Advance Residence Investment Corporation

Earnings Presentation

10th Fiscal Period ended July 31, 2015

February 1, 2015 to July 31, 2015

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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 purpose of this material is to present you with an update on the financial performance of Advance Residence Investment Corporation (the "Corporation"). We do not intend to conduct any advertising or solicitation with respect to any units of the Corporation in connection with this material. Nothing in this material should be regarded as an offer to sell or a solicitation of an offer to buy, a recommendation to sell or buy, or a direct or indirect offer or placement of, any units of the Corporation, except for the purpose of meeting certain requirements under the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU)(the"AIFMD") as described below.

Disclaimer for Dutch Investors : The prospectus containing the information required under Article 23(1) and (2) of the AIFMD as implemented in the Netherlands is available at [http://www.adr-reit.com/en/financial/en/financial/sonota/].

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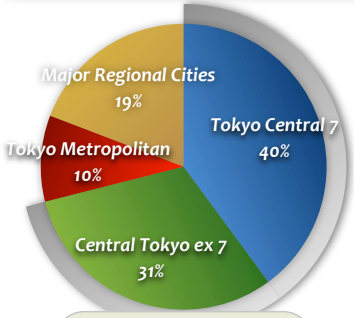
The Largest Portfolio Among Residential J-REITs

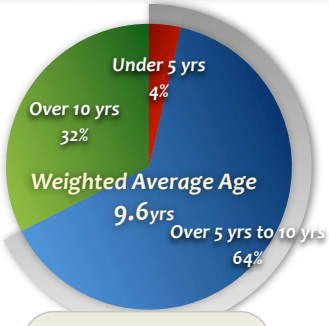
	Number of Properties	Total Leasable Area	Leasable units	Assets Under Management (Acquisition Price)
as of July 31, 2015	249 properties	757,856㎡	20,122 units	424.1 billion yen

Investment Location
(by acquisition price)



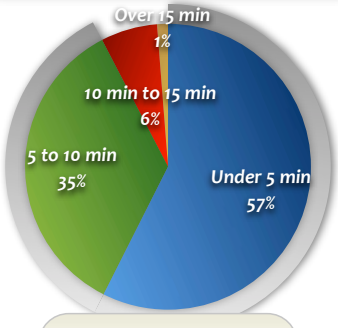
Tokyo 23 Wards 71%

Building Age
(by acquisition price)



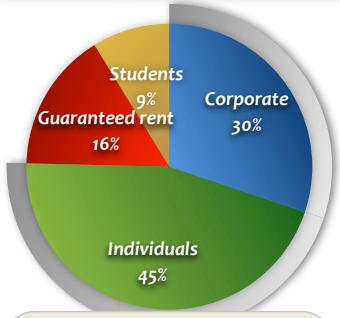
Under 10 years 68%

Walking Minutes to Train Station
(by acquisition price)



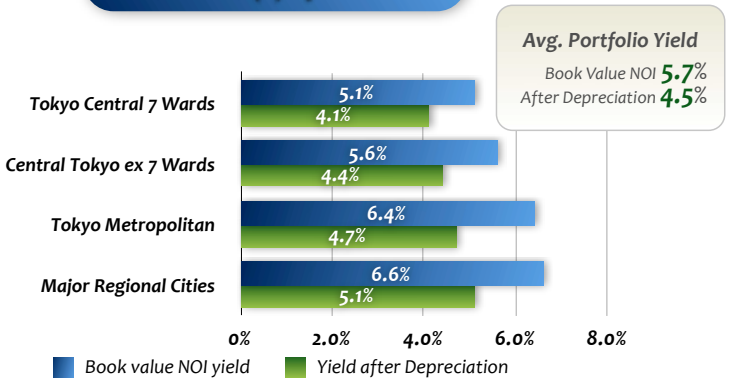
Under 10 min 92%

Tenant Category
(by no. of units)

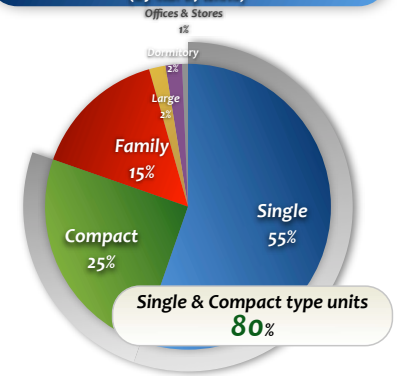


Pass-through contract tenants 75%

NOI Yields (%) by location

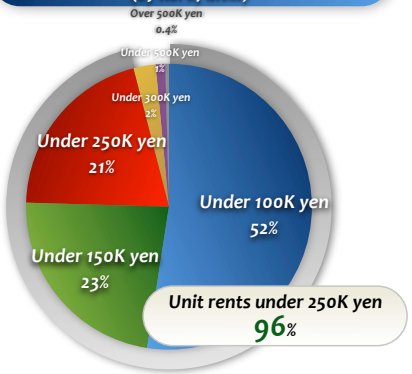


Unit type
(by no. of units)



Single & Compact type units 80%

Rents
(by no. of units)



Unit rents under 250K yen 96%

* For properties held at the end of July 31,2015, annualized actual NOI is used to calculate the Book Value NOI Yield.
* Yield after Depreciation is calculated by subtracting the annualized depreciation from the annualized NOI and dividing the result by book-value or acquisition price depending on the property.

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Solid Track Record, Solid Growth

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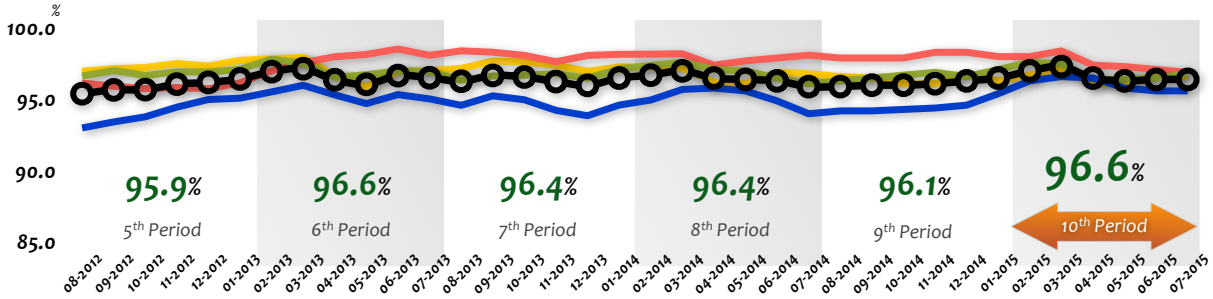
Increasing EPS by Implementing Various Measures

Assets

Occupancy



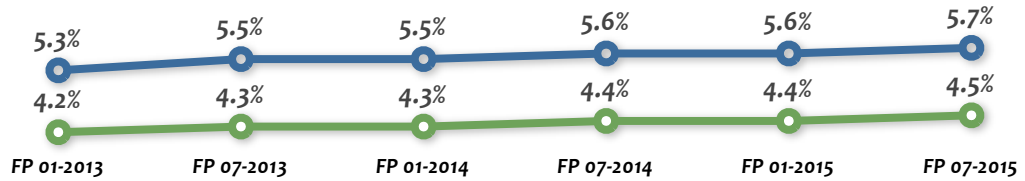
Period End Occupancy

- Portfolio 96.4%
- Tokyo Central 7 95.6%
- Central Tokyo ex 7 96.8%
- Tokyo Metropolitan 96.9%
- Major Regional Cities 96.6%

Maintaining High Occupancy Rate

August 96.3%
September 96.4%
October 96.

Yield

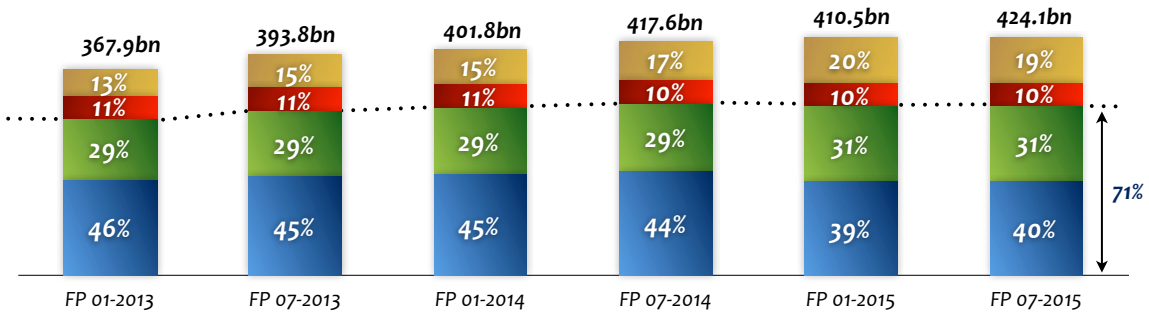


* NOI yield = annualized NOI ÷ book value. The NOI are annualized according to the number of actual days of operation for each properties during the periods.
* Yield after depreciation = (annualized NOI - depreciation) ÷ book value.

Steadily Improving NOI Yield

AUM

	5th FP	6th FP	7th FP	8th FP	9th FP	10th FP
No. of Properties	190	204	210	221	240	249
No. of Leasable Units	16,127	17,640	18,113	19,078	19,572	20,122



The Largest Portfolio Among Residential J-REITs

Topping 420 bn yen

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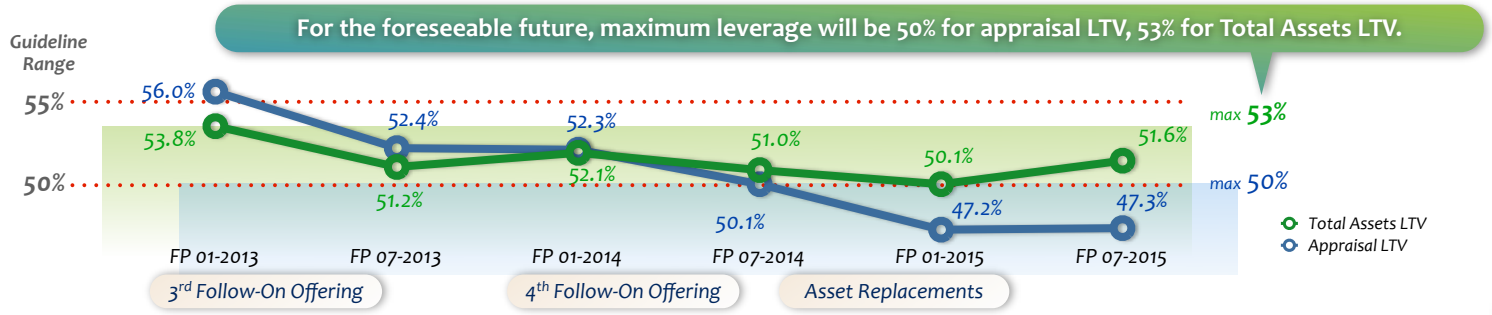
Liabilities

LTV

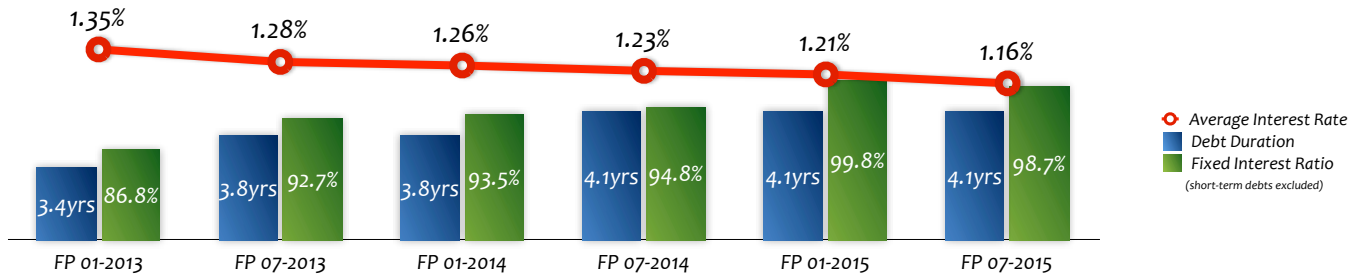


* Appraisal LTV = (Outstanding amount of loan at the fiscal period end + Outstanding amount of bond) ÷ Appraised value of the fiscal period end property holdings

Lowered LTV Range to Maintain Flexibility in Preparation for Future Financial Volatility

Acquisition Capacity
(@ Total Assets LTV of 53%)
approx.
12.6bn yen
(estimate for FP ending July 2016)

Debts

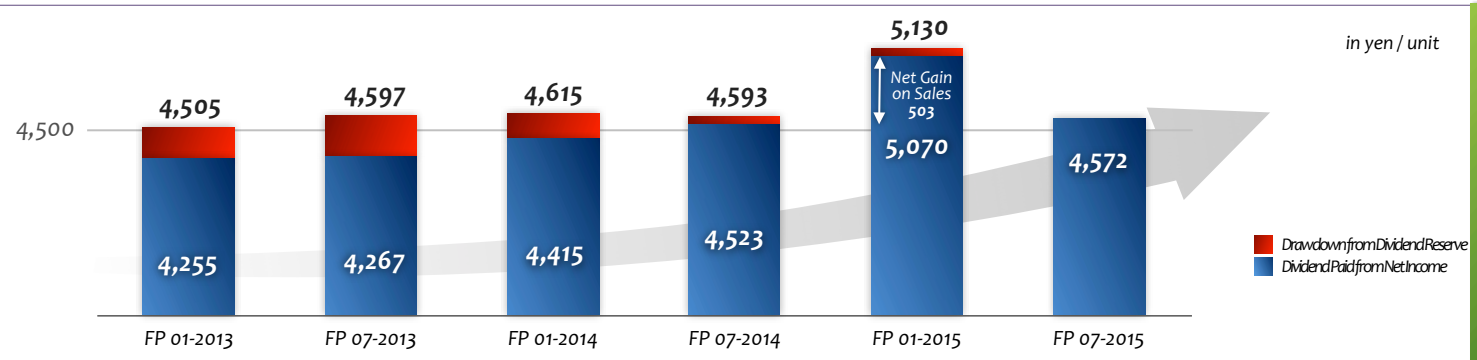


* In calculating the average interest rate, the effect of interest rate swaps are reflected. If there are any discrepancies between the principal amount of the swap and the underlining amount of debt, the swap's principal amount will be capped at the underlining amount of debt in the calculation.

Extend Duration and Fix Interest Rates as Possible without Raising Financing Costs

Equities

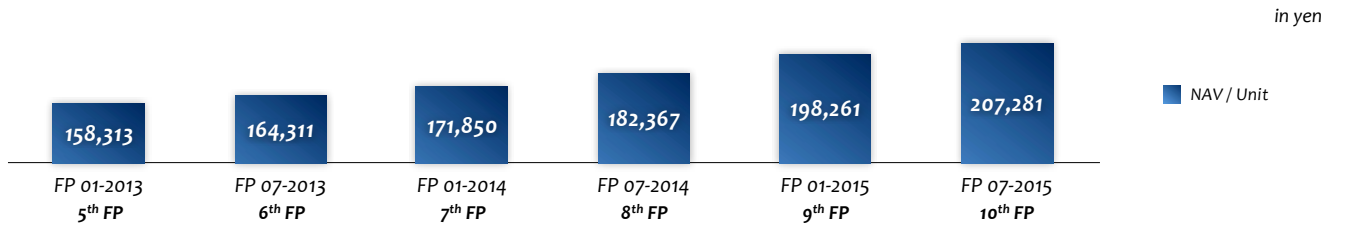
Dividends



Steadily Growing EPU

Dividend Reserve Outstanding
33.5bn yen
(after FP July 2015)

Net Asset Value



* NAV / Unit is calculated as follows. (FP end net asset + FP end unrealized gain or loss - dividend amount for the FP) ÷ FP end number of issued and outstanding units.

Increasing NAV per Unit

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Executive Summary

Committed in Delivering Strong and Stable Dividend

Results for Fiscal Period ended July 31, 2015

Increase from Forecast in Revenue, Profits and Dividend Due to Rise in Occupancy

		against initial forecast	against last period
Earnings per Unit*	4,572yen	+32yen	-498yen
Dividend per Unit*	4,572yen	+32yen	-558yen

* Earnings per Unit might be abbreviated as EPU and Dividend per Unit as DPU hereafter.

