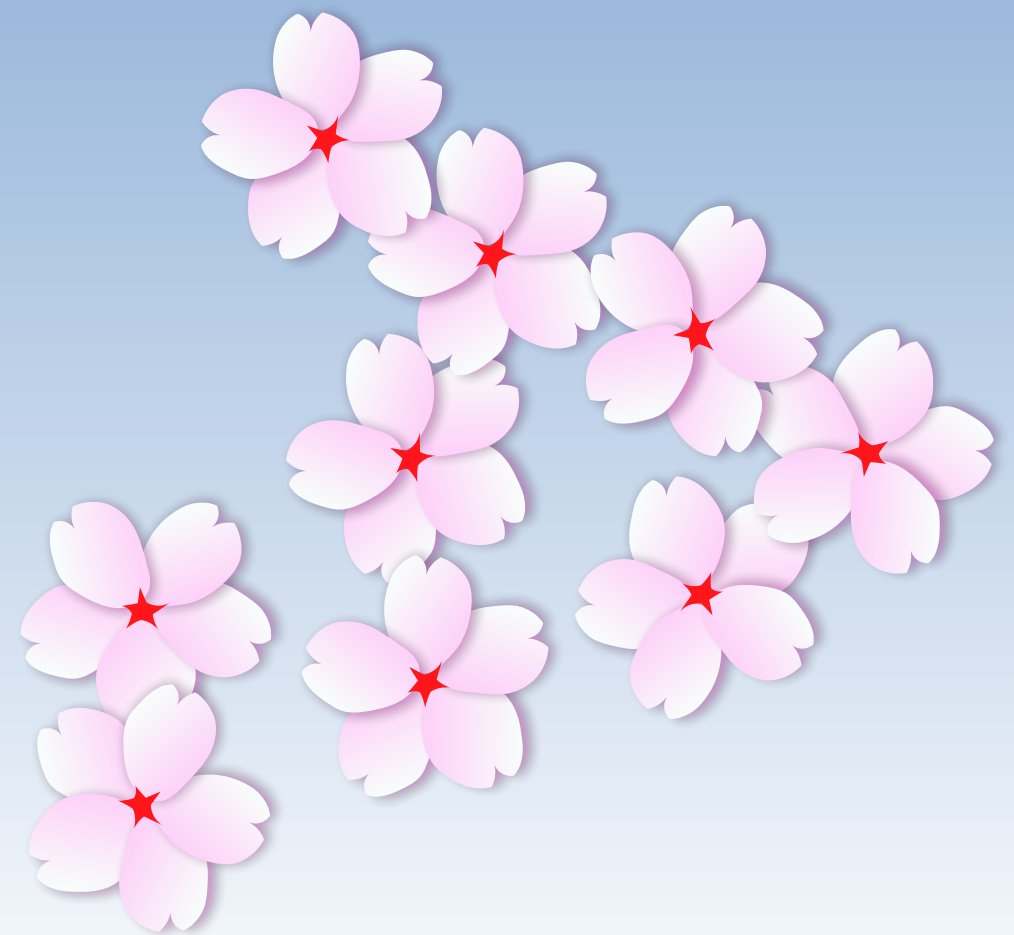


# *Appendix*





# Advance Residence's Strength

## Defensive with Stable Dividend

as of March 12, 2019

### ASSET

Holds the **Largest** AUM  
Among Residential J-REITs

**448.1** billion yen

### DEBT

**Stable** Financial Foundation

Long-term × Fixed Rate

× Diversified Maturity

JCR **AA** R&I **AA-**

### EQUITY

Holds the **Largest**  
Reserve Among All J-REITs

**31.8** billion yen

(the outstanding after FP January 2019 dividend payout)

\* According to data collected by ADIM from the latest disclosures made by each residential J-REITs as of March. 12, 2019.





# The Largest\* Portfolio Among Residential J-REITs

as of January 31, 2019

Number of Properties

**264** properties

Total Leasable Area

**790,646** m<sup>2</sup>

Leasable units

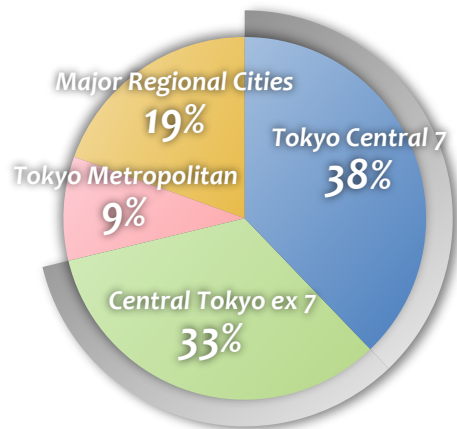
**21,286** units

Assets Under Management  
(acquisition price)

**448.1** billion yen

## Investment Location

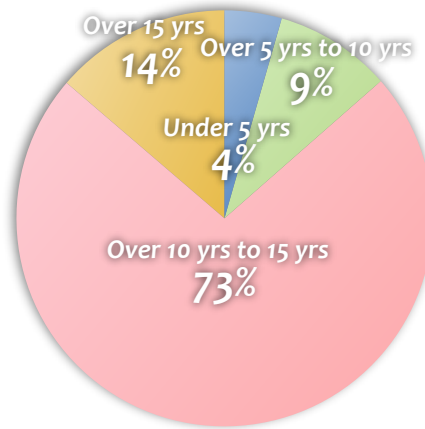
(by acquisition price)



Tokyo 23 Wards **71%**

## Building Age

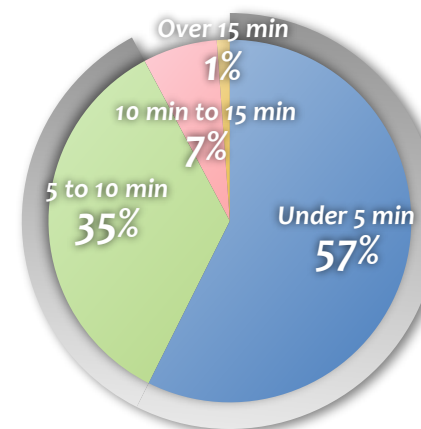
(by acquisition price)



Weighted Average Age **12.6** yrs

## Walking Minutes to Train Station

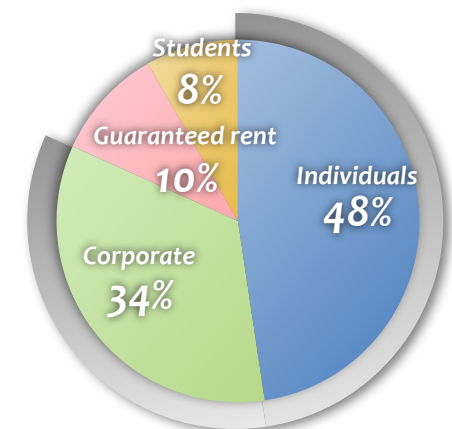
(by acquisition price)



Under 10 min **92%**

## Tenant Category

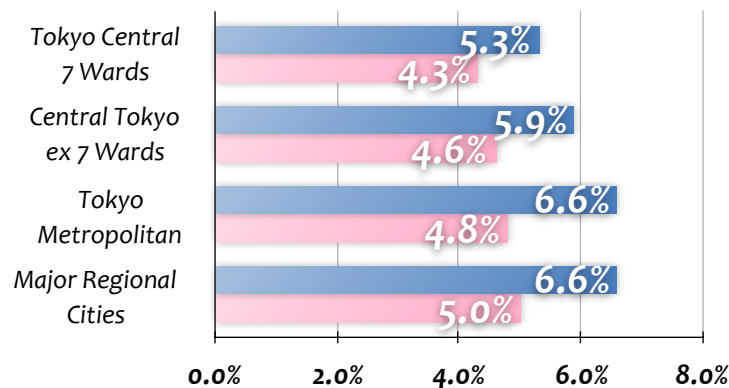
(by no. of units, as of Jan. 31, 2019)



Pass-through contract tenants **82%**

## NOI Yields (%) \*\*

(as of Jan. 31, 2019)



## Portfolio Yield

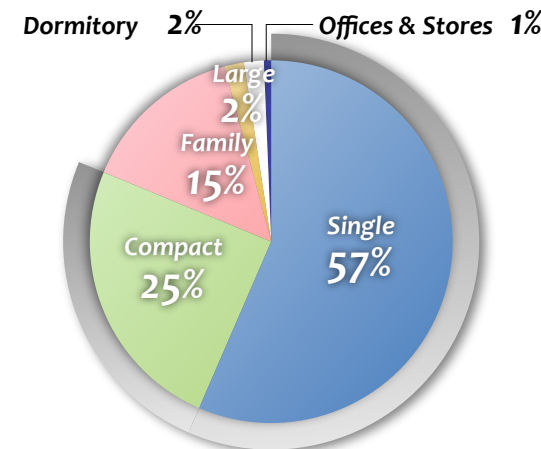
Book value NOI yield **5.9%**

Yield after Depreciation **4.6%**

■ Book value NOI yield  
■ Yield after Depreciation

## Unit type

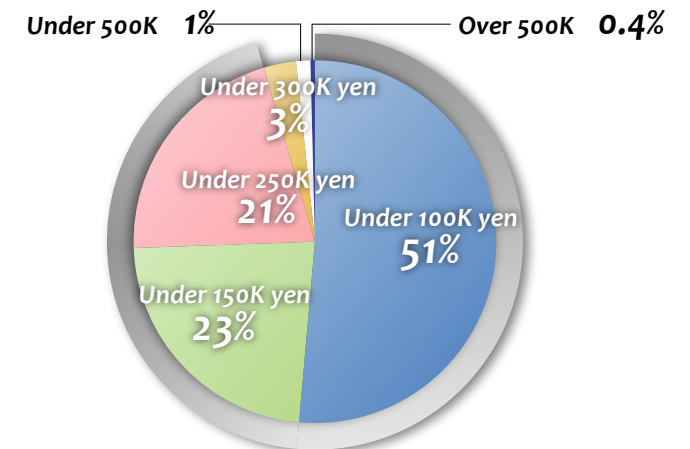
(as of Jan. 31, 2019)



Single & Compact type units **81%**

## Rents

(by no. of units, as of Jan. 31, 2019)



