7 %
End-of-period LTV	49.9 %

2. 16th Fiscal Period Highlights

- The DPU for the fiscal period came to 5,499 yen, an increase of 214 yen compared to the prior period, mostly due to increase in rent revenue and key money revenue. It is a record high since the merger.
- The average portfolio occupancy for the period was the record high of 97.0%, same as the period last year. It is up 0.4pt compared to the initial forecast. The rent rose consecutively for the eight period, where the rise was 0.29% for the period.
- Even though the market continues to be very competitive, ADR was able to acquire four properties (total 6,781 million yen) during the period. On the other hand, ADR sold two properties that have lower profitability for a total 2,573 million yen (30.2% above appraisal value), taking advantage of the high property prices.
- ADR continued to strengthen its financial position by reducing interest expense, diversifying debt maturities, maintaining duration and fixed interest rate debt ratio. During the period, ADR procured a total of 25.6 billion yen (average duration 7.6 years, average interest rate 0.48%). With the continued improvements in financial stability, average duration extended to 5.0 years and average interest rate lowered to 0.84%, at the end of the fiscal period.

3. Earnings Forecasts

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

Operating Revenues	16,084 million yen
Operating Income	8,028 million yen
Ordinary Income	6,885 million yen
Net Income	6,885 million yen
Earnings per Unit (EPU)	5,100 yen
Dividend per Unit (DPU)	5,349 yen
Outstanding No. of Issued Units	1.35 million units
Number of Properties	264
Average Period Occupancy	96.5 %

18th Fiscal Period Forecast
(February 1, 2019 to August 31, 2019)

Operating Revenues	16,226 million yen
Operating Income	8,009 million yen
Ordinary Income	6,885 million yen
Net Income	6,885 million yen
Earnings per Unit (EPU)	5,100 yen
Dividend per Unit (DPU)	5,349 yen
Outstanding No. of Issued Units	1.35 million units
Number of Properties	264
Average Period Occupancy	96.6 %

- The above forecasts employ figures that have been calculated based on number of assumptions. The actual net profit and the dividend may vary due to changes in those assumptions or in other conditions. Therefore, these forecasts do not in no way guarantee the dividend amounts for the respective periods.

Please contact below with any inquiries you may have on this report.

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