Fiscal Highlights

Acquisition of 9 Properties, Maintaining High Occupancy while Succeeding to Raise Rents

Internal Growth

Maintaining High Occupancy while Succeeding to Raise Rents

		increase from forecast
Average Period Occupancy	96.6%	+0.4pt
		previous FP actual
Portfolio Rent Change	+0.12%	+0.05%
from Tennant Replacement	+1.34%	+0.3%
from Contract Renewal	+0.21%	+0.0%

External Growth

Acquired 9 Recently Built Properties Located in Tokyo 23 Wards

No. of Properties	9 properties
Acquisition Price	13.6 billion yen
NOI Yield	5.2%

Fund Raising Activities

Lowered Financing Cost While Maintaining Duration and Fixed Interest Rate Debt Ratio

		chg. on pervious FP
Average Interest Rate	1.16%	-0.05%
Average Duration	4.1 years	-0.0 years
Fixed Interest Rate Debt Ratio	98.7%	-1.1 pt

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Results for Fiscal Period ended July 2015

from February 1, 2015 to July 31, 2015

Advance Residence Investment Corporation

in million yen

	(1) 10th FP Forecast	(2) 10th FP Results	(2)-(1)			(3) 9th FP Results	(2)-(3)		
	Initial Forecast as of Mar. 12, 2015	Results for FP July 2015	Changes	Notes		Results for FP Jan. 2015	Changes	Notes	
Revenue	14,928 (249 properties) Period avg. occupancy 96.2%	14,998 (249 properties) Period avg. occupancy 96.6%	+69	Increase in occupancy Increases in key money & renewal fee income	+58 +11	15,633 (240 properties) Period avg. occupancy 96.1%	-634	Asset Replacement Increase in rental income due to asset replacements No gain on sales Decrease in dividend from SPC Same store Increase in occupancy	 +12 -839 -21 +214
Operating Income	7,470 (Depreciation: 2,499) (Property taxes: 759)	7,501 (Depreciation: 2,501) (Property taxes: 760)	+31	Leasing Expenses Increase due to rise in occupancy Increase in repairs & restitutions G & A Expenses Increases in management fees due to higher profits Decrease in other g & a expenses	 -37 -18 -25 +43	8,158 (Depreciation: 2,516) (Property taxes: 749)	-656	Leasing Expenses Increase due to asset replacements Increase due to rise in occupancy Increase in property taxes from 2014 acquisitions No loss on sales G & A Expenses Decrease in management fees due to lower profits Increase in consumption tax settlement loss	 -11 -99 -47 +185 +107 -157
Ordinary Income	5,902 (Funding cost: 1,563)	5,945 (Funding cost: 1,546)	+42	Decrease in funding costs due to repayment of loans and bonds	+11	6,591 (Funding cost: 1,570)	-646	Decrease in funding costs due to refinancing	+10
Net Income	5,902	5,944	+42			6,591	-646		
Drawdown of Retained Earnings	0	0	-	Retained earnings after dividend: 33.5bn yen		+) 77	-77	Retained earnings after dividend: 33.5bn yen	
Dividend Amount	5,902	5,943	+41	Units issued and outstanding 1,300,000 units		=) 6,669	-725	Units issued and outstanding 1,300,000 units	
EPU (yen)	4,540	4,572	+32			5,070	-498		
Dividend per unit (yen)	4,540	4,572	+32			5,130	-558		
FFO per Unit (yen)	6,463	6,497	+34			6,504	-7		
Appraisal LTV	48.6%	47.3%	-1.3 pt			47.2%	+0.1 pt		

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

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Internal Growth

Achieving Internal Growth in the Residential Sector

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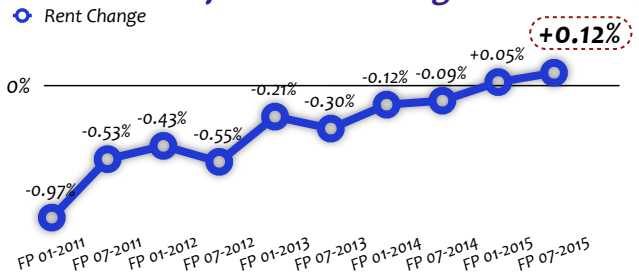
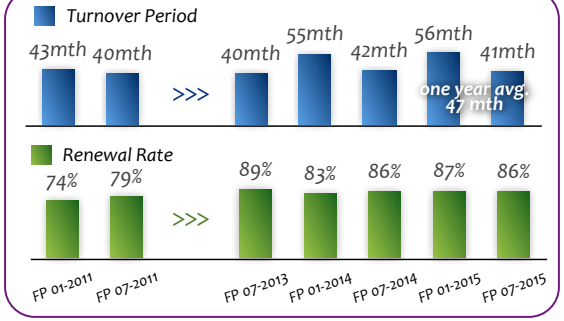
Continued Rise in Rents, Robust Key Money Income

Portfolio Rent Change*

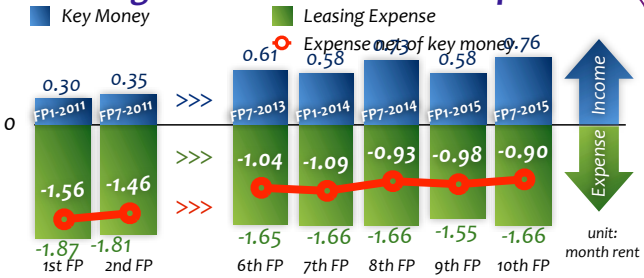


* Rent change for units that are both occupied at the beginning and the end of the period.

Turnover & Renewal Rate



Leasing Related Income and Expenses

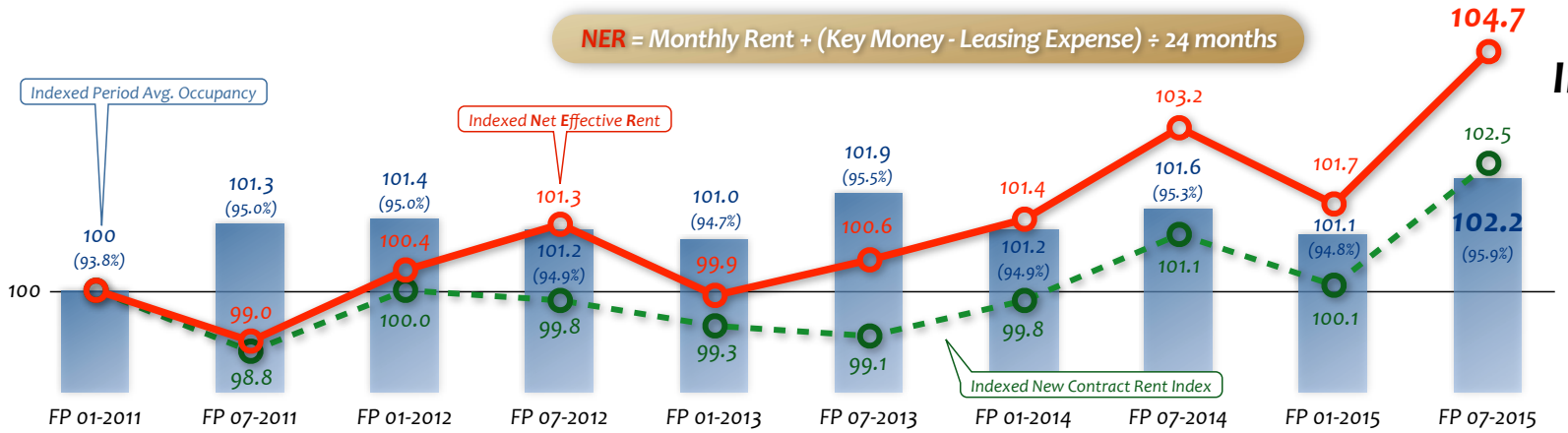


The figures are calculated by dividing monthly key money and leasing expenses by monthly rent.

Achieving Internal Growth by Improving Leasing Terms and Occupancy

Net Effective Rent (NER)

NER = Monthly Rent + (Key Money - Leasing Expense) ÷ 24 months



Achieving Internal Growth

Improvement in NER

×

Improvement in Occupancy

- The 116 properties that are included in above chart 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 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, FP01-2011) 1,754, FP07-2011) 1,076, FP01-2012) 872, FP07-2012) 1,028, FP01-2013) 981, FP07-2013) 1,030, FP01-2014) 796, FP07-2014) 927, FP01-2015) 837, FP07-2015) 922.
- 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 116 properties rentable space for each fiscal period and indexed by using the FP01-2011 figure as 100.
- New Contract Rent Index is calculated as new contract monthly rental plus common fees for each fiscal period weighted averaged by each 116 properties rentable space and indexed by using the FP01-2011 figure as 100.
- The figures for previous fiscal periods will not match figures in disclosure materials before FP07-2014 because data for properties disposed during FP Jan. 2015 are removed.

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Rent Changes in Tenant Replacements & Renewals

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Rent Rise Seen in Both Tenant Replacements & Renewals

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

Tenant Replacements

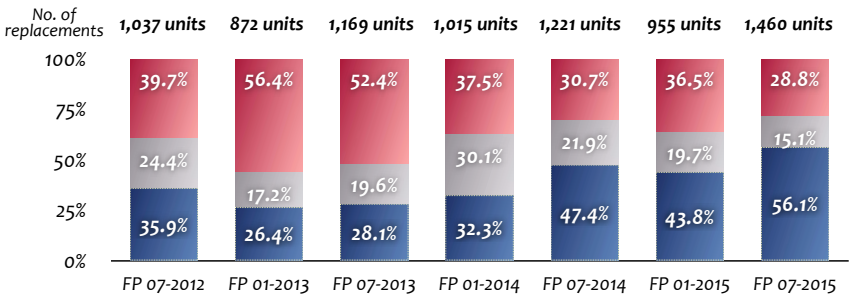
FP July 2015 Results

in million yen

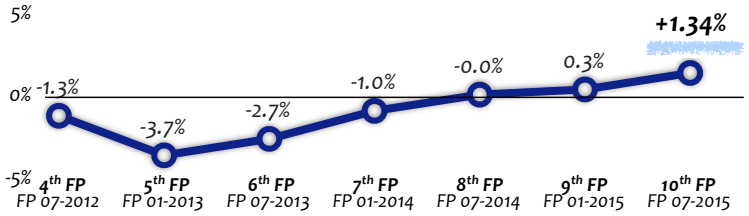
	No. of Units	Ratio	Old Rent	New Rent	Difference	% Change
Increase	819 units	56.1%	93	97	+4	+4.40%
Unchanged	220 units	15.1%	25	25	-	-
Decrease	421 units	28.8%	44	42	-1	-4.31%
Total	1,460 units	100.0%	162	165	+2	+1.34%

Tokyo Central 7 Wards +1.78% Central Tokyo +1.93% Metropolitan Area -0.37% Major Regional Cities +0.52%

Share of Rent Change (by no. of units)



Rent Changes in Tenant Replacements



Renewals

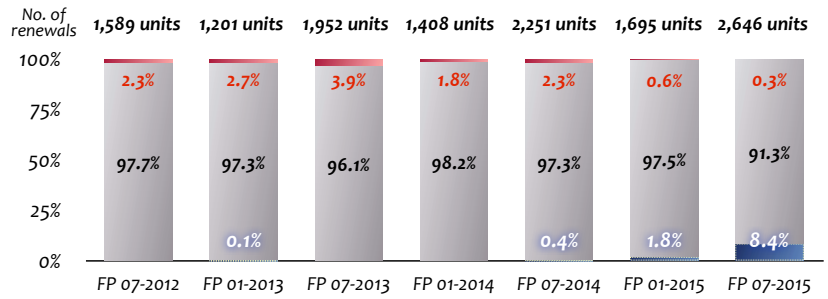
FP July 2015 Results

in million yen

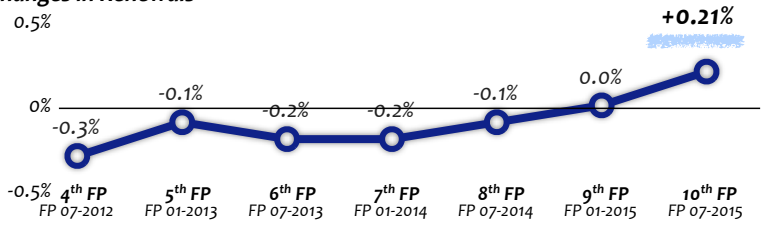
	No. of Units	Ratio	Old Rent	New Rent	Difference	% Change
Increase	223 units	8.4%	26	27	+0.7	+2.63%
Unchanged	2,415 units	91.3%	272	272	-	-
Decrease	8 units	0.3%	1	1	-0.07	-5.41%
Total	2,646 units	100.0%	300	300	+0.6	+0.21%

Tokyo Central 7 Wards +0.26% Central Tokyo +0.17% Metropolitan Area +0.28% Major Regional Cities +0.13%

Share of Rent Change (by no. of units)



Rent Changes in Renewals



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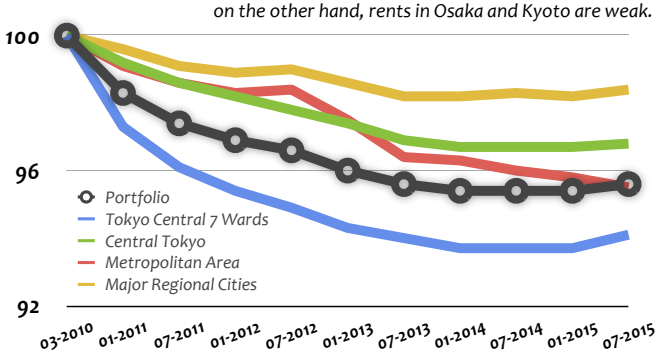
Changes in Rents & Rental Gaps

Rents Rebound Especially in Tokyo Central 7 Wards

* Rent change for pass-through units held at July 31, 2015. Rent at March 31, 2010 indexed as 100.

Rent Change by Region

- **0.2pt rise** in rent for the whole portfolio.
- There is **marked recovery** in rent in **Tokyo Central 7 Wards** which had the largest rent decline in the past such as in Shibuya, Roppongi, Azabu, etc.
- Although, there are discrepancies between cities, by being selective in the initial investments, rents for ADR's regional portfolio are **stable as a whole**. Specifically, Sendai is booming, on the other hand, rents in Osaka and Kyoto are weak.

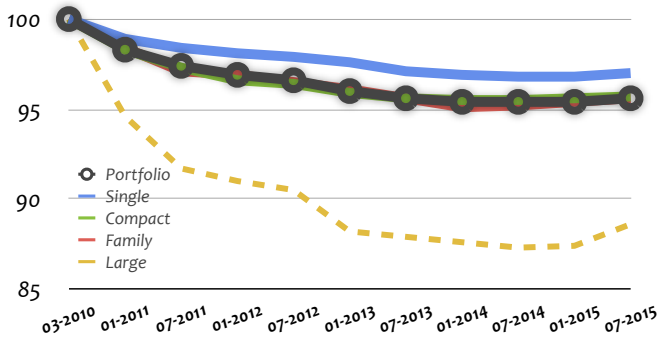


Recent Change in Rent for the Whole Portfolio

Jan. 2015		July 2015
95.4	→	95.6

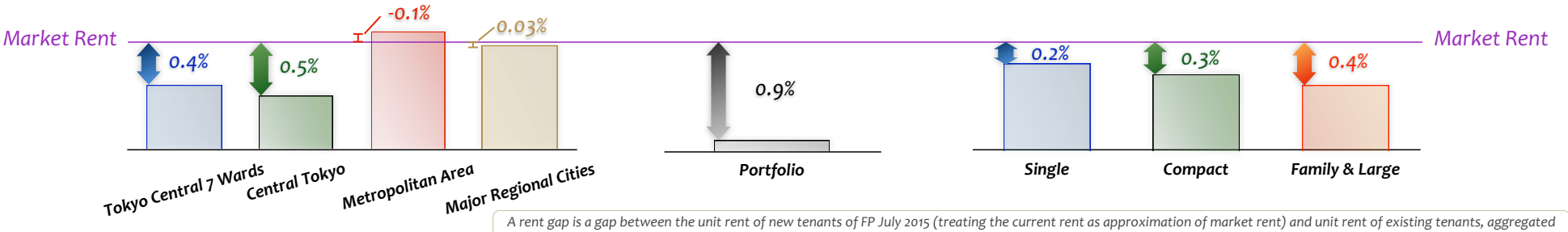
Rent Change by Type of Unit

- **Rents rose** in all types of units.
- There was also rent rise in Single type units where volume in demand is largest and rents stable.
- Although the no. units held by ADR is small, Large type units where the rent declined the most in the past, saw a significant uptick.