Unit rents under 250K yen **74%**

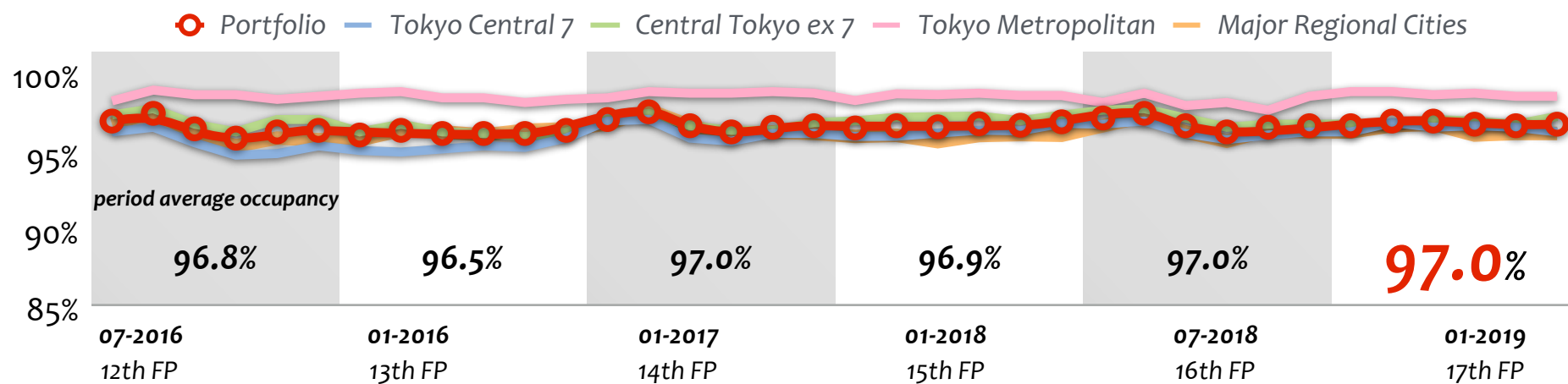
\* According to data collected by ADIM from the latest disclosures made by each residential J-REITs as of March 12, 2019.  
\*\* Book value NOI is calculated as "annualized NOI" ÷ "book value at the end of FP2019/1".  
Yield after Depreciation is calculated as (annualized NOI - depreciation) ÷ book value as of end of FP2019/1.



# Solid Growth, Solid Track Record

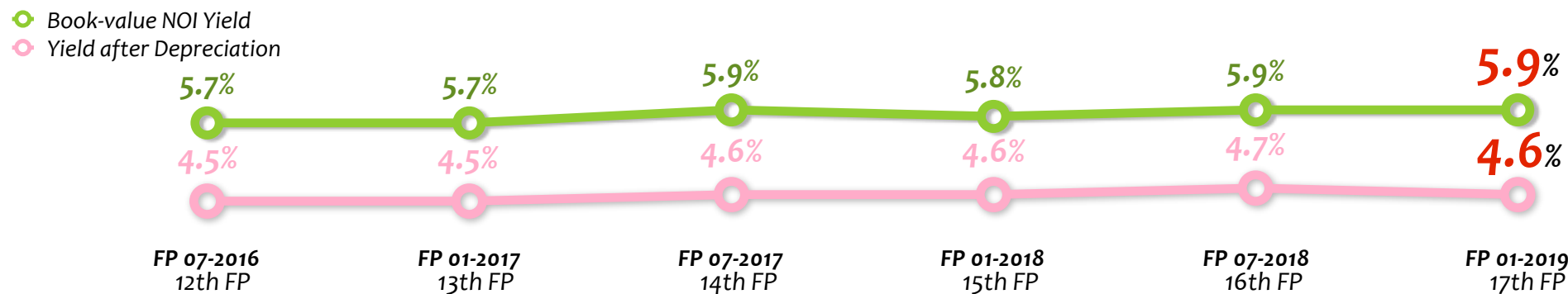
## Assets

### Occupancy



Maintained High Occupancy

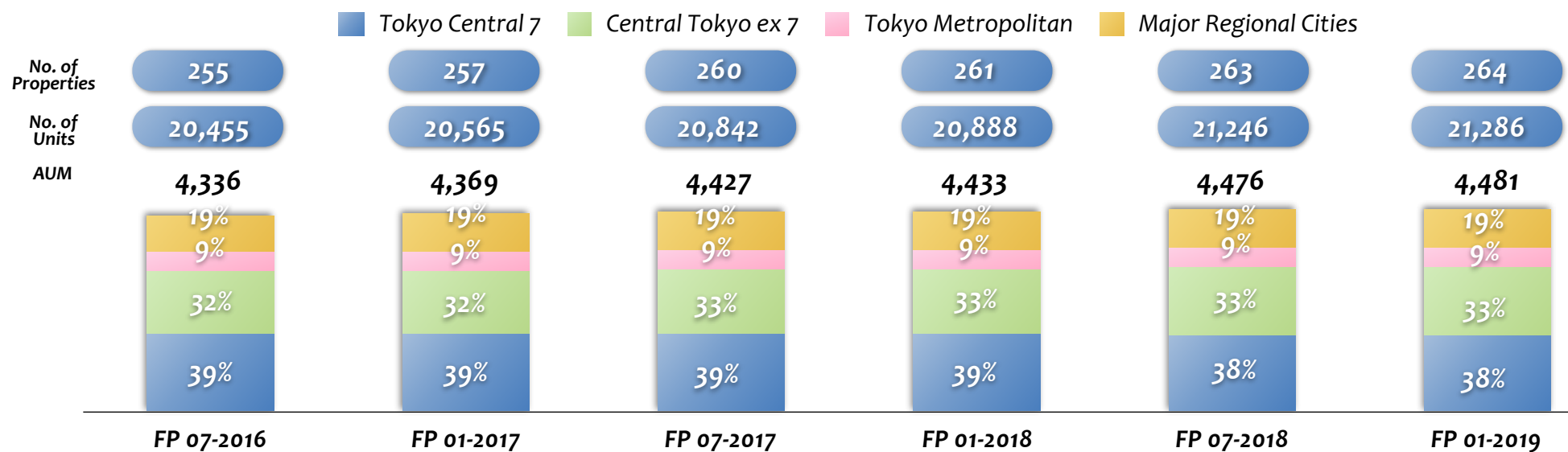
### Yield



Stable Yield

\* NOI yield = annualized NOI ÷ book value. NOIs are annualized according to the number of actual days of operation for each properties during the periods.  
\* Yield after depreciation = (annualized NOI - depreciation) ÷ book value.

### AUM



The Largest Portfolio Among Residential J-REITs

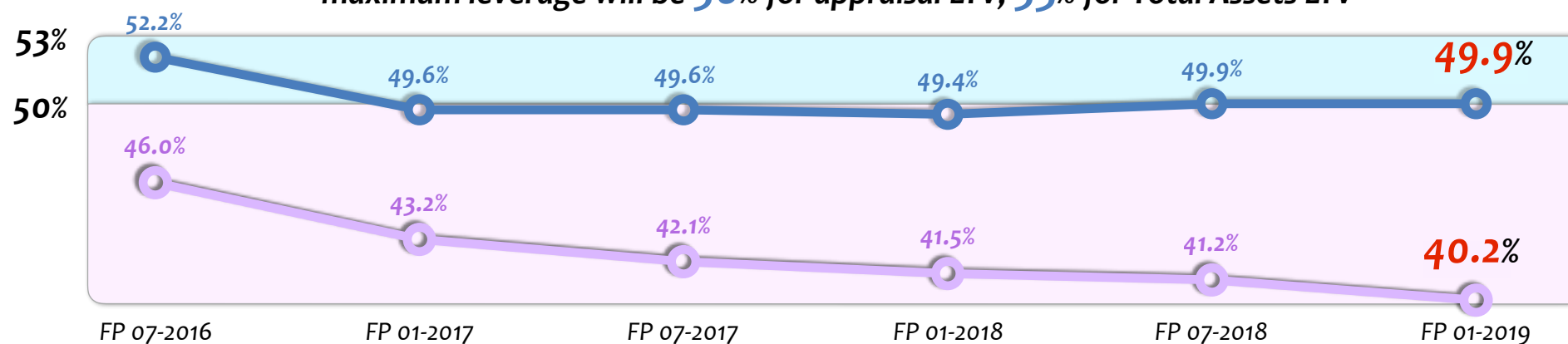
Topping 440 bn yen

# Debts

## LTV

- Total Assets LTV
- Appraisal LTV

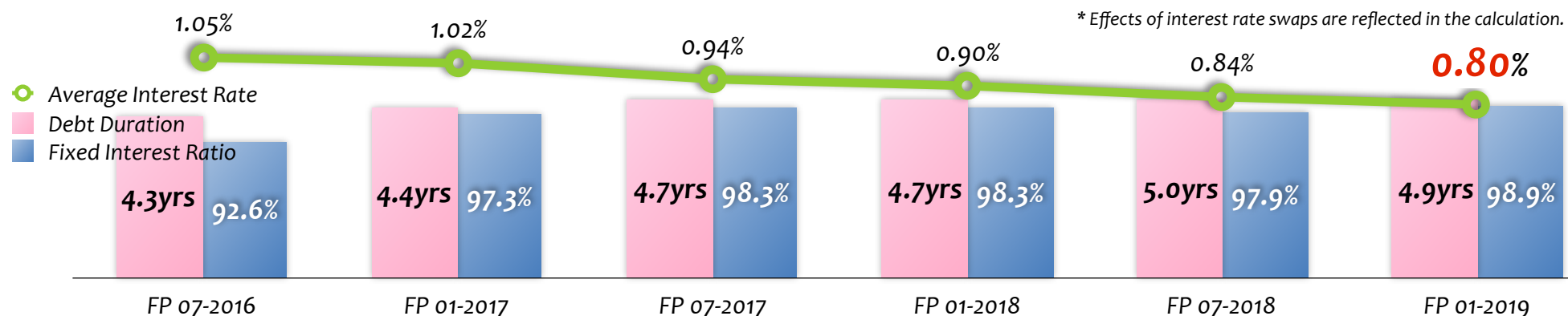
maximum leverage will be **50%** for appraisal LTV, **53%** for Total Assets LTV



Lowered LTV Range to Maintain Flexibility in Preparation for Future Volatility

Acquisition Capacity  
(@ Total Assets LTV of 53%)  
of around  
**30.0 bn yen**  
(as of FP ending Jan.2019)

