

Brief Summary of Kessan Tanshin (Financial Report)
Advance Residence Investment Corporation (ADR / Securities Code: 3269)
12th Fiscal Period (February 1, 2016 – July 31, 2016)

1. Summary of Key Financial Data

Operating Revenues	15,444 million yen	Total assets	448,160 million yen
Operating Income	7,727 million yen	Net assets	207,915 million yen
Ordinary Income	6,206 million yen	Net assets per unit	159,935 yen
Net Income	6,205 million yen	Net asset ratio	46.4 %
Earnings per Share (EPU)*	4,773 yen	End-of-period LTV	52.2 %
ROE	3.0 %		
FFO per Share	6,749 yen		
Dividend per Unit (DPU)	4,774 yen		

- The earnings per share is calculated by dividing the net profit by the average number of outstanding issued units during the fiscal period.

2. 12th Fiscal Period Highlights

- The DPU for the fiscal period is 4,774 yen, an increase of 184 yen compared to the initial forecast. The increase was mostly due to increase in occupancy and decrease in restitution costs.
- The average portfolio occupancy for the period was 96.8% up 0.3% compared to the initial forecast. The rent rose +0.45% following the last fiscal period's rise of +0.13%.
- Aiming to increase the earning potential of the portfolio, the ADR acquired 5 properties from ADR's sponsor ITOCHU Corporation (4 properties) and from a third party (1 property) totaling 8,663 million yen during the fiscal period. Even in a very competitive market ADR was able to acquire assets that are scarce for each of its location.
- ADR continued to strengthen its financial position by reducing interest expense, lowering LTV, diversifying debt maturities, maintaining duration and fixed rate interest debt ratio. Also on back of the Bank of Japan's monetary policy, ADR was able to issue unsecured bond with a duration of 15 years for the first time.
- On September 6, 2016, ADR has decided to launch a public offering and secondary distribution of investment units. Along with the decision to acquire 3 properties and with the lowering of LTV, ADR expects the decisions to contribute to ADR's stable growth.

3. Earnings Forecasts

13th Fiscal Period Forecast (August 1, 2016 to January 31, 2017)

Operating revenues	15,399 million yen
Operating income	7,663 million yen
Ordinary income	6,210 million yen
Net income	6,210 million yen
Earnings per share (EPU)	4,600 yen
Dividend per unit (DPU)	4,859 yen
Outstanding no. of issued units	1.35 million units
Number of properties	257
Average period occupancy	96.2 %

14th Fiscal Period Forecast (February 1, 2017 to July 31, 2017)

Operating revenues	15,709 million yen
Operating income	7,723 million yen
Ordinary income	6,386 million yen
Net income	6,385 million yen
Earnings per share (EPU)	4,730 yen
Dividend per unit (DPU)	4,979 yen
Outstanding no. of issued units	1.35 million units
Number of properties	260
Average period occupancy	96.3 %

- 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.

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