Rent Gap for the Whole Portfolio +0.9%

Upward Rent Changes Can Be Expected Mainly in Tokyo 23 Ward at the Time of Tenant Replacements



A rent gap is a gap between the unit rent of new tenants of FP July 2015 (treating the current rent as approximation of market rent) and unit rent of existing tenants, aggregated for the whole portfolio for leasing contracts that are pass-throughs. The calculation is made on each property and by each unit type for properties held at the end of FP July 2015. A +0.9% gap means that, if the gap is to be closed by rise in existing tenants' rent to the rent of the tenants acquired in latest FP, than the portfolio rent will rise by +0.9%.

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Large-Scale Repairs & Conversion Works

Examples of Works Completed in FP July 2015

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P-24 RESIDIA Azabujuban II

Building Age 14 yrs

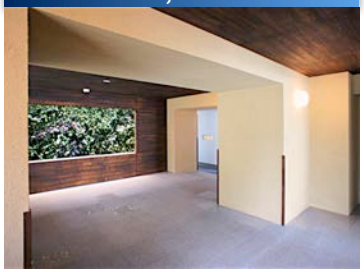
Repairs and Renovations

• Exterior wall repairs • Tile peeling prevention • LED lightings in common area • Re-painting common area iron works • Entrance hall upgrades • Entrance door repair

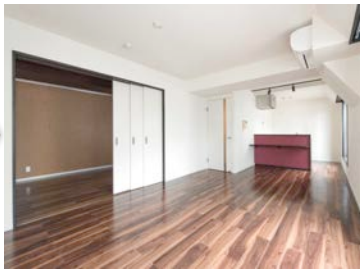
Total Cost 39,400 thousand yen

before

after



+ Upgrade Works on Individual Units



C-6 Maison Eclairee Ekoda

Building Age 22 yrs

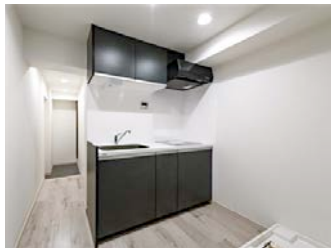
Conversion Works

• Converted the manager's room into a leasable residential unit

Total cost 5,930 thousand yen

before

after



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Equipment Renewals and Upgrades

Examples of Works Completed in FP July 2015

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34 units of 11 properties received equipment renewals and upgrades in this FP

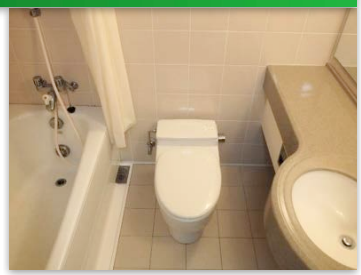
Since the merger, 111 units received upgrades, of which 90 units gained tenants where rents went up on average +14.1%

P-53 RESIDIA Roppongi-Hinokichokoen

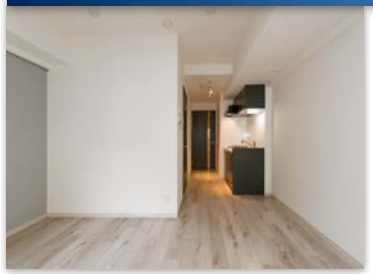
Building Age 16 yrs

Total Cost :	3,760 thousand yen
Upgrades :	1,256 thousand yen
Increase in Monthly Rent :	up 23.4%
Projected Recuperation Period :	8 years

before



after



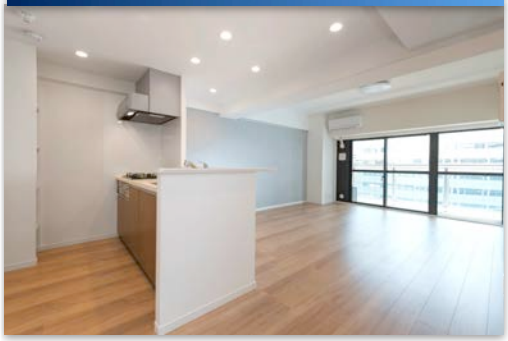
P-73 RESIDIA Shibaura

Building Age 24 yrs

Total Cost :	4,130 thousand yen
Upgrades :	1,158 thousand yen
Increase in Monthly Rent :	up 11.4%
Projected Recuperation Period :	8 years

before

after



C-46 RESIDIA Mejiro

Building Age 17 yrs

Total Cost :	3,240 thousand yen
Upgrades :	1,272 thousand yen
Increase in Monthly Rent :	up 26.7%
Projected Recuperation Period :	8 years

before

after

*Projected Recuperation Periods are periods projected to recuperate the upgrade cost. The percentage increase in monthly rent is the ratio of rent against the assumed asking rent for non-upgraded units.

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Maintaining the Competitiveness of Properties

In Addition to the Large-scale Repairs, Upgrade Works Will be Planned Based on ROI

Expenditure Projection for the Next Ten Years *(excluding everyday maintenance works and restorations)*

Basis	Location	Type of Work	Detail	No. of Property & Units (up until 2025)	Maximum Expenditure (up until 2025)
Engineer's Report Projection	Common Area	Large-scale Repair works,etc.	Exterior wall repairs, Waterproofing Roofings, Plumbings, etc.	Large-scale Repairs 195 properties (at around the time the properties building age reaches 15 years)	around 21 to 22 billion yen
	Individual Units	Equipment Renewals	Air Conditioners, Water Heating Equipments, etc.		
Discrestionary Investments	Individual Units	Upgrades & Renewals	Replacing bathroom & kitchen, Removing bathtub-toilet-sink type bathrooms, Changing Layouts, etc.	Potential target no. of units 12,000	up to 11 billion yen

+ restoration cost

maintaining the competitiveness of properties → **Retain or Raise Rent**

ROI will be examined on each unit on deciding whether to execute. (recuperation period 10 years)

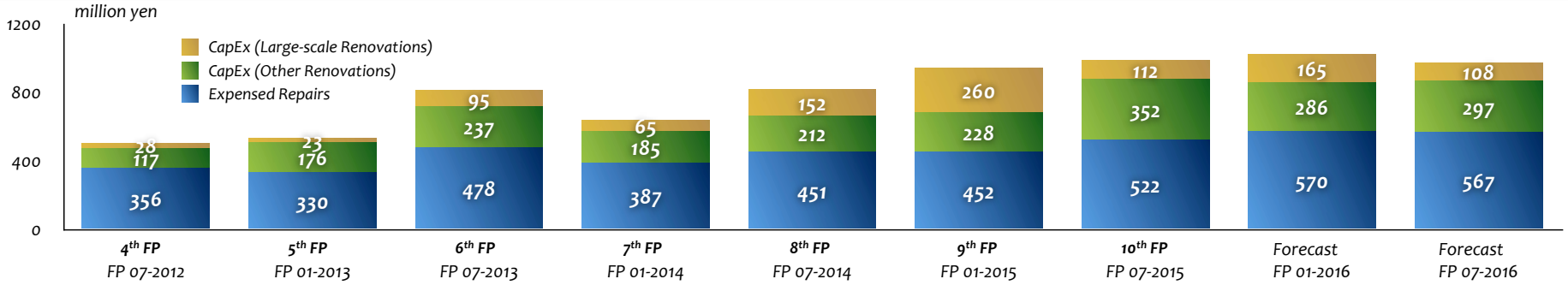
Expenditure Can Be Financed Using Cash-on-hand

Total free cash 10 year projection
50 billion yen*
* Depreciation for FP July 2015 2.5 billion x 20 FP (10 years)

>

10 year maximum total expenditure
43 billion yen
Total CapEx including restoration cost at the time of upgrade works

By Scheduling and Executing Proper Measures Property's Competitiveness Can be Maintained



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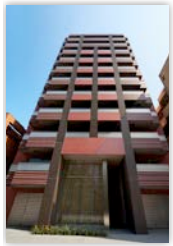
External Growth

FP July 2015 New Acquisitions

Acquired 9 Recently built Properties Located within the Tokyo 23 Wards

	Total	Tokyo Central 7 Wards	Central Tokyo ex 7
Number of Properties	9	4	5
Acquisition price (million yen)	13,610	6,554	7,056
Investment Ratio by Region	100.0%	48.2%	51.8%
Weighted average NOI yield	5.2%	5.2%	5.2%
Weighted average building age (as of acquired date)	5.7 yrs	6.8 yrs	4.6 yrs
Number of rentable units	549	252	297

Assets Acquired During FP July 2015



Property Name	RESIDIA Minami-Shinagawa	Chester Court Ochanomizu	RESIDIA Kanda-Iwamotocho II	RESIDIA Shinagawa	RESIDIA Akihabara	RESIDIA Asakusa-Azumabashi	RESIDIA Oomori III	RESIDIA Nihonbashi-Bakurocho II	RESIDIA Nihonbashi-Bakurocho III
Region	Tokyo Central 7 Wards	Tokyo Central 7 Wards	Tokyo Central 7 Wards	Tokyo Central 7 Wards	Central Tokyo ex 7	Central Tokyo ex 7	Central Tokyo ex 7	Central Tokyo ex 7	Central Tokyo ex 7
Location	Shinagawa-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Shinagawa-ku, Tokyo	Taito-ku, Tokyo	Sumida-ku, Tokyo	Ota-ku, Tokyo	Chuo-ku, Tokyo	Chuo-ku, Tokyo
Acquisition Price	1,177 million yen	3,117 million yen	1,280 million yen	980 million yen	977 million yen	876 million yen	1,395 million yen	1,975 million yen	1,833 million yen
Appraisal Value	1,230 million yen	3,510 million yen	1,430 million yen	1,080 million yen	1,080 million yen	995 million yen	1,450 million yen	2,050 million yen	1,990 million yen
NOI Yield	5.0%	5.2%	5.3%	5.2%	5.5%	5.7%	4.9%	4.9%	5.3%
Leasable Units	50 units	118 units	48 units	36 units	40 units	60 units	65 units	77 units	55 units
Completion Date	Oct. 2013	Mar. 2007	Apr. 2007	Jun. 2007	Apr. 2007	Sept. 2007	Dec. 2012	Apr. 2014	Mar. 2008
Seller	Sponsor	Bridge fund	Bridge fund	Bridge fund	Bridge fund	Bridge fund	Sponsor	Sponsor	Bridge fund

* Acquisition prices are rounded down to the nearest million. The appraisal prices at the time of acquisitions are listed.
* NOI yields = appraisal NOI ÷ acquisition price × 100%

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Appraisal Value

- Cap-rate Compression & Increase in Unrealized Profit -

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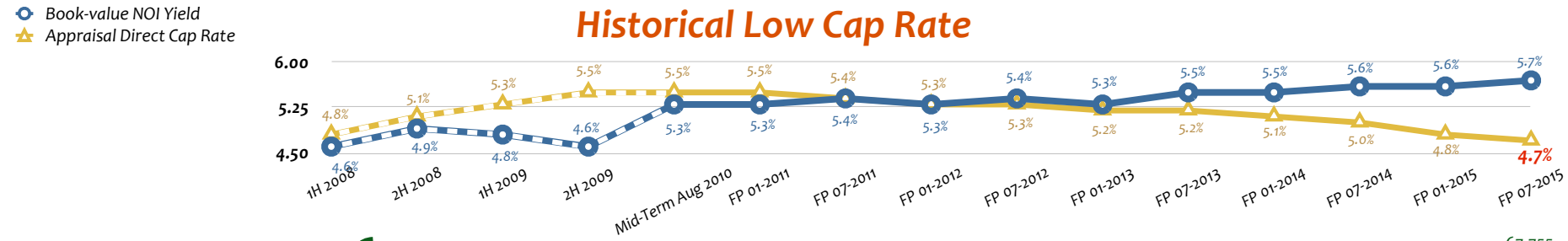
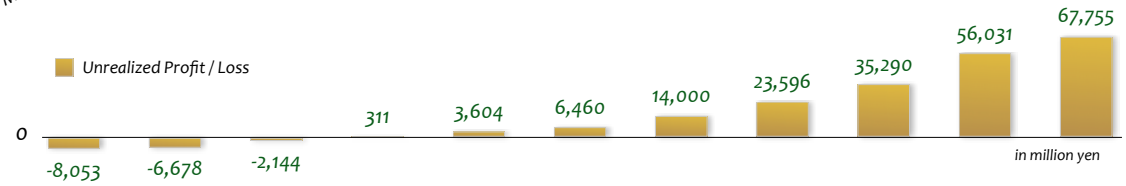
Appraisal Direct Cap Rate • Unrealized Profit and Loss



Unrealized profit of **67.7** billion yen

16.4% of Portfolio Book-value



* Book value NOI yield is calculated as follows. The total of actual NOI of properties at the end of each period are annualized according to the actual number of days of operation divided by the total book value at end of each periods.
* Doted line expresses the periods that are before the merger.

Summary of End of FP July 2015 Appraisal

* For Assets acquired during the FP July 2015, appraisal value at the time of acquisition is used as the previous appraisal value.

	Appraisal (in million yen)		Appraisal NCF (in million yen)		Direct Cap Rate (%)		Actual NOI Yield (%)	Unrealized Profit and Loss (million yen)		
	End of FP July '15	diff vs last FP	End of FP July '15	diff vs last FP	End of FP July '15	diff vs last FP	End of FP July '15	Book Value (a)	Difference from the appraisal (b)	(b)/(a)
Tokyo Central 7 Wards	184,086	2,964	8,302	-6	4.45%	-0.08%	5.1%	163,379	20,706	12.7%
Central Tokyo ex. 7 Wards	155,011	2,684	7,203	-5	4.59%	-0.09%	5.6%	130,632	24,378	18.7%
Tokyo 23 Wards Total	339,097	5,648	15,505	-12	4.51%	-0.08%	5.3%	294,011	45,085	15.3%
Tokyo Metropolitan	46,588	986	2,396	+3	5.11%	-0.10%	6.4%	39,302	7,285	18.5%
Major Regional Cities	95,467	2,374	5,095	+6	5.29%	-0.13%	6.6%	80,082	15,384	19.2%
Portfolio Total	481,152	9,008	22,997	-3	4.72%	-0.09%	5.7%	413,396	67,755	16.4%

Rise in Appraisal Value

211 properties out of **249** properties

(decreased in 7 properties)

Properties with Unrealized Loss

Total unrealized loss **1.24** billion yen in **10** properties

(Previous period **1.49** billion yen in **14** properties)

Rise in Appraisal Value +9.00billion yen = NCF Impact -0.06billion yen + DCR Impact +9.07billion yen

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Preparing for Future External Growth

Main Pipeline for External Growth - The Sponsor Group

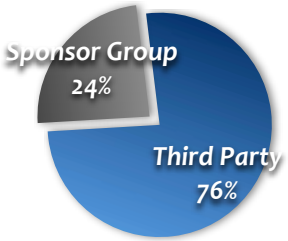
Sourcing from Third-parties

FP Jan. 2016 To-be-Acquired Property

RESIDIA Yoyogi II

Acquisition Date	Sept. 14, 2015
Location	Shibuya-ku, Tokyo
Acquisition Price	839 million yen
NOI Yield	4.8%
Building Age	7.7 yrs
Leasable Units	31 units
Access	9 min. walk from JR / Tokyo Metro Shinjuku Station

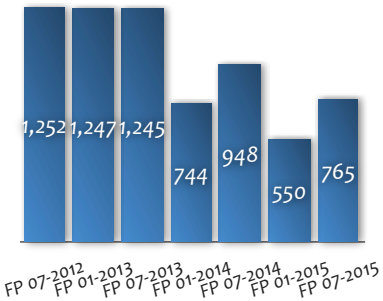
Sourcing Origin since the Merger



(based on acquisition price)

* Original seller to the bridge fund is also re-categorized

Collect Trading Information through Various Sourcing Network



Itochu Group Development Examples

Developments mostly in Central Tokyo

Total **20** properties **1,390** units **30** billion yen

Tokyo Central 7	
Location	Planned Units
① Higashi-Nakanobu, Shinagawa-ku	44
② Sotokanda, Chiyoda-ku	28
③ Shimouma, Setagaya-ku	41
④ Minami-Shinagawa, Shinagawa-ku	83
⑤ Kanda-Awajicho, Chiyoda-ku	28
⑥ Sangenjaya, Setagaya-ku	70
⑦ Mita, Minato-ku	27
⑧ Meguro, Meguro-ku	51
8 properties	372

Central Tokyo ex.7	
Location	Planned Units
⑨ Minami-Kamata, Ota-ku	110
⑩ Kameido, Koto-ku	129
⑪ Kamata, Ota-ku	149
⑫ Hongo, Bunkyo-ku	48
⑬ Kojima, Taito-ku	100
⑭ Koenji-minami, Suginami-ku	58
⑮ Kamiogi, Suginami-ku	58
⑯ Koishikawa, Bunkyo-ku	43
⑰ Ikegami, Ota-ku	42
9 properties	737

Osaka	
Location	Planned Units
⑱ Toyotsucho, Suita-shi	137
⑲ Toyotsucho, Suita-shi	60
⑳ Oyodo-minami, Kita-ku, Osaka-shi	84
3 properties	281

Completed properties are indicated in red letters.