## Debts

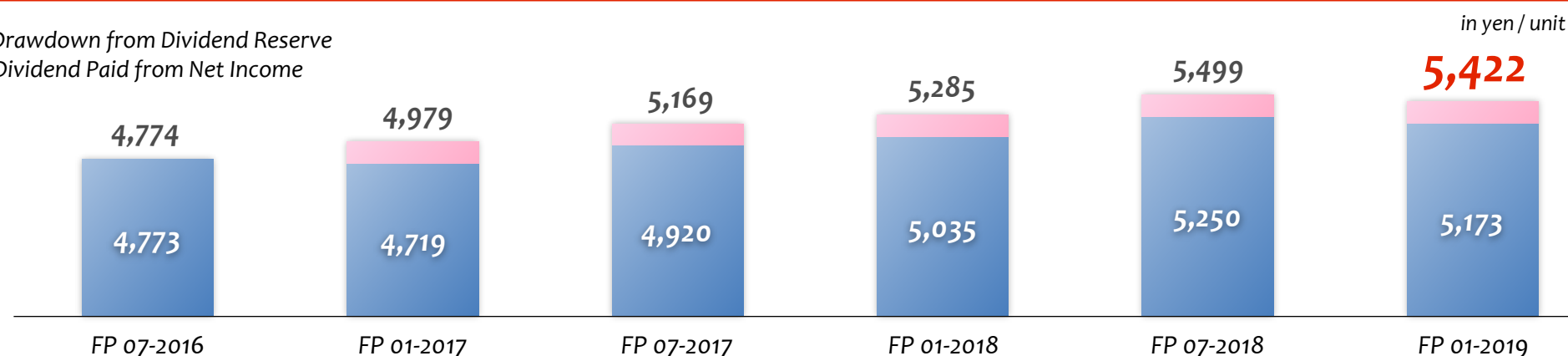


Lowered Interest Rate While Maintaining a Stable Base

# Equities

## Dividends

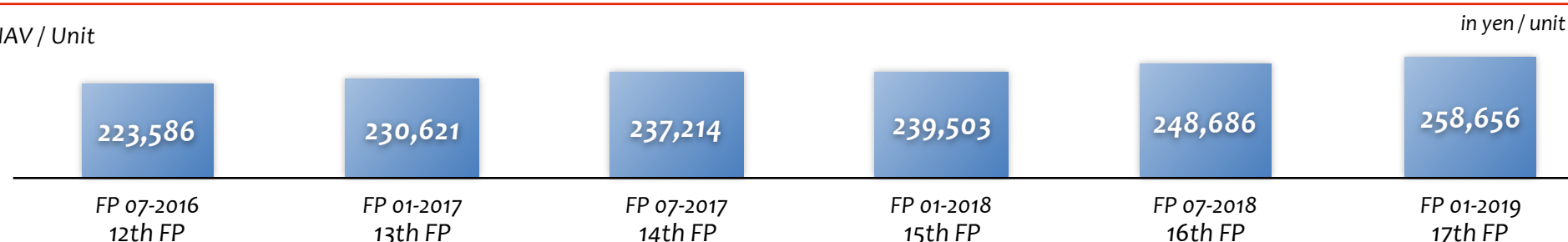
- Drawdown from Dividend Reserve
- Dividend Paid from Net Income



DPU topping 5,000 yen  
Outstanding Dividend Reserve  
**32.1 bn yen**  
(after FP Jan. 2019 dividend payout)

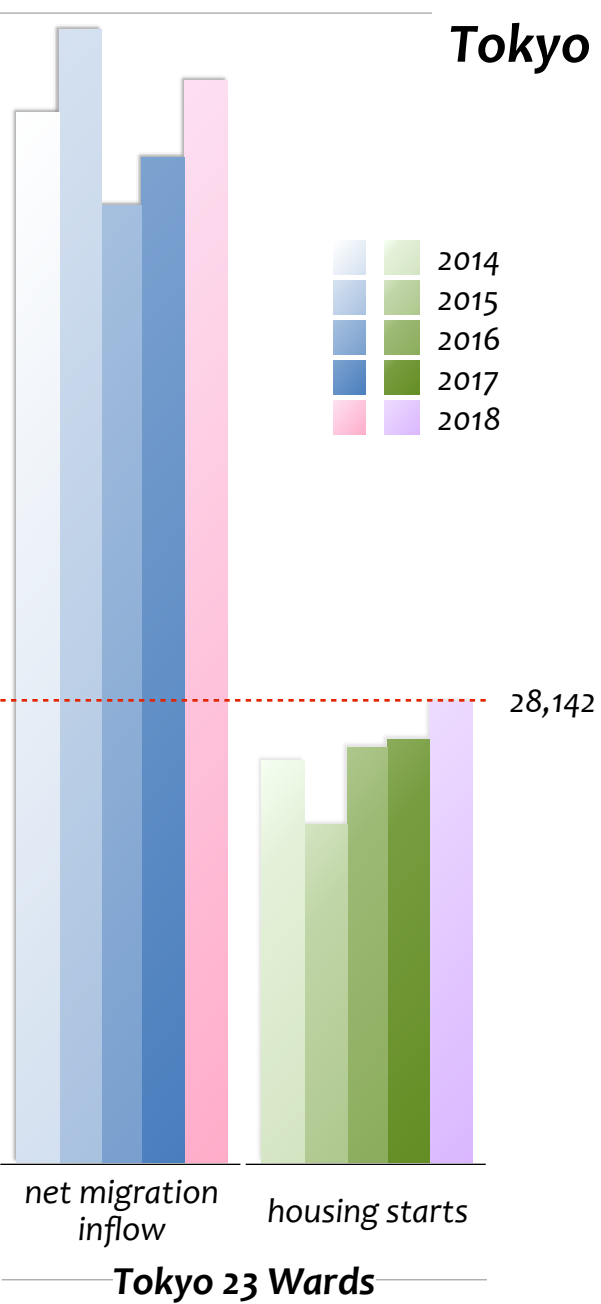
## Unit-holders' Value

- NAV / Unit

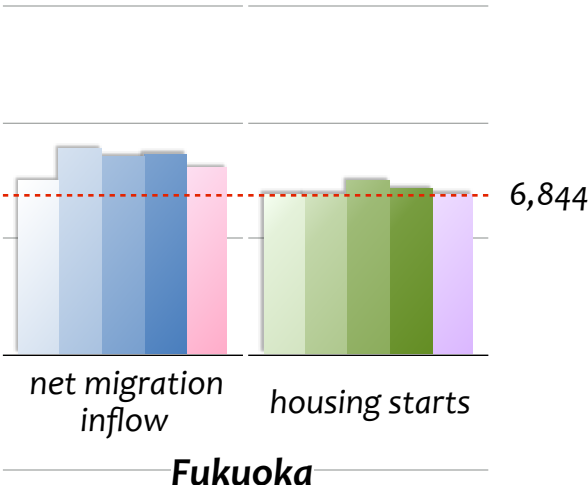
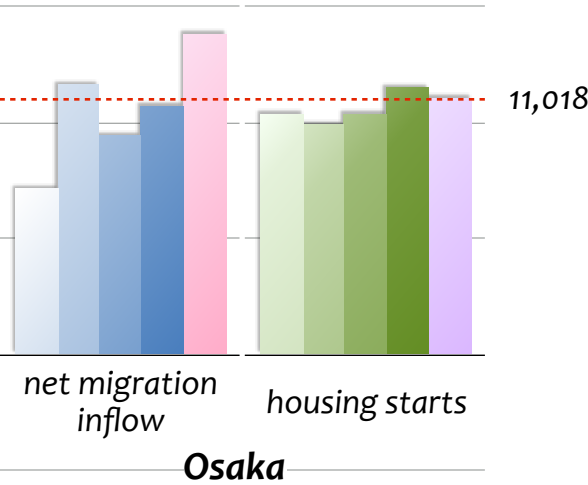
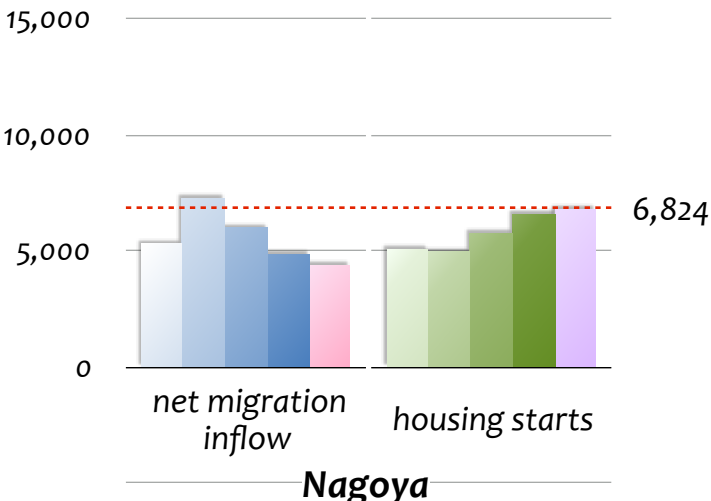
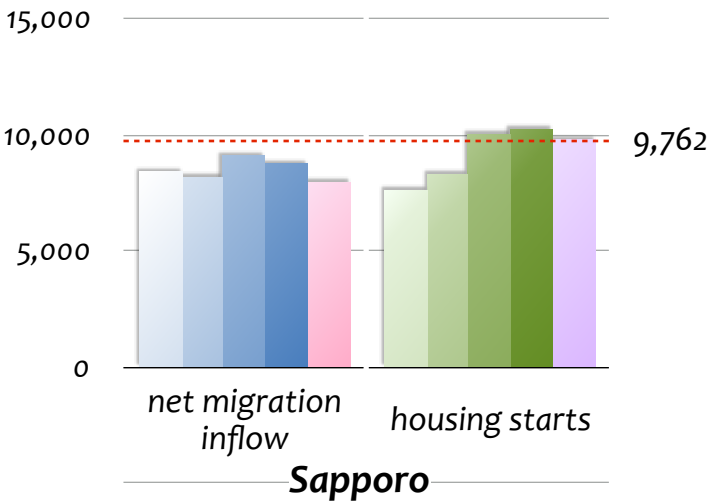


Continued Increase in NAV per Unit

# Demand Supply Stats I



Tokyo 23 Wards' See the Most Shortage in Supply



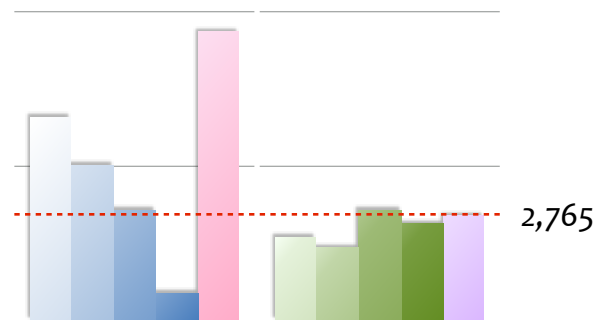
Source: "2018 Report on Internal Migration in Japan", Statistics Division, Statistics Bureau, Ministry of Internal Affairs and Communications  
"Housing Starts" (RC and SRC Construction Rented Collective Housing) (2018), Construction Statistics Office, Information Policy Division, Policy Bureau, Ministry of Land, Infrastructure, Transportation and Tourism