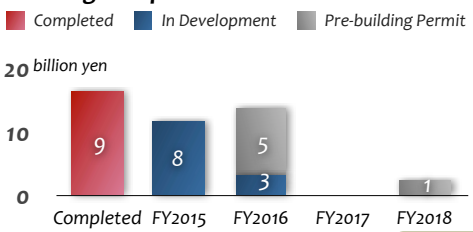
\+

Land Plots Waiting for Building Permit

Total **6** properties

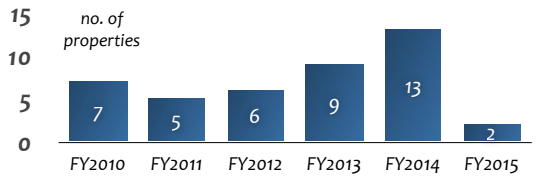
Completion Photo of Higashi-Nakanobu, Shinagawa-ku project

Building Completion Schedule and Volume



Rental Residence Development Track Record

(Based on date of land plot transaction contract signing)



* FY: Fiscal year ending March in the following calendar year.

* "Itochu Group Development Examples" are rental apartment property developments by Itochu Corporation and Itochu Property Development Ltd. as of August 21, 2015 and listed above as a reference. As such, ADR is under no obligation to acquire the properties.

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Finances

Building A Stable Financial Base

Key Figures on Debts

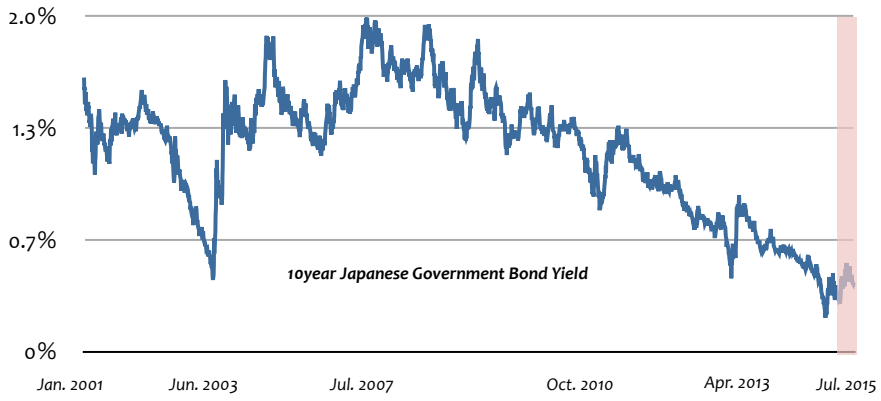
	FP 01-2015	Loan/Bond Ratio	FP 07-2015	Loan/Bond Ratio
Loans	178.2bn yen	83%	191.1bn yen	84%
(Short-term loans)	-	-	-	-
Bonds	37.5bn yen	17%	35.5bn yen	16%
Debt Outstanding	215.7bn yen	100%	2,274bn yen	100%
Total Asset LTV	50.1%		51.6%	
Appraisal LTV	47.2%		47.3%	

Credit Ratings

JCR	**AA**	(Stable)
R&I	**A+**	(Stable)

Debt Financing FP July 2015

Historically Low Interest Rates



Data: REUTERS

Lowered Financing Cost While Financing in Longer Debts

	Repayments	Debt Financing
Total Amount	7.3bn yen	19.0bn yen
Average Interest Rate	1.44%	0.73%
Average Initial Duration	4.3years	7.9years

* Amortized debt repayments are included in the Total Amount of Repayments.

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

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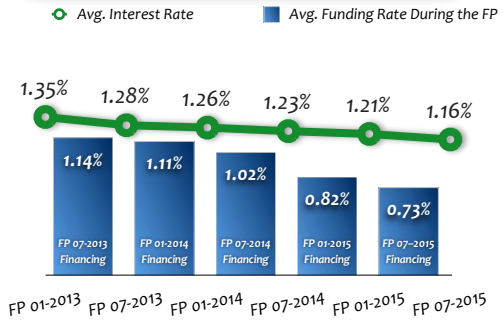
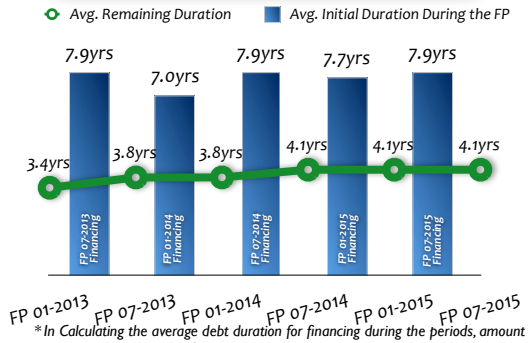
* Debts procured during the period which were repaid during the same period are excluded.

Average Interest Rate



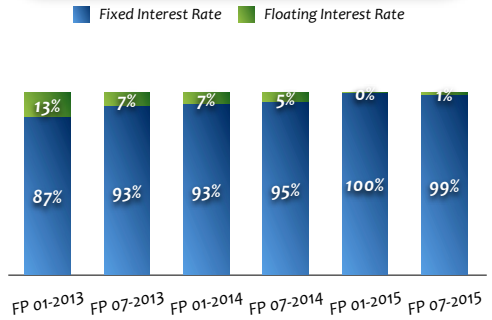
*In Calculating the average interest rate for financing during the periods, amount outstanding and interest rate applicable at the end of each period is used.

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.

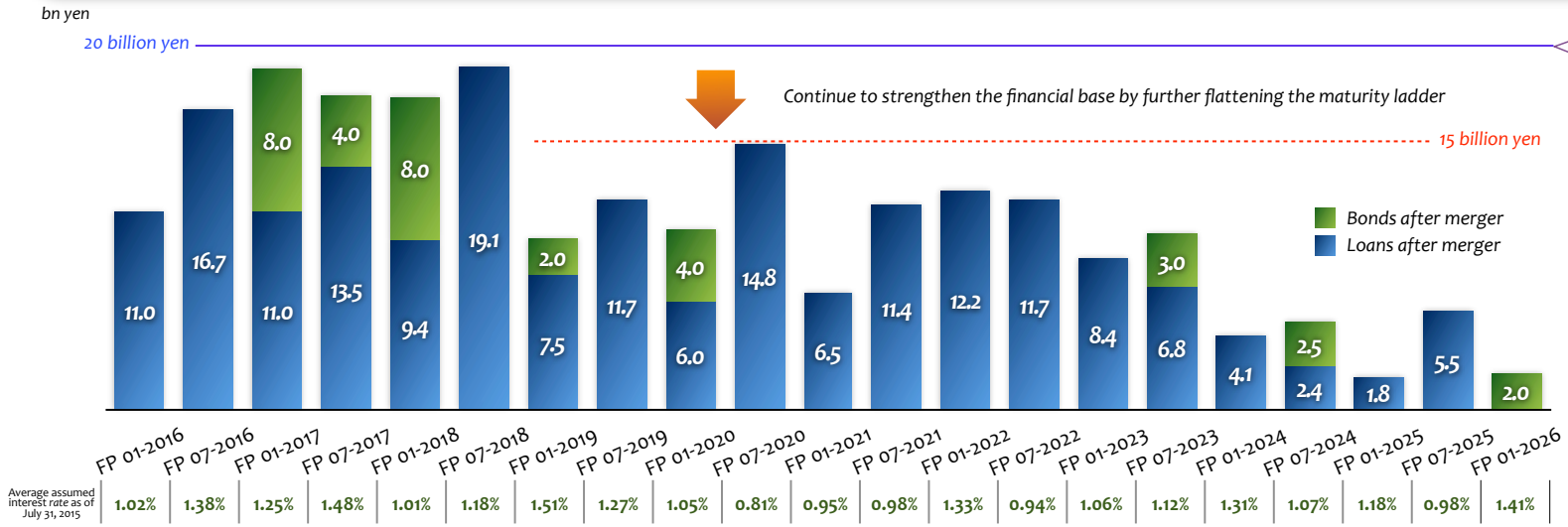
Ratio of Fixed Interest Rate Debts



*Short-term loans are excluded.

Maturity Ladder Flattened Below The Total Amount of Committed Line of Credit

Rounded down to the nearest 100 million yen



Average assumed interest rate as of July 31, 2015	1.02%	1.38%	1.25%	1.48%	1.01%	1.18%	1.51%	1.27%	1.05%	0.81%	0.95%	0.98%	1.33%	0.94%	1.06%	1.12%	1.31%	1.07%	1.18%	0.98%	1.41%

Committed Line of Credit

20 bn yen

3 year : **16** bn yen
1 year : **4** bn 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 FP 07-2015 will be repaid on maturity)

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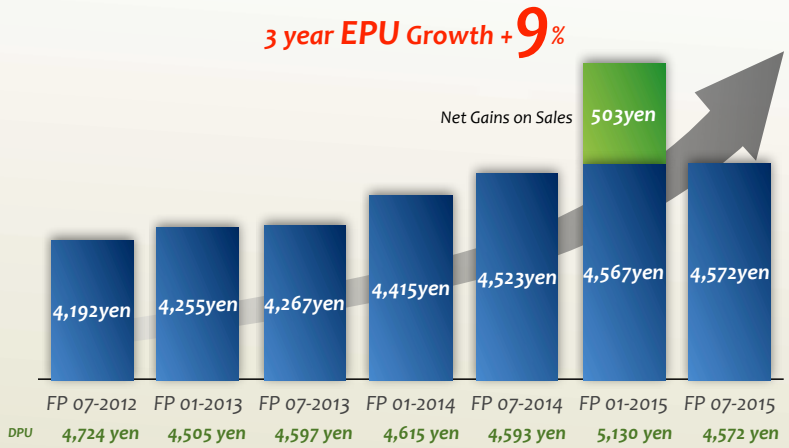
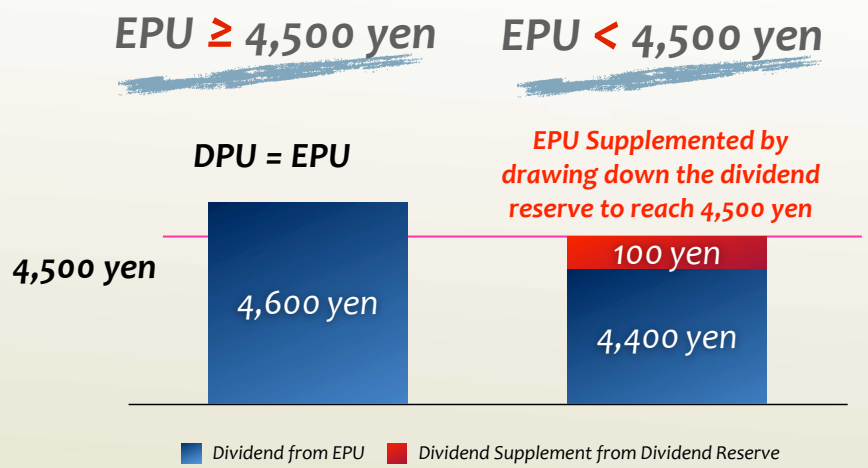
Management Policies & Earnings Guidance

Dividend Policy Going Forward

Track Record of EPU Growth



DPU = EPU ≥ 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" (abridged financial report), increase/decrease in portfolio rent and occupancy, level of cash reserves, level of LTV, debt costs and outstanding amount of reserve for dividends.

A New Dividend Policy Incorporating the Changes Made to the Tax Regulation by No Later than FP Jan. 2017

2015 Tax Regulation Revision*

Dictates that merged REITs holding dividend reserves from profit from negative goodwill are required to drawdown the whole amount of the reserve within **50** *years*

* *Profit from negative goodwill must be transferred to a Temporary Differences Adjustment Reserve Account by the fiscal period ending within the end of March 2017 (in case of ADR FP Jan. 2017). The reserve must be drawn down within 50 years starting from the following fiscal period in a pre-determined manner.*

Dividend Policy that Increases Unit-holders' Value

New dividend policy to be announced by no later than FP Jan. 2017, *incorporating the changes in tax regulation and taking into consideration of effective usage of the reserve from negative goodwill*

FP July 2015 End Outstanding Dividend Reserve

33.5 *billion yen*

(25,809 yen per unit)

- *Stabilizing Dividend*
- *Supplement Loss on Sales, Loss from Impairment, etc.*
- *Supplement against Loss from Unexpected Occurrences*
- *Complying to taxation changes*

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Earnings Guidance for FP Jan. 2016 & Jul. 2016

in million yen

	(1) 10th FP Results	(2) 11th FP Results	(2)-(1)			(3) 12th FP Forecast	(3)-(2)		
	Results for FP July 2015	Forecast for FP Jan. 2016 (announced Sept. 8, 2015)	Changes	Notes		Forecast for FP July 2016 (announced Sept. 8, 2015)	Changes	Notes	
Revenue	14,998 (249 properties) Period avg. occupancy 96.6%	15,015 (250 properties) Period avg. occupancy 96.3%	+16	Newly Acquired Assets Full period contribution from FP Jul. 2015 acquisition Contribution from RESIDIA Yoyogi II Same Store Off-peak decrease in rental income Asset Replacement No dividend from SPC	 +172 +18 -140 -33	15,135 (250 properties) Period avg. occupancy 96.4%	+120	Peak season increase in rental income Peak season increase in key money & renewal fee	+13 +106
Operating Income	7,501 (Depreciation: 2,501) (Property taxes: 760)	7,454 (Depreciation: 2,529) (Property taxes: 811)	-46	Leasing Expenses Increase due to assets acquired in FP2015/7 & 2016/1 Off-peak decrease Increase in repairs & restitutions Expensing of property taxes from 2014 acquisitions G & A Expenses Increase in consumption tax settlement loss	 -54 +86 -41 -47 -7	7,434 (Depreciation: 2,543) (Property taxes: 825)	-20	Leasing Expenses Peak season increase Increase in depreciation Expensing of property taxes from 2015 acquisitions SG&A Increase in consumption tax settlement loss	 -93 -13 -12 -20
Ordinary Income	5,945 (Funding cost: 1,546)	5,889 (Funding cost: 1,560)	-55	Increase in funding costs due to increase debts	-8	5,902 (Funding cost: 1,526)	+13	Decrease in funding costs	+33
Net Income	5,944	5,889	-55			5,902	+13		
Drawdown of Retained Earnings	0	0	-	Retained earnings after dividend: 33.5bn yen		0	-	Retained earnings after dividend: 33.5bn yen	
Dividend Amount	5,943	5,889	-54	Units issued and outstanding 1,300,000 units		5,902	+13	Units issued and outstanding 1,300,000 units	
EPU (yen)	4,572	4,530	-42			4,540	+10		
Dividend per unit (yen)	4,572	4,530	-42			4,540	+10		
FFO per Unit (yen)	6,497	6,476	-21			6,496	+20		
Appraisal LTV	47.3%	47.4%	+0.1pt			47.3%	-		

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

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EPU Growth Driver

Continue to Put Emphasis on EPU & NAV/Unit Growth While Responding to Changes in Business Environment

Internal Growth
Pursue Rent Increase While Continuing to Reducing Leasing Expenses

External Growth
Acquisition Mainly by Sponsor Sourcing and Negotiated Transaction, Avoiding the Heated Market

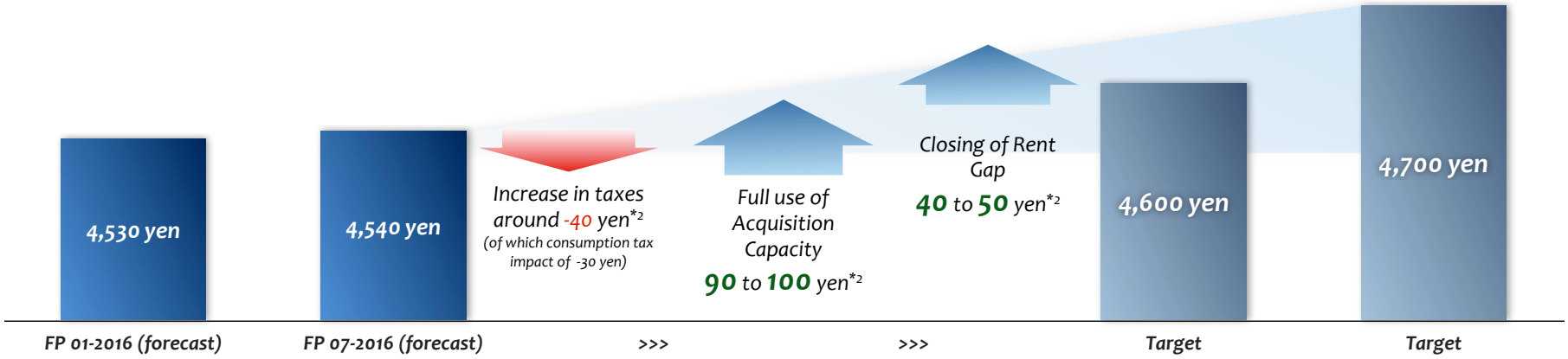
Finance Policy
Continue Long-term Fixed Interest Rate Borrowing & Diversification of Maturity

EPU of 4,600 yen to 4,700 yen Through Acquisitions of Properties and Rent Increases

Acquisitions of Properties — Using the Acquisition Capacity of **12.6** billion yen*1

Rent Increases — Closing the Rent Gap of **+0.9%**

→ EPU Impact of Around **100** yen



*1 Acquisition capacity is calculated using total asset LTV of 53% as a limit where acquisitions are financed solely on debts. Calculation is made on forecast figures of total assets and outstanding interest bearing debts for FP July 2016.
*2 Because forecast figures of FP July 2015 and other assumptions such as that the number of outstanding units were to stay unchanged to calculate the figures, actual figures may differ.