# Demand Supply Stats II

## Tokyo Metropolitan Area Also Are in Short Supply

no. of persons, units



2,765

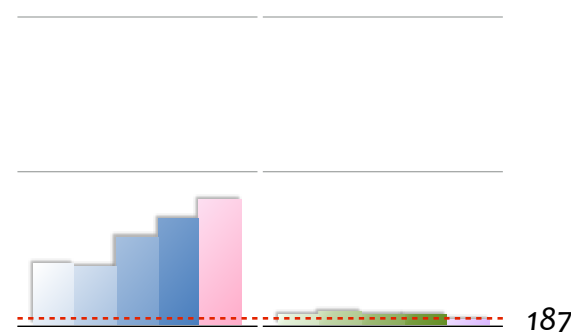
### Yokohama

Tokyo Metropolitan

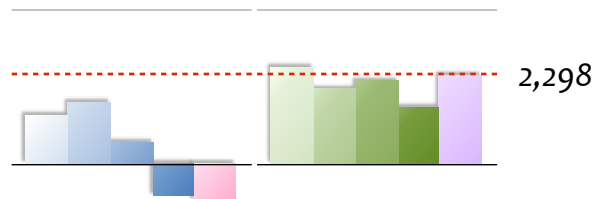


### Funabashi

Tokyo Metropolitan

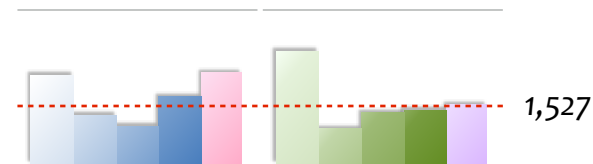


187



2,298

### Kyoto

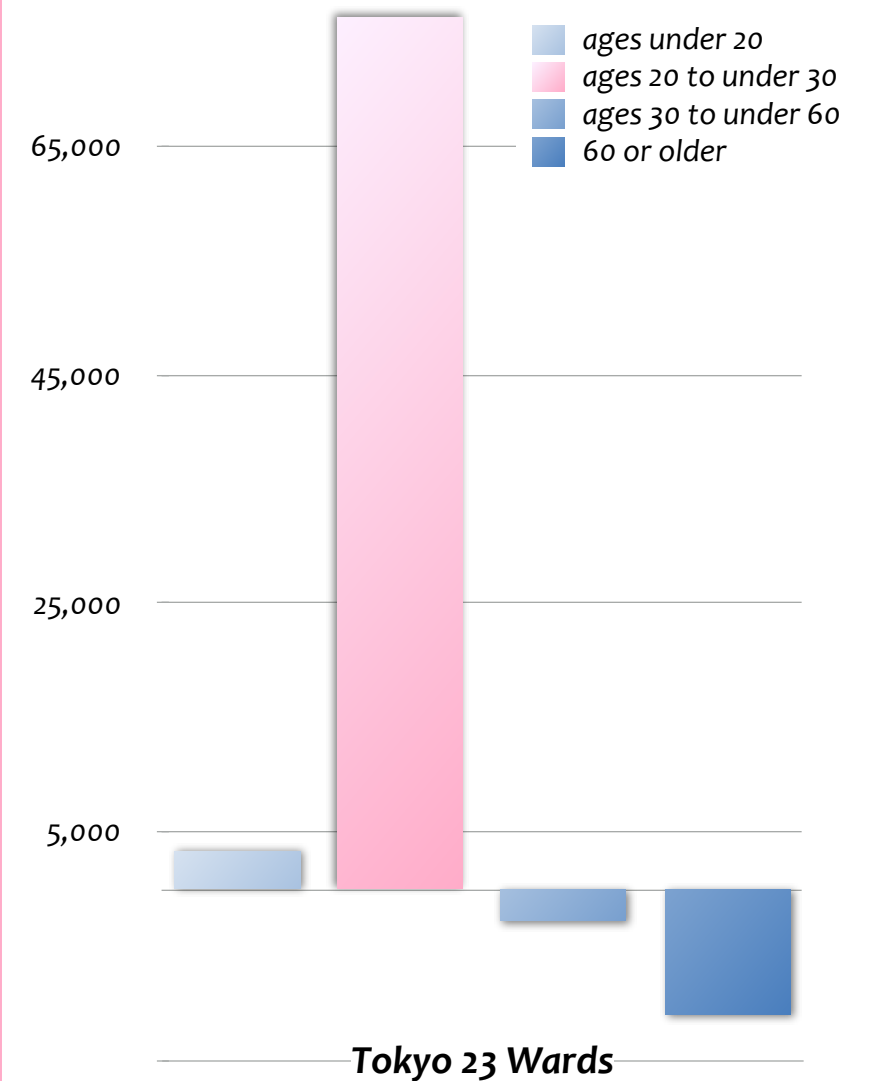


1,527

### Sendai

## Migration Inflow Mainly from Twenties

no. of persons



### Tokyo 23 Wards

Source: "2018 Report on Internal Migration in Japan", Statistics Division, Statistics Bureau, Ministry of Internal Affairs and Communications

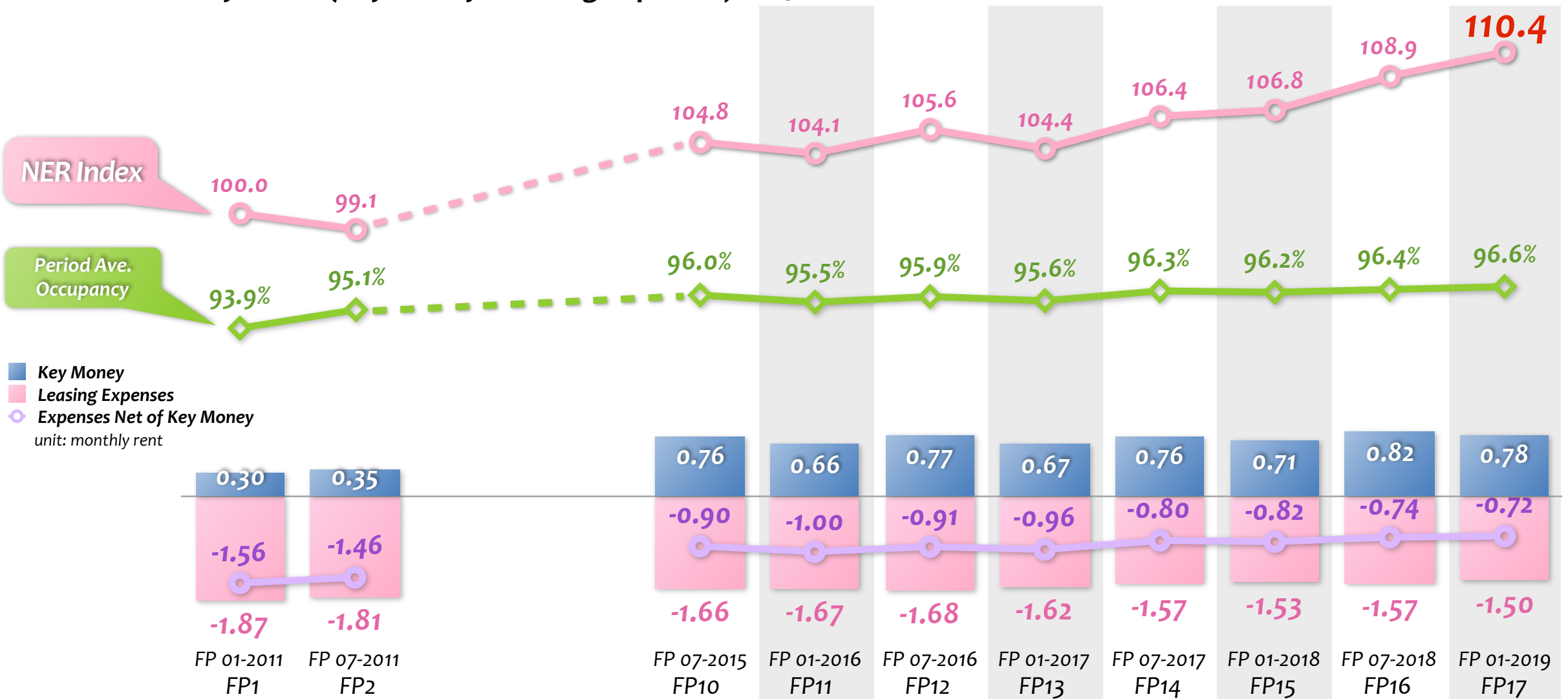
"Housing Starts" (RC and SRC Construction Rented Collective Housing) (2018), Construction Statistics Office, Information Policy Division, Policy Bureau, Ministry of Land, Infrastructure, Transportation and Tourism



# Strong Growth in NER

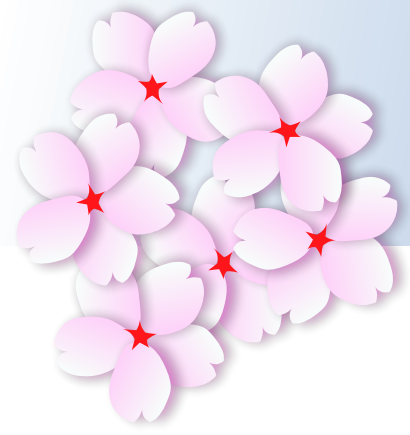
## Net Effective Rent (NER)

**NER** = Monthly Rent + (Key Money - Leasing Expenses) ÷ 24 month



- Net Effective Rent Index is calculated as monthly rental of new contracts and common fees plus key Money Income divided by 24 month, minus leasing related expenses divided by 24 month and weighted averaged by each 114 properties rentable space for each fiscal period and indexed by using the FP01-2011 figure as 100.
- The 114 properties that are included in above charts are properties held since the start of the FP01-2011. 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 those properties. 2) Properties targeted for Expats, where there are no key money practices.
- Number of new contracts for each fiscal period is as follows, FP01-2011) 1,744, FP07-2011) 1,070, FP07-2015) 916, FP01-2016) 784, FP07-2016) 917, FP01-2017) 783, FP07-2017) 968, FP01-2018) 752, FP07-2018) 871, FP01-2019) 713.





# Memo




# Senior Housing

	No. of Properties	Asset Size (Acquisition Price Total)	Investment Ratio	Leasable Units	Occupancy (Guaranteed Rent Contract)	Bookvalue NOI Yield
as of Jan. 31, 2019	<b>2</b> properties	<b>2.7</b> billion yen	<b>0.6%</b>	<b>163</b> units	<b>100 %</b>	<b>7.4%</b>

## Investment Policy

### Continue Search for Good Investment

#### Targeted Asset

Assets that can be expected to have continued demand.  
Equivalent locational requirements with good access to public transportation.