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Note

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Appendix

Balance Sheet

Fiscal Period Ending July 31, 2015	in thousands yen
Assets	
Current assets	
Cash and deposits	9,879,814
Cash and deposits in trust	8,598,910
Operating accounts receivables	269,354
Short-term investment securities	5,850,000
Prepaid expenses	496,998
Other	21,134
Allowance for doubtful accounts	△ 13,409
Current assets	25,102,803
Fixed assets	
Property, plant and equipment	
Buildings	65,220,966
Structures	15,956
Machinery and equipment	30,029
Tools, furniture and fixtures	74,993
Land	68,568,502
Buildings in trust	130,805,837
Structures in trust	97,013
Machinery and equipment in trust	96,056
Tools, furniture and fixtures in trust	197,532
Land in trust	145,036,252
Construction in progress	0
Property, plant and equipment	410,143,139
Intangible assets	
Leasehold right	1,071,902
Leasehold right in trust	2,181,577
Other	149
Intangible assets	3,253,629
Investments and other assets	
Securities investments	0
Long-term prepaid expenses	844,468
Guarantee deposits	505,154
Guarantee deposits in trust	1,026,585
Other	1,684
Investments and other assets	2,377,892
Fixed assets	415,774,661
Deferred assets	
Investment unit issuance expenses	6,035
Investment corporation bond issuance costs	107,926
Deferred assets	113,962
Total Assets	440,991,426

Fiscal Period Ending July 31, 2015	in thousands yen
Liabilities	
Current liabilities	
Operating accounts payable	355,452
Current portion of investment corporation bond	0
Current portion of long-term loans payable	27,732,572
Accounts payable-other	1,267,455
Accrued expenses	154,553
Accrued consumption taxes	9,405
Advances received	61,007
Other	35,535
Current liabilities	29,615,982
Long-term liabilities	
Investment corporation bond	35,500,000
Long-term loans payable	164,254,329
Tenant leasehold and security deposits	1,223,300
Tenant leasehold and security deposits in trust	2,744,085
Long-term liabilities	203,721,714
Liabilities	233,337,696
Net assets	
Unitholders' equity	
Unitholders' capital, gross	114,936,698
Surplus	
Capital surplus	53,220,279
Reserve for dividend	33,552,162
Unappropriated retained earnings (undisposed loss)	5,944,589
Surplus	92,717,032
Unitholders' equity	207,653,730
Net assets	207,653,730
Liabilities and net assets	440,991,426

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Profit and Loss Statement

Fiscal Period Ending July 31, 2015 (from February 1, 2015 to July 31, 2015)	in thousands yen
Operating revenue	
Rent revenue-real estate	14,964,902
Dividend income	33,969
Gain on sales of real estate properties	-
Operating revenue	14,998,871
Operating expenses	
Expenses related to rent business	5,974,846
Loss on sales of real estate properties	-
Asset management fee	1,009,878
Asset custody fee	9,530
Administrative service fees	61,499
Directors' compensations	3,600
Taxes and dues	237,519
Provision of allowance for doubtful accounts	871
Bad debts expenses	68
Other operating expenses	199,396
Operating expenses	7,497,209
Operating income	7,501,661
Non-operating income	
Interest income	12,367
Interest on securities	1,453
Claim compensation income	-
Reversal of distributions payable	1,462
Reversal of allowance for doubtful accounts	-
Other	13
Non-operating income	15,296
Non-operating expenses	
Interest expenses	1,104,397
Interest expenses on investment corporation bonds	205,097
Amortization of investment unit issuance expenses	3,316
Amortization of investment corporation bond issuance costs	16,741
Investment unit issuance expenses	-
Borrowing related expenses	237,425
Other	4,785
Non-operating expenses	1,571,763
Ordinary income	5,945,194
Income before income taxes	5,945,194
Income taxes-current	605
Income taxes	605
Net income	5,944,589
Unappropriated retained earnings (undisposed loss)	5,944,589

Fiscal Period Ending July 31, 2015 (from February 1, 2015 to July 31, 2015)	in thousands yen
A. Revenue from Property Leasing	
Rental	
Rent income	13,312,712
Facility charge	640,283
Parking fee	442,756
Subtotal	14,395,753
Other revenues related to property leasing	
Income from leasing rights, etc.	72,058
Miscellaneous income	497,090
Subtotal	569,148
Total revenues from property leasing	14,964,902
B. Rental Expenses	
Taxes and Duties	760,017
Property management fees	1,056,877
Utilities	280,538
Repairs and maintenance	522,674
Insurance	24,220
Trust fee	68,629
Other rental expenses	760,317
Depreciation and amortization	2,501,570
Total rental expenses	5,974,846
C. Operating Income from Property Leasing Activities (A-B)	8,990,055

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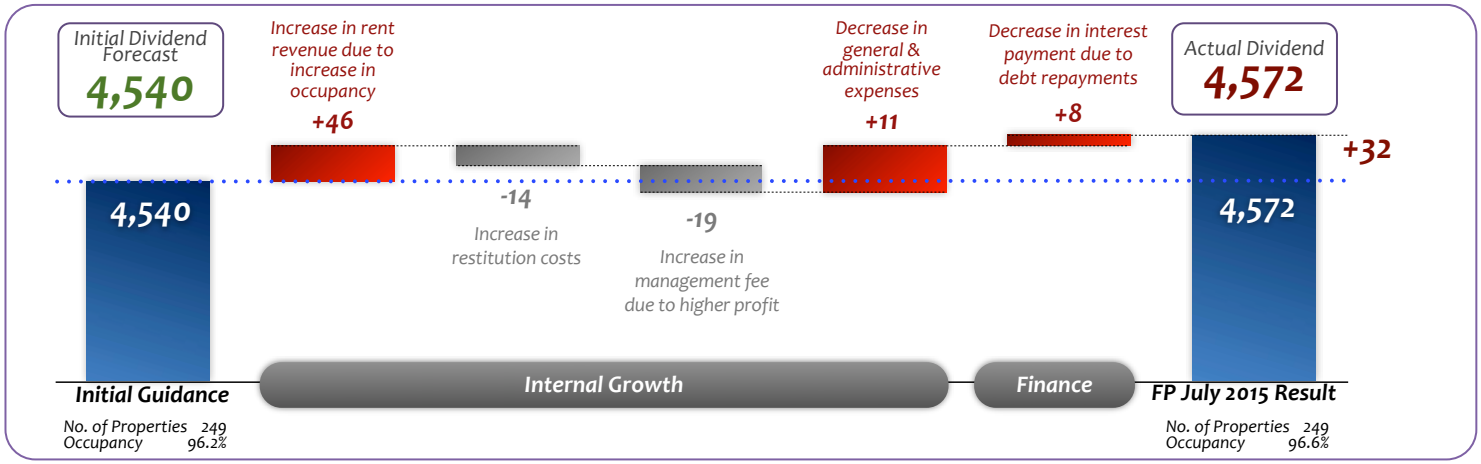
Results for Fiscal Period ended July 2015

from February 1, 2015 to July 31, 2015

Advance Residence Investment Corporation

Increase in Revenue, Profits & Dividend Compared to Initial Guidance

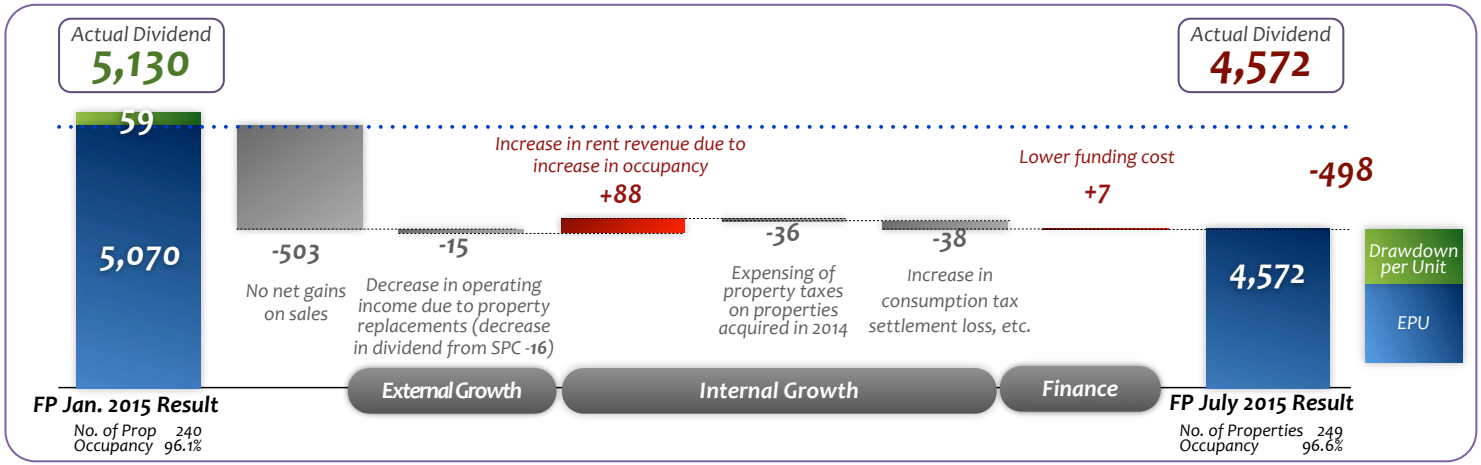
Changes from Initial Earnings Guidance (per unit yen)



in million yen

	Initial Guidance	FP July 2015 Results	diff
Revenue	14,928	14,998	+69
Operating income	7,470	7,501	+31
Ordinary income	5,902	5,945	+42
Net income	5,902	5,944	+42
Earnings per unit (yen)	4,540	4,572	+32
Dividend per unit (yen)	4,540	4,572	+32

Changes from PreviousFiscal Period ended January 2015 Earnings (per unit yen)



in million yen

	FP Jan. 2015 Results	FP July 2015 Results	diff
Revenue	15,633	14,998	-634
Operating income	8,158	7,501	-656
Ordinary income	6,591	5,945	-646
Net income	6,591	5,944	-646
Earnings per unit (yen)	5,070	4,572	-498
Dividend per unit (yen)	5,130	4,572	-558

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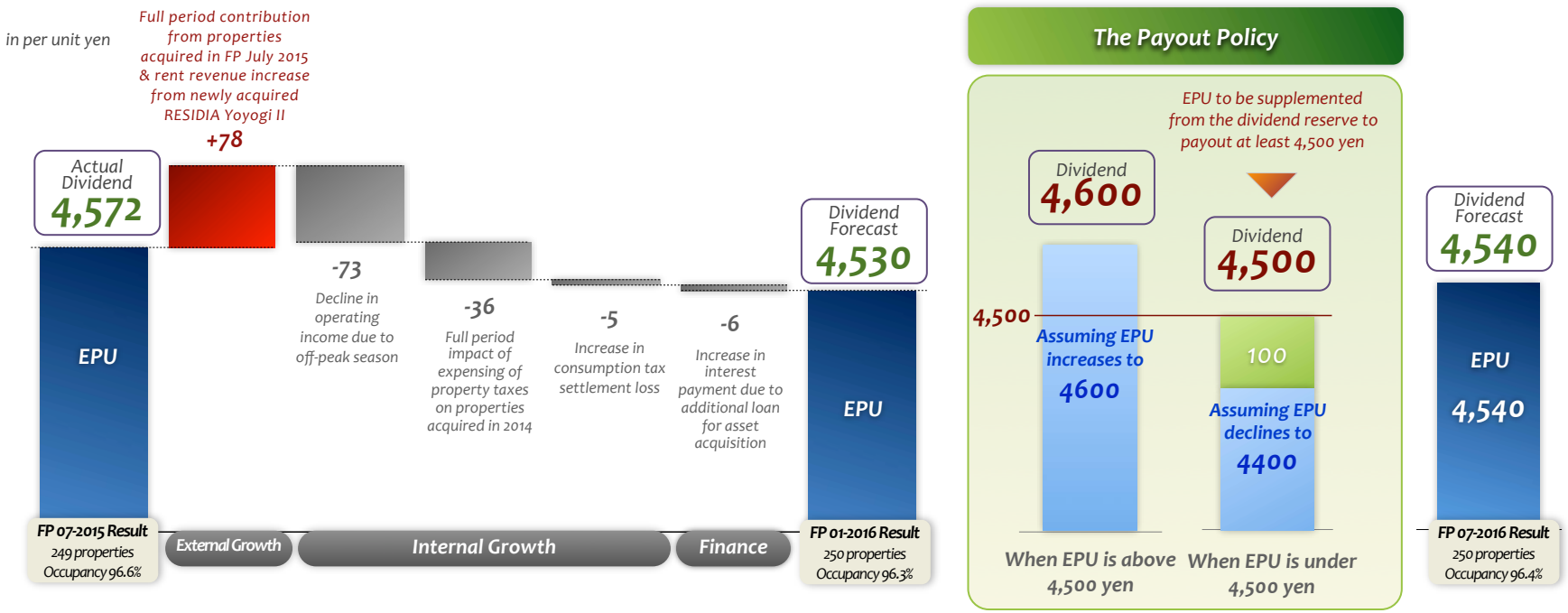
Earnings Guidance for FP Jan. 2016 & Jul. 2016

Aiming for EPU Growth, Dividend with Low Downward Risk



in million yen	FP 07-2015 Result (a)	FP 01-2016 Forecast (b)	diff (b-a)	FP 07-2016 Forecast (b)	diff (c-b)
Revenue	14,998	15,015	+16	15,135	+120
Operating income	7,501	7,454	-46	7,434	-20
Ordinary income	5,945	5,889	-55	5,902	+13
Net income	5,944	5,889	-55	5,902	+13
Earnings per unit (yen)	4,572	4,530	-42	4,540	+10
Dividend per unit (yen)	4,572	4,530	-42	4,540	+10