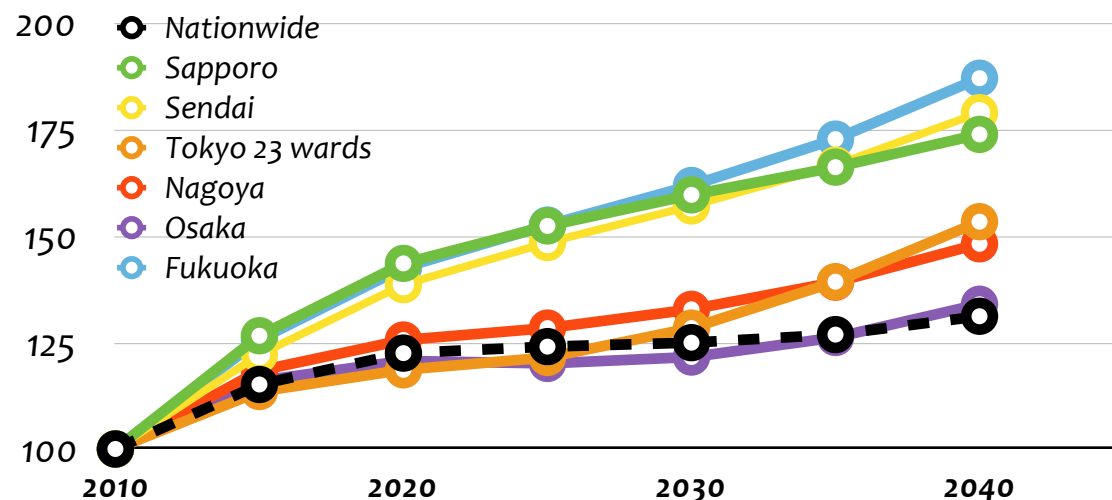
#### Expected Yield

To insure future liquidity there should be some premium over normal residential assets.

### Population trend of 65 years or older

(Indexed using 2010 figure as 100)

Population of Seniors Will Grow In Every Major Cities



Source: National Social Security and Population Research Center (March 2013)

## Holdings

### S-22 Life & Senior House Kohoku 2

There are units both for tenants needing nursing and tenants who do not. Depending on the tenants condition they are able to transfer between the two type units.  
The neighborhood is filled with greenery, there are parks and trails.



### S-29 Cocofump Hiyoshi

Located 8 min. walk away from Hiyoshi Honcho Station. Day service center and home nursing center is also located in the property.  
On the commercial space, a medical clinic and a drugstore can be found.



Prop. No.	Property Name	Location	Built	NOI Yield
1 S-22	Life & Senior House Kohoku 2	Yokohama, Kanagawa	2003/10	7.6%
2 S-29	Cocofump Hiyoshi	Yokohama, Kanagawa	2010/01	7.0%



# Student Housing

	No. of Properties	Asset Size (Acquisition Price Total)	Investment Ratio	Leasable Units	Occupancy (Guaranteed Rent Contract)	Bookvalue NOI Yield
as of Jan. 31, 2019	<b>19</b> properties	<b>18.0</b> billion	<b>4.0</b> %	<b>1,709</b> units	<b>100</b> %	<b>6.4</b> %

## Dormitories

Dormitories usually have in addition to individual rooms, kitchen serving breakfast and dinner, common dining room and common room, and operated under an operator.

S-23 College Court Tanashi



Property No.	Property Name	Location	Built	Book Value NOI Yield
1 S-11	Tokyo • Student House Wako	Wako, Saitama	04/1990	6.8%
2 S-23	College Court Tanashi	Nishi-Tokyo, Tokyo	02/2010	8.0%

## Student Apartments

Student apartments are normal apartments tenants are exclusively students.



R-8 RESIDIA Kobe Port Island



R-60 RESIDIA Okayama-Ekimae  
(undergone large-scale repair in FP 01/2018)

Property No.	Property Name	Location	Built	Book Value NOI Yield
1 P-3	RESIDIA Nakameguro	Meguro, Tokyo	02/2005	6.3%
2 P-85	RESIDIA Komazawa	Setagaya, Tokyo	10/2008	6.3%
3 C-28	RESIDIA Oji	Kita, Tokyo	02/2005	6.5%
4 C-50	RESIDIA Shin-Itabashi	Itabashi, Tokyo	08/2009	6.5%
5 C-66	RESIDIA Takashimadaira	Itabashi, Tokyo	02/2007	5.6%
6 C-67	RESIDIA Shimurasakaue	Itabashi, Tokyo	02/2007	5.3%
7 C-68	RESIDIA Shimurasakaue II	Itabashi, Tokyo	03/2007	5.6%
8 C-69	RESIDIA Shimurasakaue III	Itabashi, Tokyo	03/2007	5.4%
9 C-74	RESIDIA Nerima	Nerima, Tokyo	03/2005	5.6%
10 C-77	RESIDIA Ogikubo II	Suginami, Tokyo	03/2007	5.0%
11 S-15	RESIDIA Okurayama	Yokohama, Kanagawa	03/1998	6.1%
12 S-30	RESIDIA Sagamihara	Sagamihara, Kanagawa	05/2004	6.7%
13 R-2	RESIDIA Imadegawa	Kyoto, Kyoto	02/1999	6.7%
14 R-8	RESIDIA Kobe Port Island	Kobe, Hyogo	09/2007	6.5%
15 R-38	RESIDIA Hirose-dori	Sendai, Miyagi	02/2010	8.2%
16 R-60	RESIDIA Okayama-Ekimae	Okayama, Okayama	03/2004	6.9%
17 R-61	RESIDIA Kyoto-Okazaki	Kyoto, Kyoto	03/2005	5.8%

# Portfolio Diversification Policy

Investment Regions* <sup>1</sup>	Investment ratio* <sup>2</sup>
<b>Tokyo 23 Wards</b>	70 ~ 100%
Tokyo Central 7 Wards	
Central Tokyo ex 7 Wards	
<b>Other Regions</b>	0 ~ 30%
Tokyo Metropolitan (ex. Tokyo 23 Wards)	
Major Regional Cities	

Unit types	Investment ratio* <sup>3</sup>
Single	~ 50%
Compact	20 ~ 40%
Family	20 ~ 40%
Large	~ 10%

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

Unit types	Investment ratio* <sup>3</sup>
Dormitory	up to 20%

## \*Note

1. Of the Tokyo 23 Wards, Chiyoda, Shibuya, Shinjuku, Meguro, Setagaya and Shinagawa wards are classified as Tokyo Central 7 Wards and the remaining wards are classified as Central Tokyo. Other Regions are Tokyo Metropolitan Area (Tokyo Metropolis excluding the Tokyo 23 Wards, prefectures of Kanagawa, Saitama and Chiba) and Major Regional Cities.
2. Investment ratios are calculated based on acquisition price.
3. Investment ratios are calculated based on leasable area.

## Unit-type Definition

Floor Plan	~30m <sup>2</sup>	~40m <sup>2</sup>	~50m <sup>2</sup>	~60m <sup>2</sup>	~70m <sup>2</sup>	~80m <sup>2</sup>	~90m <sup>2</sup>	over 90m <sup>2</sup>
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

<b>Studio</b>	1R, 1K, STUDIO
<b>1Bedroom</b>	1DK, 1LDK
<b>2Bedroom</b>	2DK, 2LDK, 1LDK+S
<b>3Bedroom</b>	3DK, 3LDK, 2LDK+S
<b>4Bedroom ~</b>	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

<b>S = Single Type Units</b>	mostly for singles
<b>C = Compact Type Units</b>	mostly for singles, couples or small families
<b>F = Family Type Units</b>	mostly for families
<b>L = Large Type Units</b>	mostly for foreign executives



# Building a High Quality Portfolio

as of January 31, 2019

## Acquisitions and Dispositions Since the Merger

	Acquisitions	Dispositions
No. of Properties	121	45
Total Value (Acquisition Price)	174.2 bn yen	72.0 bn yen
Weighted Average NOI Yield	5.8%* <sub>1</sub>	4.6%* <sub>2</sub>
Weighted Average Building Age* <sub>3</sub>	4.9 yrs	13.3 yrs

## Improving Yield and Reducing Average Age

	at the time of merger	after the transactions
Book Value NOI Yield	5.2%	5.9%* <sub>4</sub>
Building Age	15.2 yrs* <sub>5</sub>	12.6 yrs

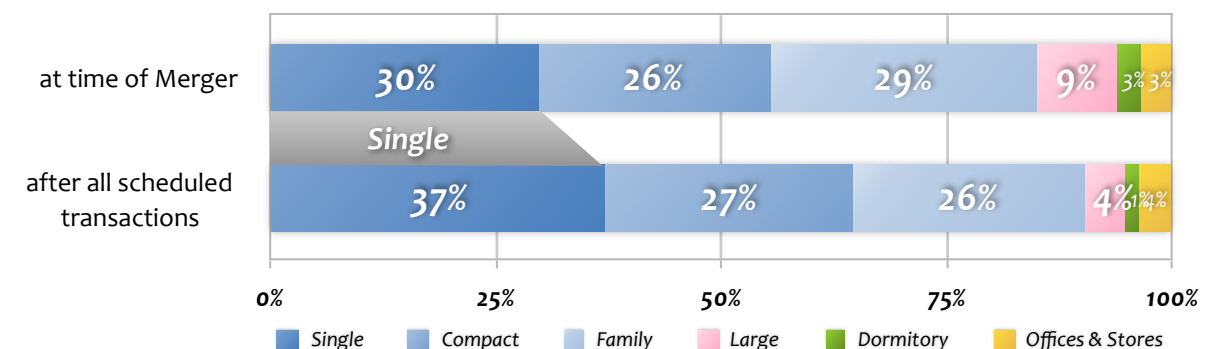
## Balanced and Diversified Acquisition Sources

Transactions since the Merger	The Sponsor Group* <sub>6</sub>	Bridge Funds* <sub>7</sub>	Third party and Others	Total
No. of Properties	27	42	52	121
Total Acquisition Value (bn yen)	48.9	52.4	72.8	174.2
Share of Sources	28.1%	30.1%	41.8%	100%

## Acquisition Focused on Single-type Units

	Single	Compact	Family	Large	Dormitory	Others	Total
Tokyo Central 7 Wards	+850	4	-48	-179	0	-1	+626
Central Tokyo ex 7	+2,154	+716	+435	+11	0	+14	+3,330
Tokyo 23 Wards	+3,004	+720	+387	-168	0	+13	+3,956
Tokyo Metropolitan	+483	+10	-105	0	-748	-4	-364
Major Regional Cities	+1,906	+1,164	+323	+63	0	+2	+3,458
Other Regions	+2,389	+1,174	+218	+63	-748	-2	+3,094
Total	+5,393	+1,894	+605	-105	-748	+11	+7,050

Unit type Investment Ratio (by leasable area)



\*<sub>1</sub> Weighted average NOI yield of acquisitions

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

\*<sub>2</sub> Weighted average NOI yield of dispositions = Total actual annual NOI ÷ Total of the historical acquisition prices × 100

\*<sub>3</sub> Weighted average building age is acquisition price weighted average as of the time of acquisition or disposition.

\*<sub>4</sub> The following figures are used to calculate the Book Value NOI Yield. Annualized NOI ÷ FP2019/1 end book value, where the NOI is annualized using the actual days in operation during the FP2019/1

\*<sub>5</sub> Weighted Average age of buildings held at the time of merger as of January 31, 2019.

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

\*<sub>7</sub> Bridge Funds are property funds which are often TK and where ADR has a right of first refusal on the assets under management.

# Measures to Reduce Rent Declines Caused by Aging

## Rents 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

Daily Repairs

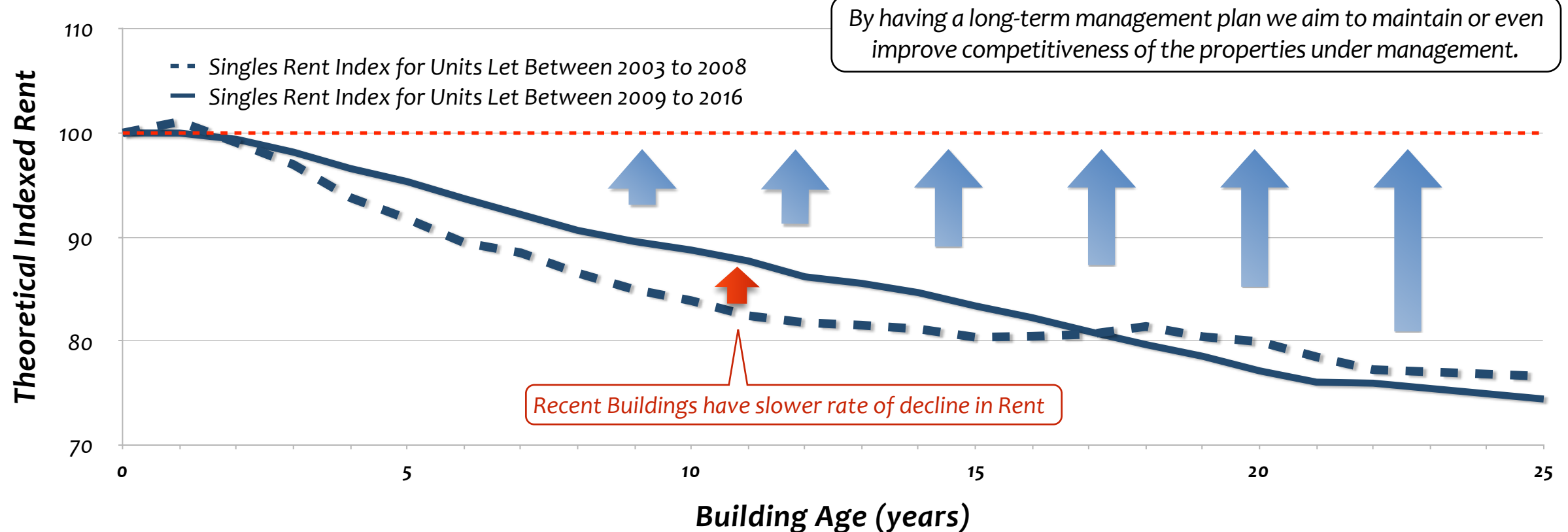
Equipment Maintenance

### Timely Capital Expenditures

Large-scale renovations of common areas and exteriors

Renovations of individual apartment units

**Providing living environments that satisfy 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 on rent data from single-type units (18m<sup>2</sup> to 30m<sup>2</sup>) of apartments in 23 wards of Tokyo.



# Examples of Rents Maintained by Renovation

By taking proper measures competitiveness can be maintained

## P-73 RESIDIA Shibaura

Common area renovation  
Cost: 123 million yen

before

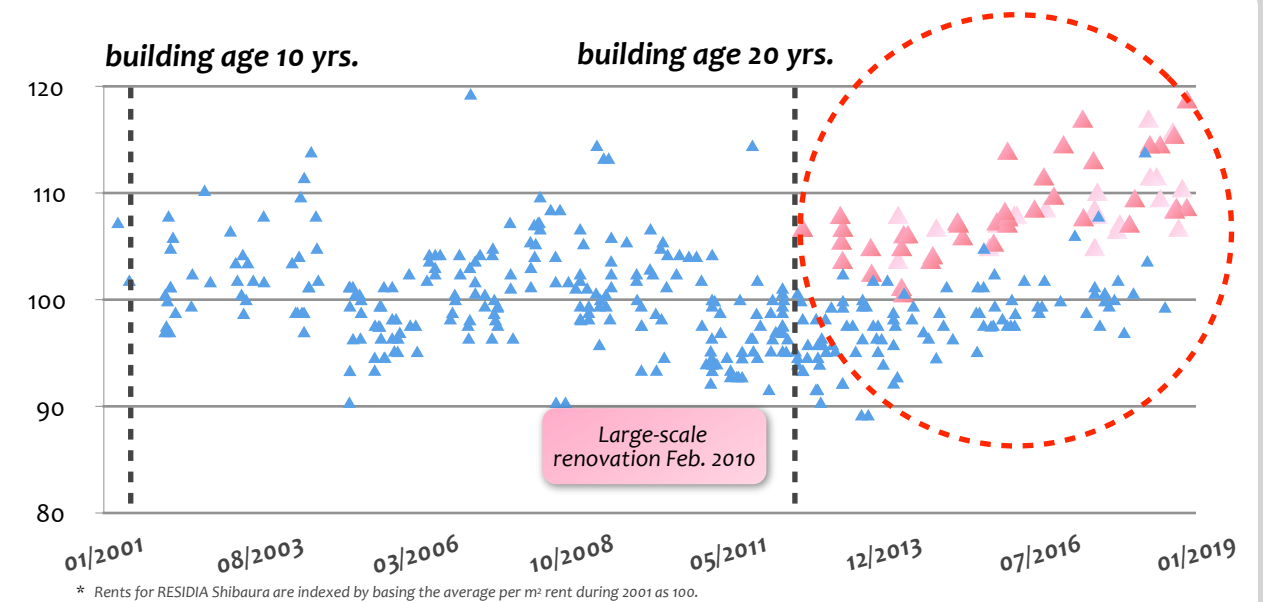
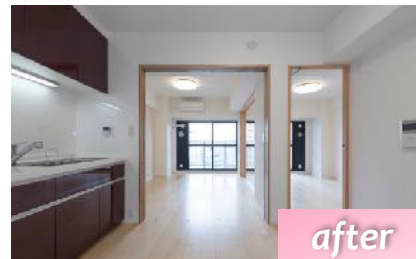


Building age 27 years



Individual apartment unit  
upgrading renovations  
Cost: 3,824 thousand yen/unit

before



## S-19 RESIDIA Kichijoji

Common area renovation  
Cost: 30 million yen

before

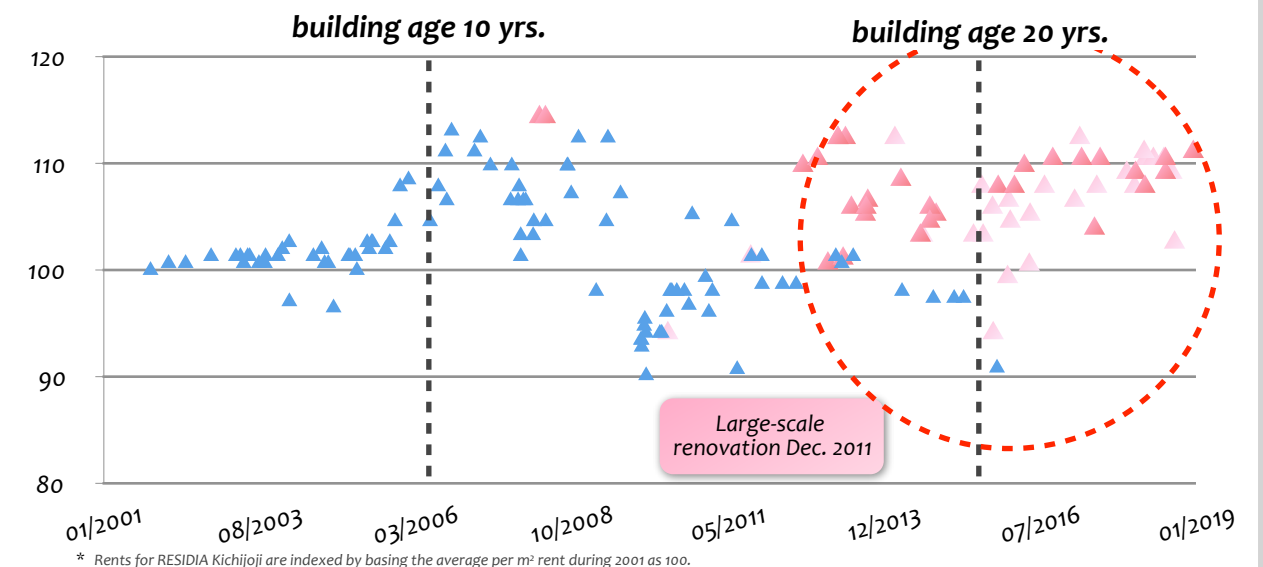


Building age 23 years



Individual apartment unit  
upgrading renovations  
Cost: 3,581 thousand yen/unit

before



▲ Units w/ standard restoration work ▲ Units went under VE works ▲ Units having t/o more than twice after VE work



# Measures to Ensure Sustainability

## Multiple Measures to Ensure Sustainability and Retain & Increase Asset Value

### Environmental Considerations

- Installation of LED Lightings
- Putting up awareness posters to promote energy conservation
- Timely execution of large-scale repairs



Neighborhood Clean-up

Example of Installation of LED Lightings



### Measures to Improve Governance

- Established a framework for compliance and risk management
- Asset management fee structure having a same boat incentive
- Timely and active disclosures

more inline with unitholders' interest

Asset Management Fee I	Asset Management Fee II	Asset Management Fee III
Fee Linked to Total Asset Size	Fee Linked to NOI * <sup>1</sup>	Fee Linked Adjusted EPU * <sup>2</sup>
Previous fiscal end asset size x 0.20%	NOI x 3.00%	(AM Fees I + II) x Adjusted EPU x 0.008%

\*<sup>1</sup> NOI = Gross Operating Income minus Gross Operating Expense (excluding depreciation and loss from fixed asset retirement.)

\*<sup>2</sup> Adjusted EPU = Net Income excluding AM Fee III divided by number of outstanding asset at the fiscal period end.