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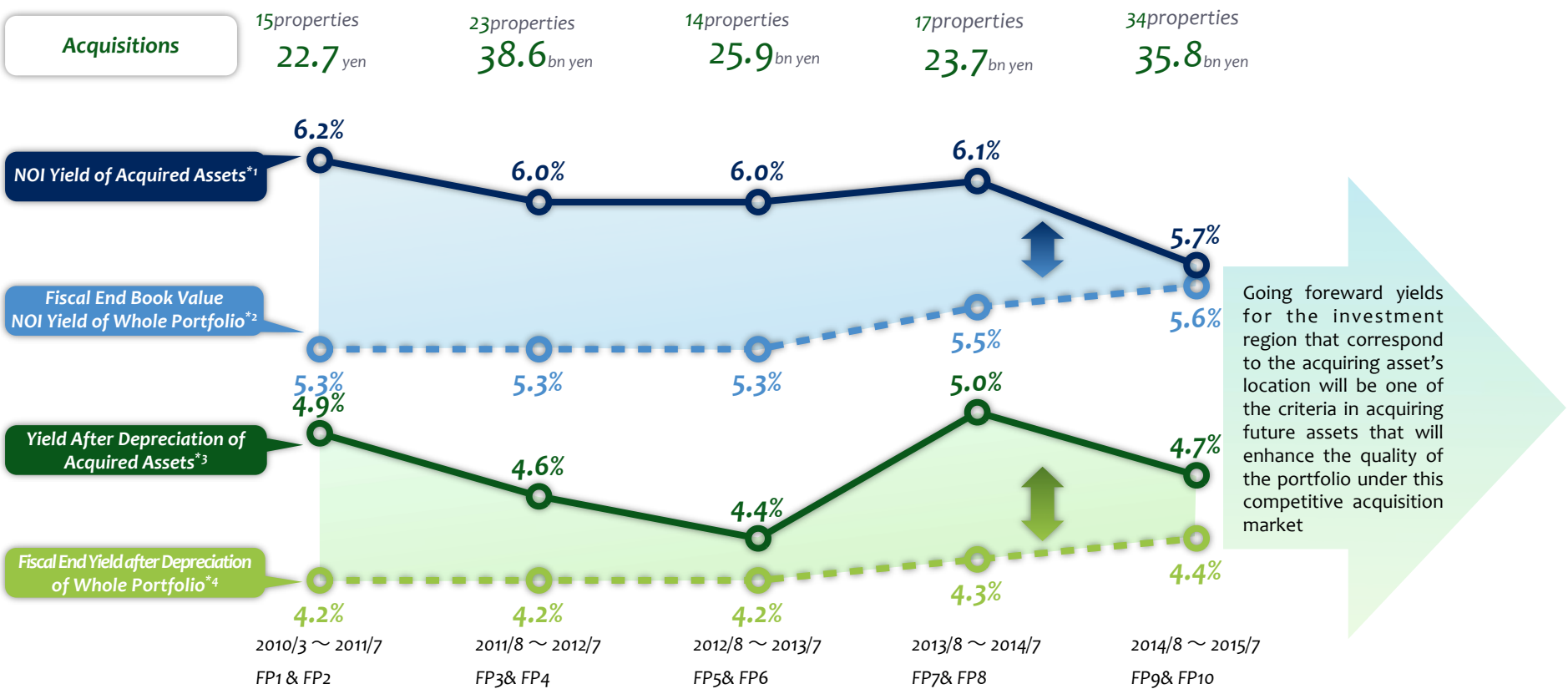
Accretive External Growth

Acquiring Assets at Higher Yield than Either Fiscal End Book-value NOI Yield or Portfolio Yield after Depreciation



*1 NOI Yield of Acquired Assets is calculated by dividing the annualized appraisal NOI at acquisition by total acquisition amount for each fiscal period.
*2 Fiscal End Book Value NOI Yield of Whole Portfolio is calculated by dividing the annualized actual NOI by total fiscal-end book value for odd number fiscal period.
*3 Yield After Depreciation of Acquired Assets is calculated by subtracting the annualized depreciation cost [note] from the annualized appraisal NOI at acquisition and dividing it by total acquisition amount for odd number fiscal period.
Note: depreciation of acquired assets are calculated using same straight-line method as the portfolio.
*4 Fiscal End Yield after Depreciation of Whole Portfolio is subtracting the annualized depreciation cost from the annualized actual NOI and dividing it by total fiscal-end book value for each fiscal period.

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Building a High Quality Portfolio

as of Sept. 14, 2015

Acquisitions and Dispositions Since the Merger

	Acquisitions	Dispositions
No. of Properties	104	42
Total Value (Acquisition Price)	147.7 bn yen	68.7 bn yen
Weighted Average NOI Yield	5.9%*1	4.6%*2
Weighted Average Building Age*3	5.0 yrs	13.1 yrs

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

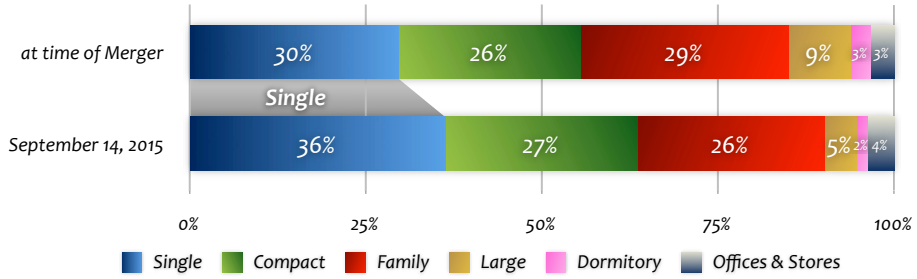
in number of residential units

	Single	Compact	Family	Large	Dormitory	Others	Total
Tokyo Central 7 Wards	+754	-3	-41	-170	0	-3	+537
Central Tokyo ex 7	+1,634	+661	+418	+13	0	+10	+2,736
Tokyo Metropolitan	+398	+10	-72	0	-748	0	-412
Major Regional Cities	+1,732	+1,006	+263	+55	0	0	+3,056
Total	+4,518	+1,674	+568	-102	-748	+7	+5,917

Improving Yield and Reducing Average Age

	at the time of merger	after the transactions
Book Value NOI Yield	5.2%	5.7%*4
Building Age	11.9yrs*5	9.7yrs

Unit type Investment Ratio (by leasable area)



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	18	42	44	104
Total Acquisition Value (bn yen)	29.8	52.4	65.4	147.7
Share of Sources	20.2%	35.5%	44.3%	100.0%

The figures in this slide are all based on data as of September 14, 2015.

*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 calculated the Book Value NOI Yield. Annualized NOI ÷ FP July 2015 end book value, where the NOI is annualized using the actual days in operation during the FP July 2015. For the asset acquired between after FP July 2015 end and Sept. 14, 2015, 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 Sept. 14, 2015.

*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 12 properties developed by the **Sponsor Group** and 6 properties which were not developed but warehoused according to Advance Residence's request. The 12 properties' acquisition price total is 20.7 billion yen. The 6 properties' acquisition price total is 9.1 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.

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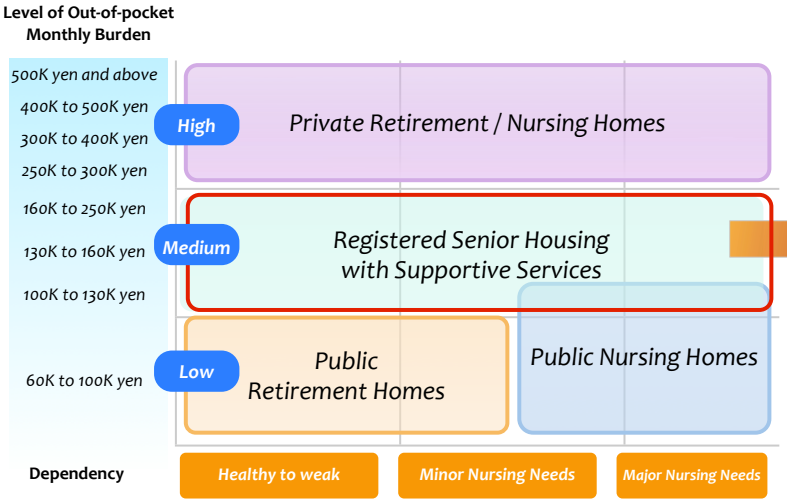
Senior Housing Market

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



S-29 Cocofump Hiyoshi

FP 07-2015 Actual NOI Yield **6.7%**

Area	Tokyo Metropolitan
Location	Yokohama-shi, 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* ***58*** *(as of Sept. 3, 2015) RSHSS mainly within the Tokyo metropolitan region.*

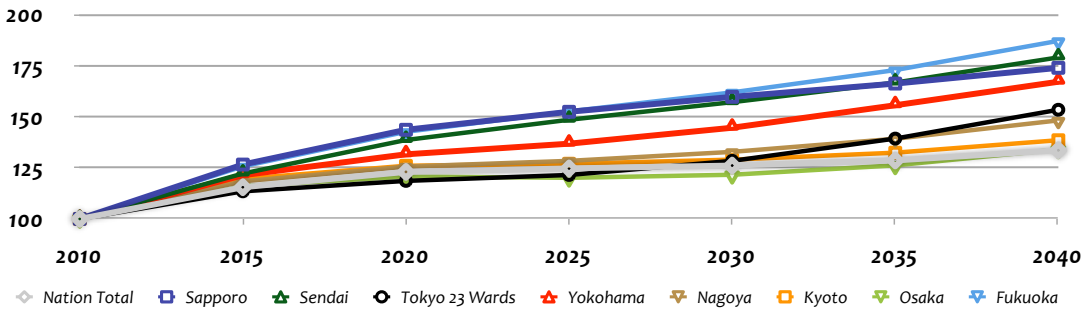
Parent Company: Gakken Cocofump Holdings Co., Ltd. (Listed company on the TSE 1st Section)

Main Business: Planning, developing, operating RSHSS and providing other senior nursing related services.

Growing Senior Housing Market

Population trend of 65 years or older

(Indexed using 2010 figure as 100)



Population of 65 years or older is expect 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 2

FP 07-2015 Actual NOI Yield **7.8%**

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

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Dormitories and Student Apartments

as of Sept. 14, 2015

No. of properties	Actual NOI yield*	Occupancy (Residential portion)	No of rentable units	Total of acquisition price	Investment ratio of portfolio
19 properties	6.2%	100%	1,709 units	18,099 million yen	4.3%

* due to guaranteed rent contracts

* Actual NOI yield = FP July 2015 actual annualized NOI ÷ book value × 100%.

Dormitories

No. of dormitories serving breakfast and dinner **2** properties

S-11 TOKYO Student-House Wako

Actual NOI yield **6.7%**

Location	Wako, Saitama
No of units	127 units
Completion Date	Apr. 1990

S-23 College Court Tanashi

Actual NOI yield **7.8%**

Location	Nishi-Tokyo, Tokyo
No of units	91 units
Completion Date	Feb. 2010

Student apartments

Student apartments are normal apartments but where the new tenants are on the whole exclusively students. **17** properties

P-3 RESIDIA Nakameguro

Actual NOI yield **5.9%**

Location	Meguro-ku, Tokyo
No of units	88 units
Completion	Feb. 2005

C-66 RESIDIA Takashimadaira

Actual NOI yield **5.5%**

Location	Itabashi-ku, Tokyo
No of units	45 units
Completion	Feb. 2007

C-74 RESIDIA Nerima

Actual NOI yield **5.6%**

Location	Nerima-ku, Tokyo
No of units	34 units
Completion	Mar. 2005

R-8 RESIDIA Kobe Port Island

Actual NOI yield **6.1%**

Location	Kobe, Hyogo
No of units	404 units
Completion	Mar. 2007/Feb. 2008

P-85 RESIDIA Komazawa

Actual NOI yield 6.2%

Location	Setagaya-ku, Tokyo
No of units	59 units
Completion	Oct. 2008

C-67 RESIDIA Shimurasakaue

Actual NOI yield **5.2%**

Location	Itabashi-ku, Tokyo
No of units	44 units
Completion	Feb. 2007

C-77 RESIDIA Ogikubo II

Actual NOI yield **5.2%**

Location	Suginami-ku, Tokyo
No of units	36 units
Completion	Mar. 2007

R-38 RESIDIA Hirosedori

Actual NOI yield **7.9%**

Location	Sendai, Miyagi
No of units	63 units
Completion	Feb. 2010

C-28 RESIDIA Oji

Actual NOI yield **6.3%**

Location	Kita-ku, Tokyo
No of units	61 units
Completion	Feb. 2005

C-68 RESIDIA Shimurasakaue II

Actual NOI yield **5.4%**

Location	Itabashi-ku, Tokyo
No of units	94 units
Completion	Mar. 2007

S-15 RESIDIA Okurayama

Actual NOI yield **6.3%**

Location	Yokohama, Kanagawa
No of units	64 units
Completion	Mar. 1998

R-60 RESIDIA Okayama-Ekimae

Actual NOI yield **7.3%**

Location	Okayama, Okayama
No of units	108 units
Completion	Mar. 2004

C-50 RESIDIA Shin-Itabashi

Actual NOI yield **6.4%**

Location	Itabashi-ku, Tokyo
No of units	67 units
Completion	Aug. 2009

C-69 RESIDIA Shimurasakaue III

Actual NOI yield **5.3%**

Location	Itabashi-ku, Tokyo
No of units	36 units
Completion	Mar. 2007

S-30 RESIDIA Sagamihara

Actual NOI yield **6.5%**

Location	Sagamihara, Kanagawa
No of units	111 units
Completion	May 2004

R-61 RESIDIA Kyoto-Okazaki

Actual NOI yield **6.0%**

Location	Kyoto, Kyoto
No of units	23 units
Completion	Mar. 2005

R-2 RESIDIA Imadegawa

Actual NOI yield **6.6%**

Location	Kyoto, Kyoto
No of units	154 units
Completion	Feb. 1999

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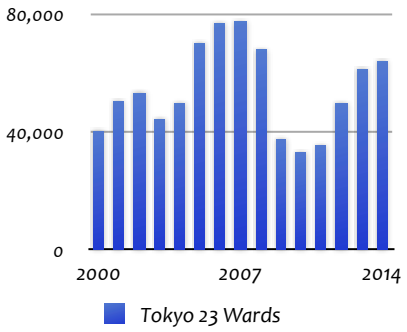
Internal Migration Statistics

Population Inflow to Central Tokyo and Major Regional Cities Continues

Migration Statistics of Major Cities in Japan

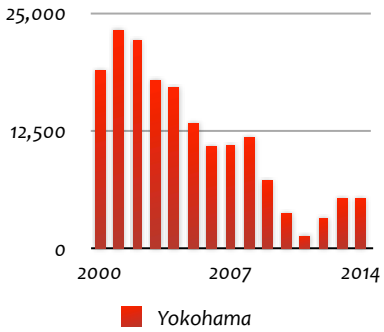
Tokyo 23 Wards

ADR's Investment Ratio 71%



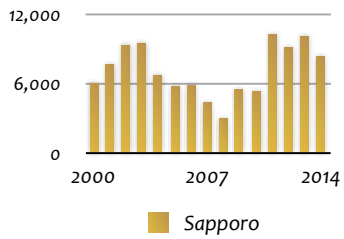
Cities in Tokyo Metropolitan Area

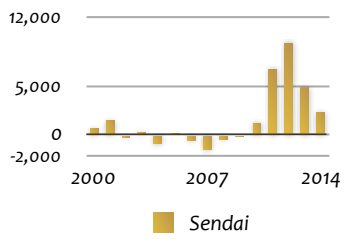
ADR's Investment Ratio 10%

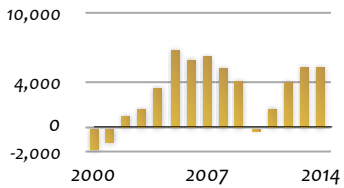


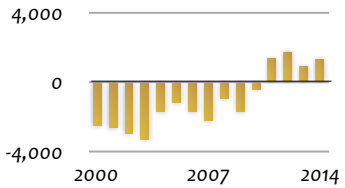
Major Regional Cities

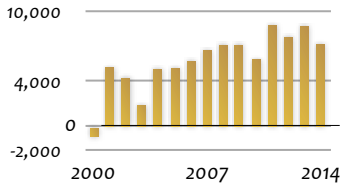
ADR's Investment Ratio 19%

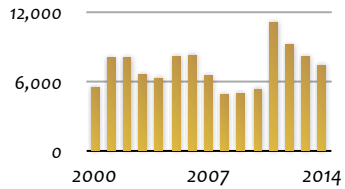












Net Inflow is Pre-dominantly Younger Generation

Tokyo's Population Inflow by Age Group

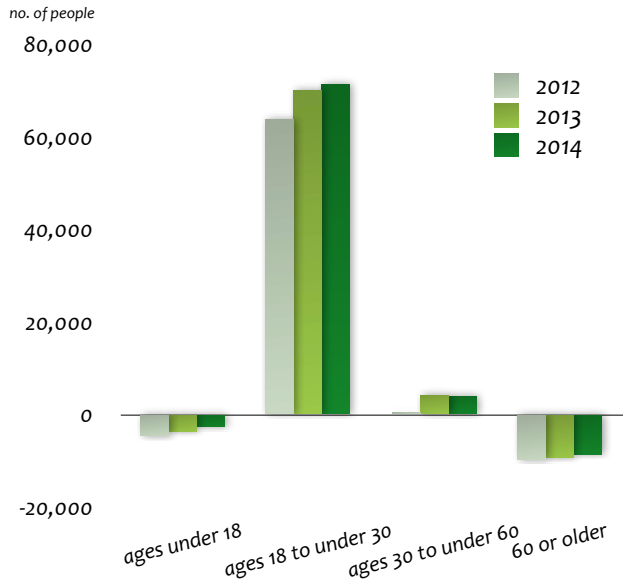
Tokyo Prefecture

ADR's Investment Ratio* 47%

* 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(2014); "Report on Internal Migration" Statistics Division, Bureau of General Affairs, Tokyo Metropolitan (2014)