### Social Considerations

#### 1) Improving Tenant Satisfaction

- Rich menu of tenant services
- Posting of emergency maps in properties
- Distributing emergency kits to tenants

Emergency Kits



#### 2) Contribution to the Community

- Installation of vending machines that enables charitable donations
- Installation of AEDs
- Holding architectural design competition
- Volunteering in neighborhood clean-up

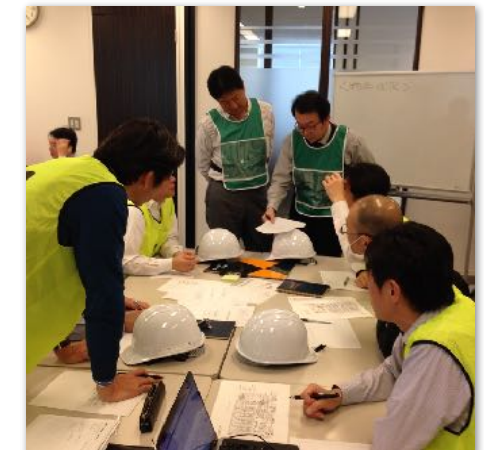
AED



#### 3) Human Capital Development and Employee Satisfaction

- Provide variety of training seminars for employees
- Promoting work / life balance
- Providing ample company benefits

Training Seminars





# Measures to Ensure Sustainability

## Sustainability Measures Taken by the Asset Management Company

### Employee Investment Unit Ownership Program

**ADIM became the first J-REIT asset management company to start the program**

- Aligns ADIM employees' interest to ADR's unit-holders' interest.
- Improves the level of company benefits that ADIM provides to employees.



### Business Continuity Planning

**ADIM ensures BCP through following measures**

- Office is situated in a building with back-up generator
- The office building has earthquake resistant structure
- The building stockpiles three days worth of food and drinking water
- Usage of offsite data center



Jinbocho Mitsui Building which ADIM resides

### Resilience Certification\*

First J-REIT asset management company to be certified



\* The certification is given to parties recognized as contributing to improve the resilience of society at large by Association for Resilience Japan.

### Acquired DBJ BCM Rating\*

First and only J-REIT asset management company to acquire the rating



Rated by DBJ (Development Bank of Japan) as a leading company executing measures in contingency planning, disaster prevention and mitigation

# Recognitions for Sustainability Measures

**ADR & ADIM were recognized by multiple parties for its sustainability measures**

## Participated in GRESB Survey

**First residential J-REIT to participate in the survey in 2014**

Rated as

**Green Star**

three years running



**2018 Asia Listed Residential Sector**

**Sector Leader**

GRESB is an industry-driven organization committed to assessing the sustainability performance of real estate portfolios (public, private and direct) around the globe. The dynamic benchmark is used by institutional investors to engage with their investments with the aim to improve the sustainability performance of their investment portfolio, and the global property sector at large.

## ESG Ratings

**MUFG ESG Rating for J-REIT supported by JCR**

**Acquired the highest rating of**

**S Rank**

Funding executed using ESG assessment loan on November 2018.

## DBJ Green Building Certification

**DBJ Green Building Awarded to 7 properties\***

P-62 RESIDIA Tower  
Azabujuban



\* The seven properties are P-50 RESIDIA Nishi-Azabu, P-55 RESIDIA Tower Meguro-Fudomae, P-62 RESIDIA Tower Azabujuban, P-76 Park Tower Shibaura Bayward Urban Wing, C-65 RESIDIA Tower Kami-Ikebukuro and S-20 Pacific Royal Court Minato Mirai Ocean Tower, R-30 RESIDIA Izumi.



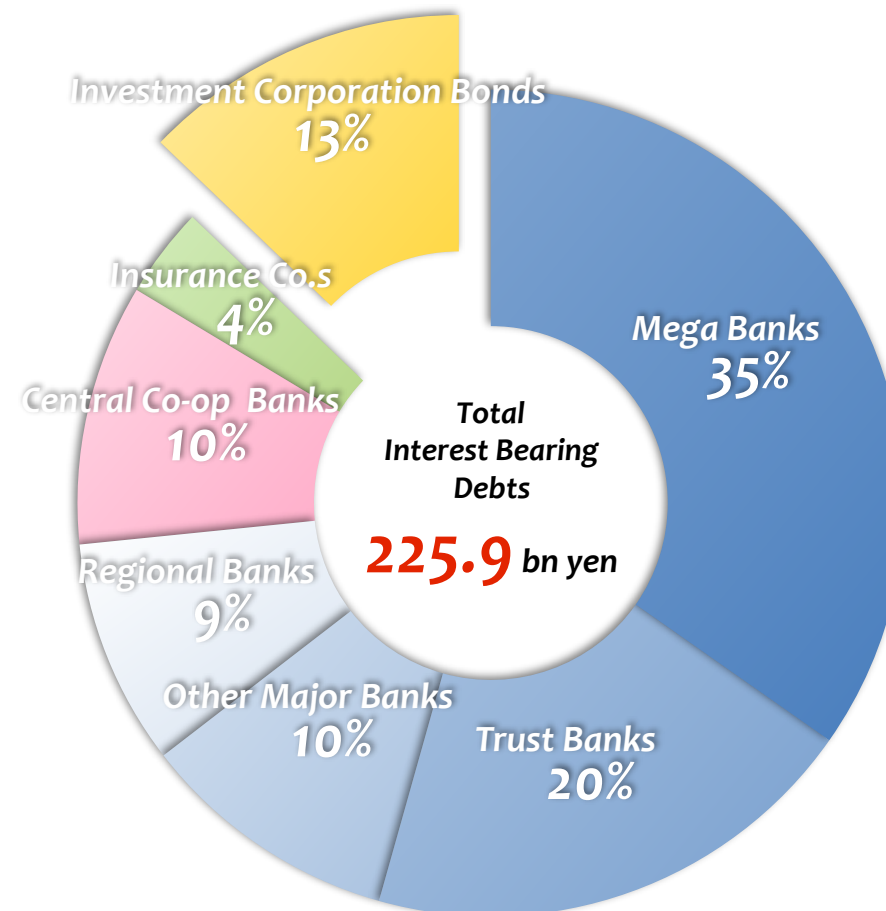
# Debt Structure

## Stable Financial Base with Multiple Funding Source

as of January 31, 2019

### Investment Corporation Bonds

	Issue Date	Duration	Amount
Bond #18	09/2012	7.0 yrs	4.0
Bond #19	04/2013	10.0 yrs	3.0
Bond #20	11/2013	12.0 yrs	2.0
Bond #21	04/2014	10.0 yrs	2.5
Bond #22	04/2015	10.0 yrs	2.0
Bond #23	10/2015	5.0 yrs	1.5
Bond #24	10/2015	10.0 yrs	1.5
Bond #25	06/2016	15.0 yrs	3.0
Bond #26	02/2017	5.5 yrs	2.0
Bond #27	07/2017	10.0 yrs	3.0
Bond #28 (private placement)	11/2017	10.0 yrs	1.0
Bond #29	04/2018	12.0 yrs	1.5
Bond #30	10/2018	10.0 yrs	2.0
Total			29.0



Lenders	Loan Outstanding (bn yen)	% share
MUFG Bank	42.7	21.7
Sumitomo Mitsui Trust Bank	32.2	16.4
Mizuho Bank	19.1	9.7
Sumitomo Mitsui Banking Corporation	16.5	8.4
Development Bank of Japan	14.6	7.4
Mizuho Trust & Banking	12.1	6.1
Aozora Bank	10.6	5.4
Resona Bank	8.1	4.2
The Norinchukin Bank	7.0	3.6
The Bank of Fukuoka	6.0	3.0
The Nishi-Nippon City Bank	4.5	2.3
Shinsei Bank	4.2	2.1
The Yamaguchi Bank	3.0	1.5
Taiyo Life Insurance	3.0	1.5
The Iyo Bank	2.0	1.0
Nippon Life Insurance	2.0	1.0
Shinkin Central Bank	1.5	0.8
Tokio Marine & Nichido Fire Insurance	1.0	0.5
Mitsui Sumitomo Insurance	1.0	0.5
The Gunma Bank	1.0	0.5
The 77 Bank	1.0	0.5
The Chugoku Bank	1.0	0.5
The Bank of Kyoto	1.0	0.5
JAPAN POST INSURANCE	1.0	0.5
Kiraboshi Bank	0.5	0.3
Total	196.9	100

### Credit Ratings

JCR

**AA** (Stable)

R&I

**AA-** (Stable)

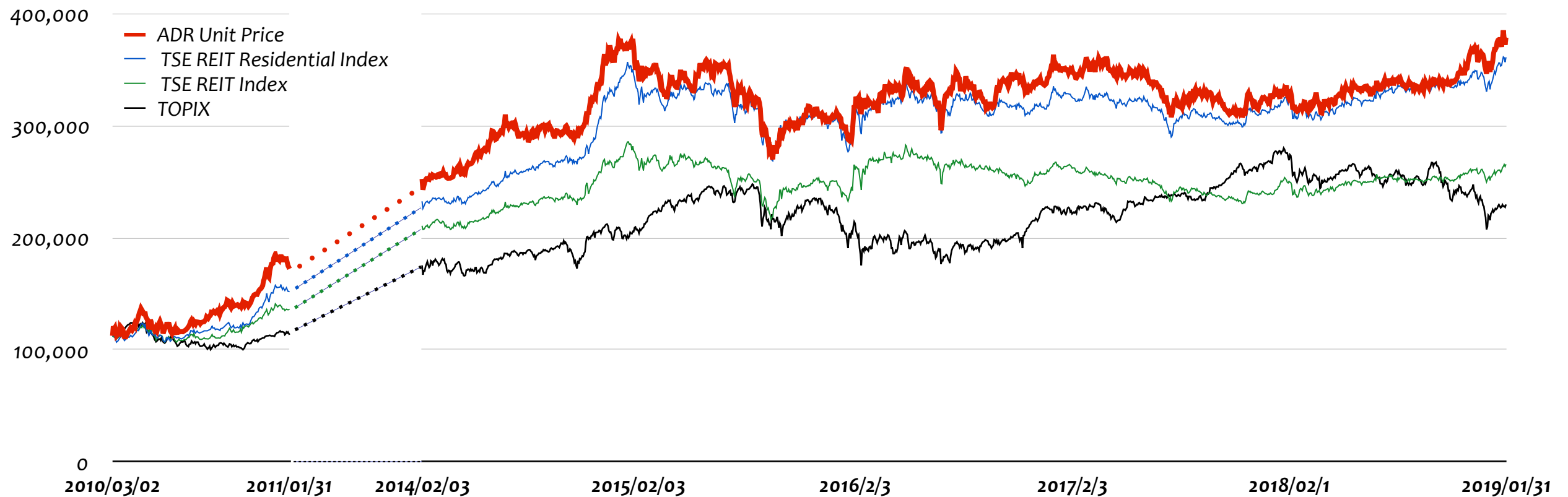


# Unit Price Chart

\*NAV and BPS are ex-dividend figures

Key Figures	FP 01-2011
Market capitalization	168.8 bn yen @172,300
Daily Average Trading volume	0.44 bn yen 3,247 units
LTV (Total assets base)	52.4%
NAV per Unit (yen)	152,749
BPS (yen)	159,564
Implied CAP rate	5.3%

FP 07-2014	FP 01-2015	FP 07-2015	FP 01-2016	FP 07-2016	FP 01-2017	FP 07-2017	FP 01-2018	FP 07-2018	FP 01-2019
319.1 bn yen @245,500	391.9 bn yen @301,500	351.6 bn yen @270,500	338.6 bn yen @260,500	369.9 bn yen @284,600	402.1 bn yen @297,900	363.6 bn yen @269,400	378.0 bn yen @280,000	392.7 bn yen @290,900	434.7 bn yen @322,000
0.62 bn yen 2,684 units	0.81 bn yen 2,922 units	0.92 bn yen 3,181 units	0.85 bn yen 3,344 units	1.26 bn yen 4,512 units	1.25 bn yen 4,389 units	0.93 bn yen 3,225 units	0.77 bn yen 2,827 units	0.86 bn yen 3,116 units	0.92 bn yen 3,087 units
51.0%	50.1%	51.6%	51.4%	52.2%	49.6%	49.6%	49.4%	49.9%	49.9%
182,367	198,261	207,281	216,739	223,586	230,621	237,214	239,503	248,686	258,656
155,220	155,160	155,161	155,161	155,161	158,601	158,353	158,103	157,852	157,592
4.3%	3.8%	4.1%	4.2%	4.1%	4.0%	4.4%	4.2%	4.2%	3.9%



\* TOPIX, TSE REIT Index and TSE REIT Residential Index are re-indexed by using Advance Residence's March 2, 2010, closing price of 112,500 yen as base price.

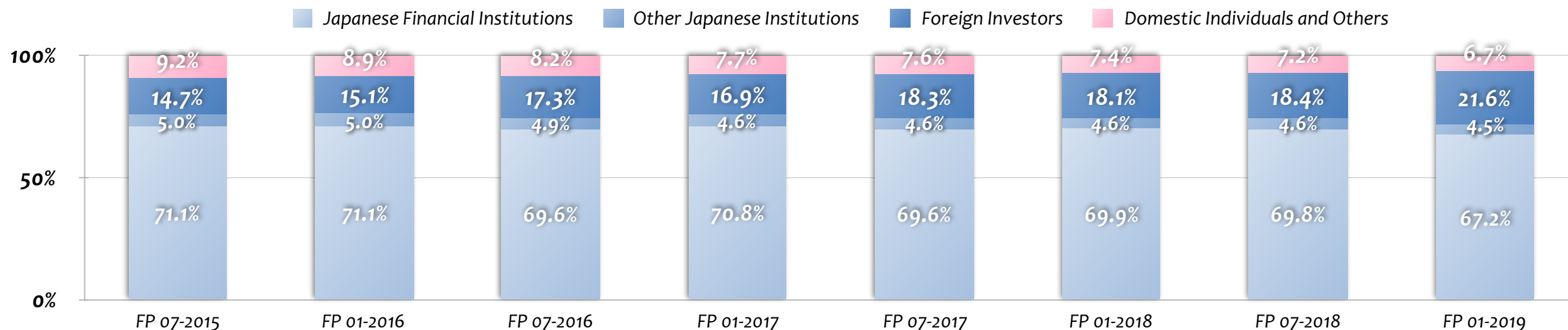


# Major Unitholders

## Significant Increase in Foreign Institutional Holdings

	Number of Unitholders		Number of Units		
	Unit-holders	diff	Units	diff	(%)
<b>Japanese Financial Institutions</b>	<b>187</b>	<b>-11</b>	<b>906,830</b>	<b>-36,027</b>	<b>67.2%</b>
Trust Banks	13	0	650,591	-10,486	48.2%
Regional Banks	49	-1	114,472	-19,468	8.5%
Life Insurance	10	0	38,822	+1,266	2.9%
Securities Companies	17	-2	52,620	-588	3.9%
Casualty Insurance	7	+1	6,969	+846	0.5%
Credit Unions & Co-ops	46	-3	26,919	-4,846	2.0%
Shinkin Banks	45	-6	16,437	-2,751	1.2%
City Banks	0	-	0	-	0.0%
<b>Other Japanese Corporations</b>	<b>231</b>	<b>-10</b>	<b>60,815</b>	<b>-818</b>	<b>4.5%</b>
<b>Foreign Corporations and Individuals</b>	<b>275</b>	<b>+18</b>	<b>291,429</b>	<b>+43,474</b>	<b>21.6%</b>
<b>Domestic Individuals and Others</b>	<b>13,988</b>	<b>-895</b>	<b>90,926</b>	<b>-6,629</b>	<b>6.7%</b>
<b>Total</b>	<b>14,681</b>	<b>-898</b>	<b>1,350,000</b>	<b>-</b>	<b>100.0%</b>

Top 10 Unitholders	Holdings (units)	% share of issued and outstanding
Japan Trustee Services Bank, Ltd. (Tr. Acc.)	310,110	23.0%
The Master Trust Bank of Japan, Ltd. (Tr. Acc.)	202,611	15.0%
The Nomura Trust and Banking Co., Ltd. (Inv. Tr. Acc.)	57,852	4.3%
Trust & Custody Services Bank, Ltd. (Securities Inv. Tr. Acc.)	41,698	3.1%
ITOCHU Corporation	34,800	2.6%
Mizuho Securities Co., Ltd.	20,753	1.5%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	20,353	1.5%
State Street Bank - West Client - Treaty 505234	16,984	1.3%
The Bank of New York Mellon 140044	15,619	1.2%
State Street Bank and Trust Company 505001	14,320	1.1%
<b>Total</b>	<b>735,100</b>	<b>54.5%</b>



# Balance Sheet

in thousand yen

## Fiscal Period Ending January 31, 2019

<b>Assets</b>	
<b>Current assets</b>	
Cash and deposits	14,553,947
Cash and deposits in trust	9,765,681
Operating accounts receivables	188,117
Prepaid expenses	345,318
Other	10,599
Allowance for doubtful accounts	-6455
Current assets	24,857,208
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings	62,356,184
Structures	16,068
Machinery and equipment	68,779
Tools, furniture and fixtures	180,185
Land	74,407,327
Construction in progress	85,671
Buildings in trust	127,904,290
Structures in trust	86,471
Machinery and equipment in trust	73,346
Tools, furniture and fixtures in trust	327,426
Land in trust	157,508,159
Construction in progress	170,322
Property, plant and equipment	423,184,234
<b>Intangible assets</b>	
Leasehold right in trust	1,940,516
Other	15
Intangible assets	1,940,532
<b>Investments and other assets</b>	
Long-term prepaid expenses	786,705
Guarantee deposits	556,653
Guarantee deposits in trust	1,038,903
Other	1,168
Investments and other assets	2,383,430
Fixed assets	427,508,197
<b>Deferred assets</b>	
Investment unit issuance expenses	1,619
Investment corporation bond issuance costs	120,548
Deferred assets	122,168
<b>Total Assets</b>	<b>452,487,574</b>

## Fiscal Period Ending January 31, 2019

<b>Liabilities</b>	
<b>Current liabilities</b>	
Operating accounts payable	378,449
Current portion of short-term loans payable	1,000,000
Current portion of investment corporation bond	4,000,000
Current portion of long-term loans payable	17,700,000
Accounts payable-other	1,389,839
Accrued expenses	109,203
Accrued consumption taxes	10,934
Advances received	69,778
Other	18,794
Current liabilities	24,676,999
<b>Long-term liabilities</b>	
Investment corporation bond	25,000,000
Long-term loans payable	178,218,000
Tenant leasehold and security deposits	1,239,315
Tenant leasehold and security deposits in trust	3,265,660
Derivatives liabilities	18,187
Long-term liabilities	207,741,163
<b>Liabilities</b>	<b>232,418,162</b>
<b>Net assets</b>	
<b>Unitholders' equity</b>	
Unitholders' capital, gross	127,690,098
<b>Surplus</b>	
Capital surplus	53,220,279
Reserve for dividend	32,193,397
Unappropriated retained earnings (undisposed loss)	6,983,823
Surplus	92,397,500
Unitholders' equity	220,087,598
Valuation and translation adjustments	-18187
<b>Net assets</b>	<b>220,069,411</b>
<b>Liabilities and net assets</b>	<b>452,487,574</b>



# Profit and Loss Statement

in thousand yen

## Fiscal Period Ending January 31, 2019

(from August 1, 2018 to January 31, 2019)

Operating revenue	
Rent revenue-real estate	16,196,049
Gain on sales of real estate properties	16,196,049
Operating revenue	
Operating expenses	
Expenses related to rent business	6,333,386
Asset management fee	1,196,544
Asset custody fee	9,780
Administrative service fees	58,424
Directors' compensations	3,600
Taxes and dues	275,837
Provision of allowance for doubtful accounts	345
Bad debt expenses	115
Other operating expenses	200,114
Operating expenses	8,078,149
Operating income	8,117,899
Non-operating income	
Interest income	6,769
Claim compensation income	1,984
Reversal of distributions payable	1,089
Other	1,334
Non-operating income	11,178
Non-operating expenses	
Interest expenses	808,186
Interest expenses on investment corporation bonds	127,294
Amortization of investment unit issuance expenses	1,388
Amortization of corporation bonds issuance expenses	10,548
Borrowing related expenses	194,009
Other	3,222
Non-operating expenses	1,144,649
Ordinary income	6,984,428
Income before income taxes	6,984,428
Income taxes-current	605
Income taxes	605
Net income	6,983,823
Retained earnings brought forward	-
Unappropriated retained earnings (undisposed loss)	6,983,823

## Fiscal Period Ending January 31, 2019

(from August 1, 2018 to January 31, 2019)

### A. Revenue from Property Leasing

#### Rental

Rent income	14,373,693
Facility charge	799,508
Parking fee	436,471
Subtotal	15,609,674

#### Other revenues related to property leasing

Income from leasing rights, etc.	82,032
Miscellaneous income	504,342
Subtotal	586,374
Total revenues from property leasing	16,196,049

### B. Rental Expenses

Taxes and Duties	871,119
Property management fees	1,107,235
Utilities	261,826
Repairs and maintenance	585,228
Insurance	25,950
Trust fee	69,564
Other rental expenses	706,795
Depreciation and amortization	2,705,666
Total rental expenses	6,333,386

### C. Operating Income from Property Leasing Activities (A-B)

9,862,662