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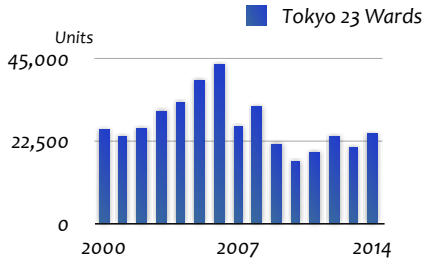
Housing Starts

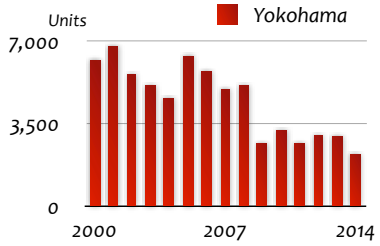
Housing Starts Halved from the Peak since Lehman Shock

Tokyo 23 Wards



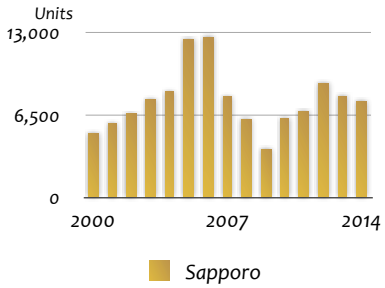
ADR's Investment Ratio in the Region
71%

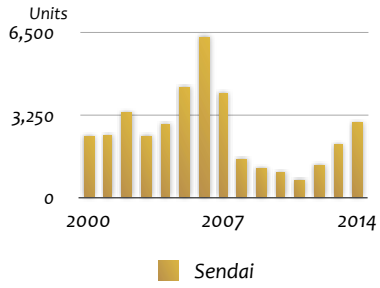
Tokyo Metropolitan Area

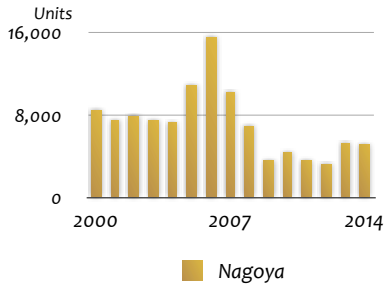


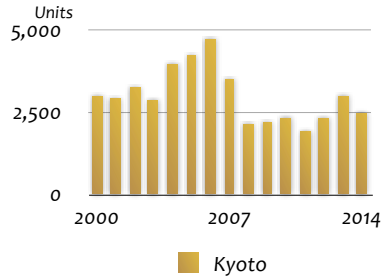
ADR's Investment Ratio in the Region
10%

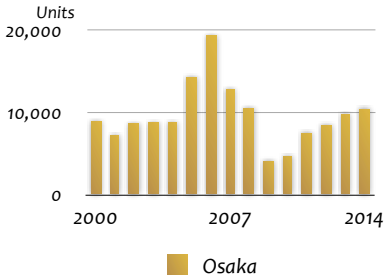
Major Regional Cities

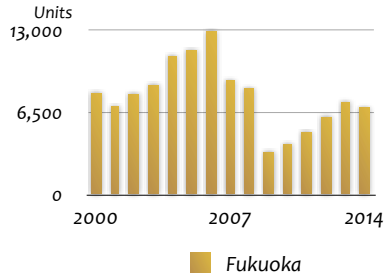












ADR's Investment Ratio in the Region
19%

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) (2014)

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Measures to Reduce Rent Declines Caused by Aging

Advance Residence Investment Corporation

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

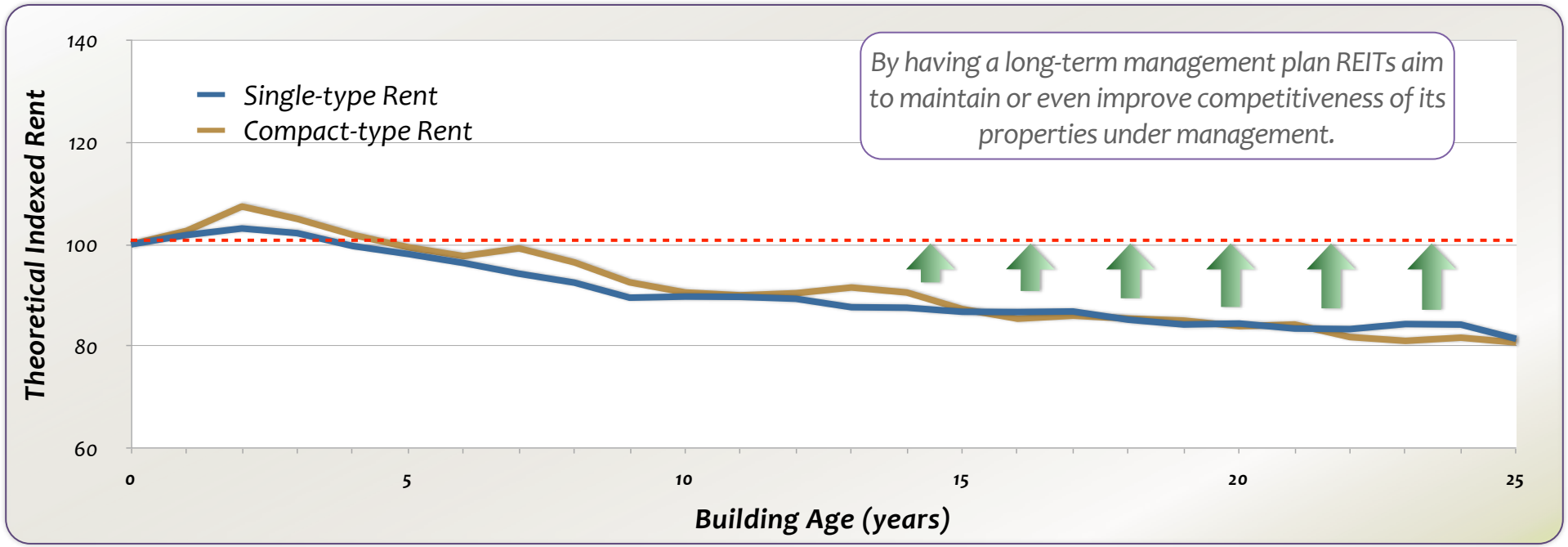
Building Maintenance

- Daily Cleaning
- 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.

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Renovation Examples in ADR's Properties

By taking proper measures competitiveness can be maintained

Examples of Measures Taken

P-73 RESIDIA Shibaura

Building age 24 years

Common area renovation
Cost:128million yen

before

Individual apartment unit upgrading renovations
Cost: 3,490 thousand yen/unit
(of which 887 thousand yen is for the upgrade)

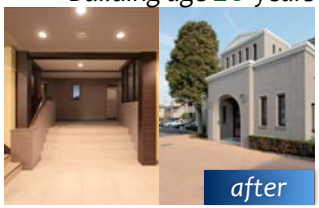
before

S-19 RESIDIA Kichijoji

Building age 20 years

Common area renovation
Cost: 32million yen

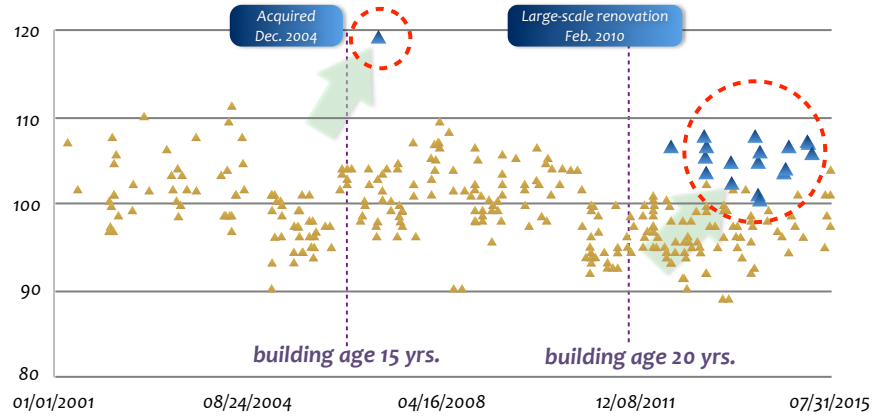
before



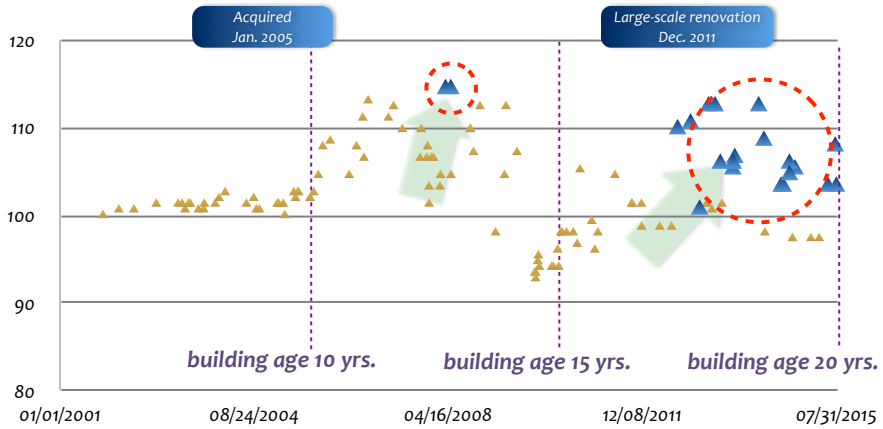
Individual apartment unit upgrading renovations
Cost; 3,680 thousand yen/unit
(of which 1,097 thousand yen is for the upgrade)

before

Impact of the measures taken



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



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

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Brand Strategy

The Brand

RESIDIA

Residia is composed from the following words

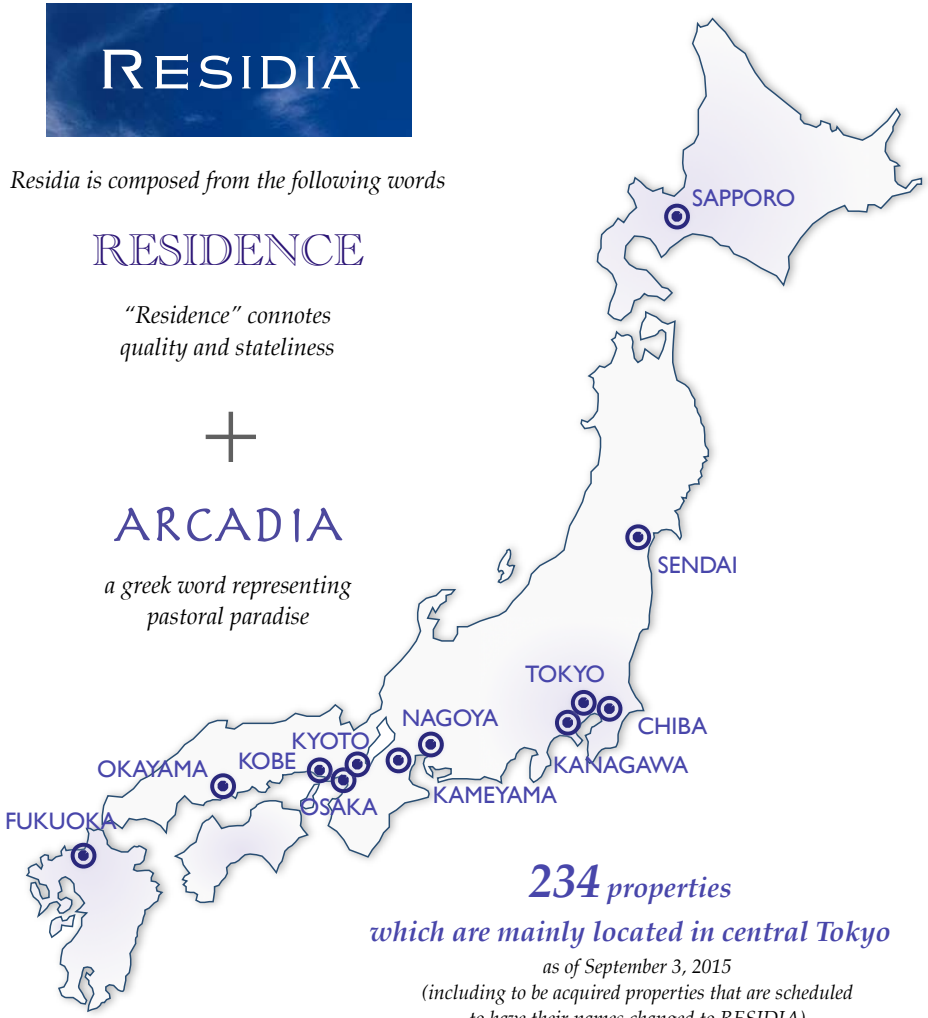
RESIDENCE

"Residence" connotes quality and stateliness

+

ARCADIA

a greek word representing pastoral paradise



***234** properties*

which are mainly located in central Tokyo

as of September 3, 2015
(including to be acquired properties that are scheduled to have their names changed to RESIDIA)

Tenant Services

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.

Handing out Emergency Kits *(only for tenants in Metropolitan Area properties)*

Handed out to any tenants who requested, provisions, helmets, portable toilet, etc.

KAJITAKU ~Tenant Service~

"KAJITAKU" provides housekeeping services.

RESIDIA × KAJI TAKU

Branding through Leasing Website & Building Signs

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

RESIDIA Shibuya Building Sign

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Mid to Long-term Measures to Retain & Increase Asset Value & Raise Unitholders Value

Measures Taken During the 10th Fiscal Period (ended July 2015)

Environmental Considerations

✳ **Installation of LED Lightings**

Lightings for common area of **4** properties replaced with energy conserving LED.
(LED lightings installed in **23** properties at the end of Aug. 2015)

✳ **Large-Scale Repairs and Equipment Renewals and Upgrades**

Retain asset value, extend economic life and reduce carbon footprint through repairs, renewals and upgrades.

During the Fiscal Period July 2015 large-scale repairs done on **3** properties, upgrades on **34** units of **11** properties.

(Track record since the merger: large-scale repairs on **15** properties, upgrades on **16** properties **111** units)

LED lightings installation

S-20 Pacific Royal Court Minatomirai Ocean Tower

Contribution to the Community

✳ **Installing AEDs**

Installing AEDs that are open to public use in **26** properties.

✳ **Installing Emergency Maps**

Posted emergency maps showing evacuation routes, in common area of **50** properties.
(Maps are available in **150** properties at the end of Aug. 2015)

✳ **Distributing Emergency Kits**

Distributed **683** emergency kits to tenants.
(the kit consists of emergency rations, helmets, portable toilets, etc.)

Installed AED

Emergency Map

Emergency Kits

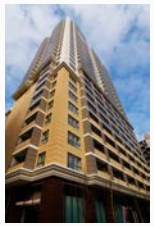
DBJ Green Building Certification Awarded

NO.1 **Highest Number of Residential Certificate Awarded***

DBJ Green Building Certification Awarded for 3 properties

DBJ Green Building 2014

Properties with excellent environmental & social awareness



P-55 RESIDIA TOWER Meguro-Fudomae

C-65 RESIDIA TOWER Kami-Ikebukuro

* Based on materials published by Development Bank of Japans as of August 31, 2015 and consolidated by AD Investment Management Co., Ltd.

Participated in GRESB Survey 2015

Participated in the GRESB Survey in 2015 after being the first residential J-REIT to participate in the survey in 2014.

GRESB
Global Real Estate Sustainability Benchmark

2015 GRESB Survey Result

Asia Residential Sector **NO.2**

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.

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Lowering Costs through Economy of Scale

Total cost reduction since the merger	315 million yen / annum
FP July 2015 cost reduction	13 million yen / annum

in million yen / annum

Cost Reduction since the Merger

Property Management Fees

total	77
FP 07-2015	-
Previous FPs	77

Appraisal Fees

total	51
FP 07-2015	-
Previous FPs	51

Building Management Fees

total	60
FP 07-2015	-
Previous FPs	60

Custodial Fees

total	42
FP 07-2015	0.4
Previous FPs	42

Electricity Bill for Shared Spaces
LED Lighting

total	63
FP 07-2015	9
Previous FPs	53

Property Insurance Fees
Internet Provider

total	20
FP 07-2015	3
Previous FPs	16

*All un-shown decimals are rounded down

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Lender Line-up

The Lineup of 24 Lenders Includes 3 mega banks, 3 major trust banks

as of July 31, 2015

Investment Corporation Bonds

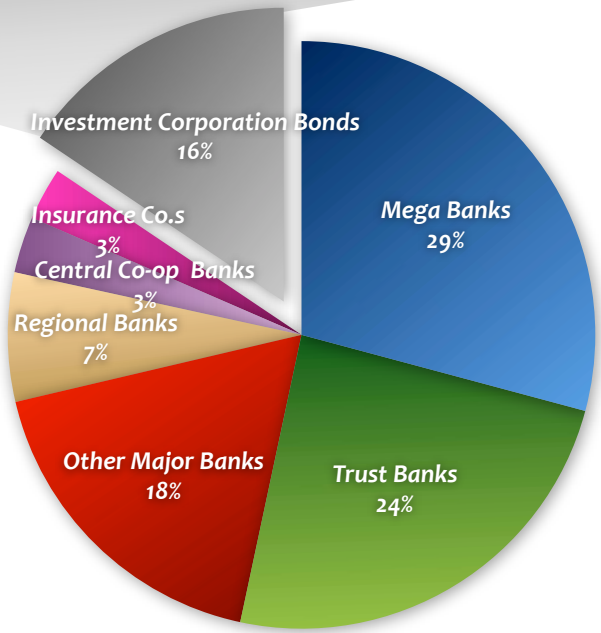
Maturity \ Issue Date	Sept. 2011	Apr. 2012	Sept. 2012	Apr. 2013	Nov. 2013	Apr. 2014	Apr. 2015
3 yrs		#15 * 4 bn yen 0.86%					
5 yrs	#13 8 bn yen 1.27%	#16 4 bn yen 1.08%	#17 8 bn yen 0.87%				
7 yrs	#14 2 bn yen 1.68%		#18 4 bn yen 1.23%				
10 yrs				#19 3 bn yen 1.32%		#21 2.5 bn yen 1.04%	#22 2 bn yen 0.726%
12 yrs					#20 2 bn yen 1.41%		

First residential J-REIT to issue 10 and 12 year bonds

* #15 has been redeemed on April 2015.

Committed Lines of Credit

Term	Lenders	Outstanding Amount (bn yen)
3 y	Sumitomo Mitsui Trust Bank, The Bank of Tokyo-Mitsubishi UFJ Mizuho Bank	16.0
1 y	Sumitomo Mitsui Banking Corporation	4.0
	Total	20.0



Total Interest Bearing Debt **227.4** billion yen

Loans

Lenders	Loan Outstanding (bn yen)	% share
Sumitomo Mitsui Trust Bank	29.0	15.1
The Bank of Tokyo-Mitsubishi UFJ	29.0	15.1
Mizuho Bank	18.8	9.8
Sumitomo Mitsui Banking Corporation	18.4	9.6
Mitsubishi UFJ Trust & Banking	15.6	8.2
Development Bank of Japan	13.9	7.3
Aozora Bank	12.6	6.6
MIzuho Trust & Banking	10.3	5.4
Resona Bank	9.1	4.8
The Norinchukin Bank	7.0	3.6
Shinsei Bank	5.1	2.7
The Bank of Fukuoka	5.0	2.6
Taiyo Life Insurance	3.0	1.6
The Nishi-Nippon City Bank	2.6	1.4
The Yamaguchi Bank	2.5	1.3
Tokio Marine & Nichido Fire Insurance	1.5	0.8
Mitsui Sumitomo Insurance	1.0	0.5
The Tokyo Tomin Bank	1.0	0.5
The Gunma Bank	1.0	0.5
The Kagawa Bank	1.0	0.5
The Hiroshima Bank	1.0	0.5
The Iyo Bank	1.0	0.5
The 77 Bank	1.0	0.5
Nippon Life Insurance	1.0	0.5
Total	191.9	100.0

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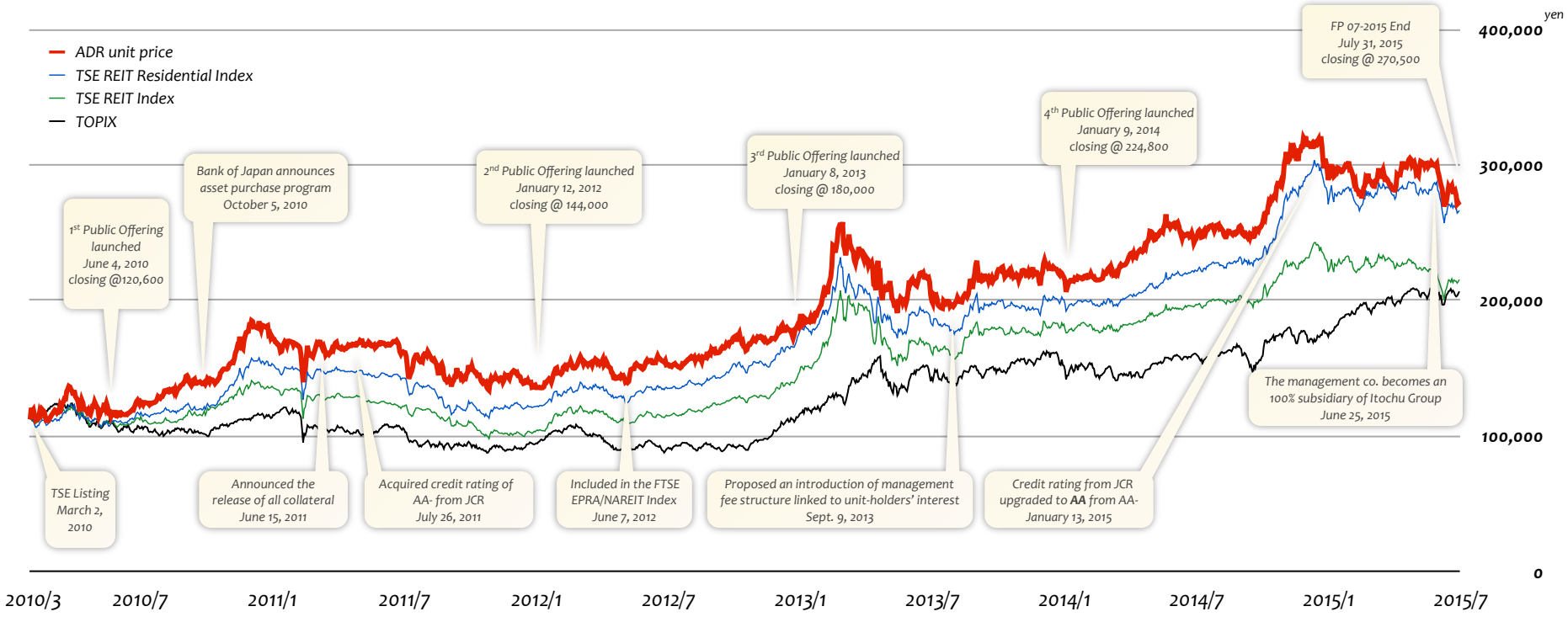
Unit Price Chart

Key Figures	FP 01-2011	FP 07-2011	FP 01-2012	FP 07-2012	FP 01-2013	FP 07-2013	FP 01-2014	FP 07-2014	FP 01-2015	FP 07-2015
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	269.3 bn yen Jan. 31, 2014 closing @217,200	319.1 bn yen Jul. 31, 2014 closing @245,500	391.9 bn yen Jan. 30, 2015 closing @301,500	351.6 bn yen Jul. 31, 2015 closing @270,500
Average Trading volume	0.44 bn yen / day 3,247units	0.31 bn yen / day 1,917units	0.27 bn yen / day 1,907units	0.46 bn yen / day 3,160units	0.54 bn yen / day 3,208units	1.29 bn yen / day 6,055units	0.68bn yen / day 3,174units	0.62bn yen / day 2,684units	0.81bn yen / day 2,922units	0.92bn yen / day 3,181units
LTV (Total assets base)	52.4%	53.5%	54.6%	53.7%	53.8%	51.2%	52.1%	51.0%	50.1%	51.6%
NAV per Unit (yen)	152,749	154,360	156,459	155,966	158,313	164,311	171,850	182,367	198,261	207,281
ex Dividend Payment Reserve (yen)	113,307	117,984	120,504	124,465	127,061	136,917	144,656	156,497	172,452	181,471
BPS (yen)	159,564	156,548	156,140	152,689	152,440	153,020	152,821	155,220	155,160	155,161
ex Dividend Payment Reserve (yen)	120,122	120,172	120,185	121,188	121,188	125,626	125,626	129,351	129,351	129,351
Implied CAP rate	5.3%	5.5%	5.6%	5.4%	4.8%	4.7%	4.5%	4.3%	3.8%	4.1%

*NAV and BPS are ex-dividend figures



* 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.

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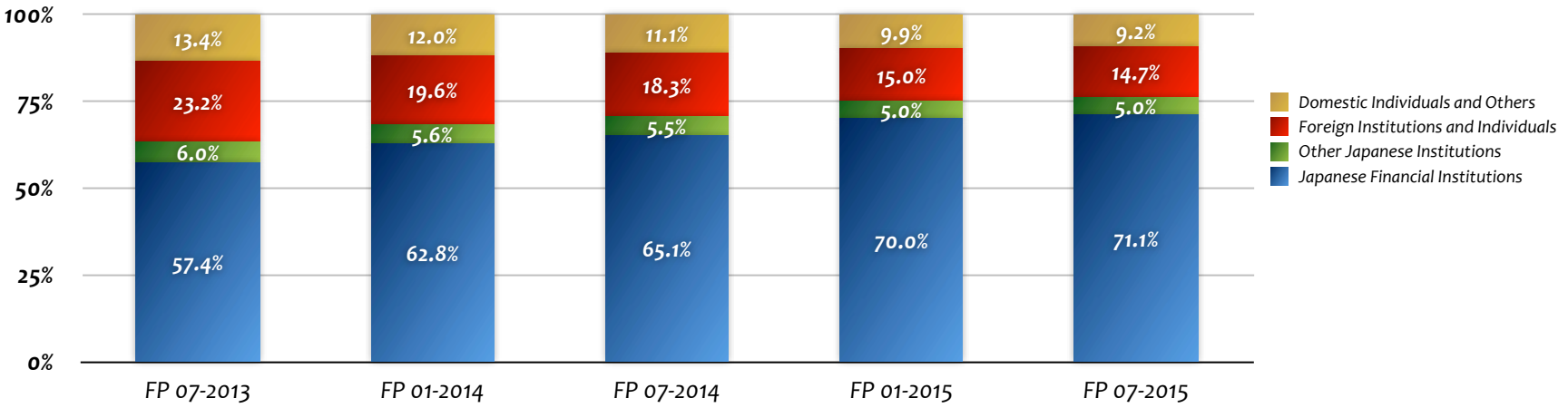
Major Unitholders

Increase in Japanese Financial Institutions' Holdings

as of July 31, 2015

	Number of Units		Number of Unitholders	
	Units	(%)	Unit-holders	(%)
Japanese Financial Institutions	**923,740**	**71.1%**	**180**	**0.9%**
Trust Banks	668,294	51.4%	15	0.1%
Regional Banks	122,460	9.4%	54	0.3%
Life Insurance	52,438	4.0%	11	0.1%
Securities Companies	34,304	2.6%	21	0.1%
Casualty Insurance	15,909	1.2%	6	0.0%
Credit Unions & Co-ops	14,702	1.1%	31	0.2%
Shinkin Banks	13,300	1.0%	41	0.2%
City Banks	2,333	0.2%	1	0.0%
Other Japanese Corporations	**64,860**	**5.0%**	**274**	**1.4%**
Foreign Corporations and Individuals	**191,252**	**14.7%**	**257**	**1.3%**
Domestic Individuals and Others	**120,148**	**9.2%**	**18,535**	**96.3%**
Total	**1,300,000**	**100.0%**	**19,246**	**100.0%**

Name of Unitholders	Holdings (units)	% share of issued and outstanding
Japan Trustee Services Bank, Ltd. (Tr. Acc.)	375,205	28.9%
The Master Trust Bank of Japan ,Ltd (Tr. Acc.)	117,062	9.0%
Trust & Custody Services Bank, Ltd. (Securities Inv. Tr. Acc.)	75,048	5.8%
The Nomura Trust and Banking Co., Ltd. (Inv. Tr. Acc.)	46,817	3.6%
ITOCHU Corporation	34,800	2.7%
Mizuho Trust & Banking Co., Ltd.	18,125	1.4%
Trust & Custody Services Bank, Ltd. (Cash in Tr. Taxable Acc.)	17,279	1.3%
State Street Bank - West Pension Fund Clients - Exempt	13,547	1.0%
The Fuji Fire and Marine Insurance Co., Ltd.	13,278	1.0%
The Fuji Fire and Marine Insurance Co., Ltd.	11,500	0.9%



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Portfolio Diversification Policy

Investment Regions*1	Investment ratio*2 Originally	Investment ratio*2 Revised
Tokyo 23 Wards		70 ～ 100%
Tokyo Central 7 Wards	40 ～ 60%	
Central Tokyo ex 7 Wards	20 ～ 40%	
Other Regions		0～ 30%
Tokyo Metropolitan (ex. Tokyo 23 Wards)	5 ～ 20%	
Major Regional Cities	5 ～ 20%	

* Revised the investment region by simplifying the category to just two, Tokyo 23 Wards and Other Regions and set the Investment ratio guideline for each region.

Unit types	Investment ratio*3
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*3
Dormitory	up to 20%

*Note

1. Of the Tokyo 23 Wards, Minato, 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

Number of Bedrooms	～30㎡	～40㎡	～50㎡	～60㎡	～70㎡	～80㎡	～90㎡	over 90㎡
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

Unit types

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

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

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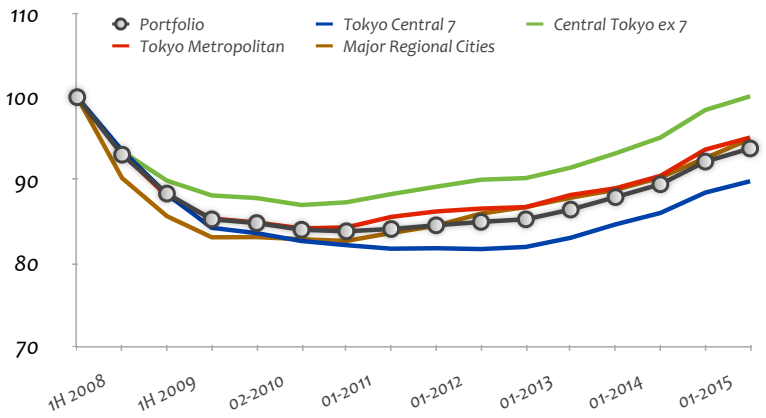
Rent & Cap Rate by Region

Rent Levels Are Stable in Central Tokyo and Major Regional Cities
Cap-Rates Are Stable in Tokyo 23 Wards

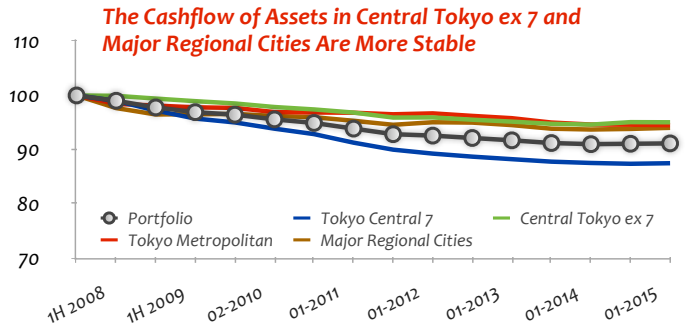
Portfolio Appraisal Value Analyzed by Components

Appraisal Value (Indexed)



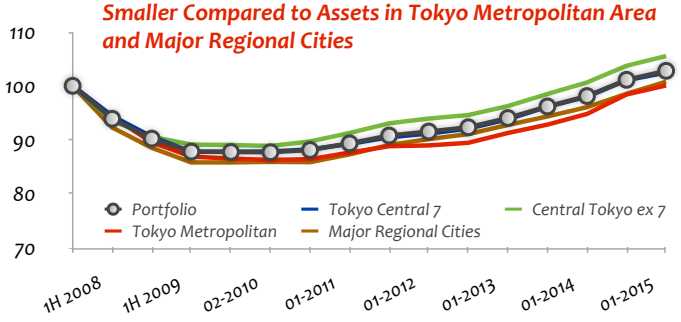
Cashflow (Indexed)

The Cashflow of Assets in Central Tokyo ex 7 and Major Regional Cities Are More Stable



Inverted Cap-rate (Indexed)

Volatility in Cap-rates of Assets in Tokyo 23 Wards Are Smaller Compared to Assets in Tokyo Metropolitan Area and Major Regional Cities



Aiming to have a high quality portfolio that realizes stable profit distribution in the long-term by forming balanced portfolio with assets from each region with different characteristics

* Above indices are calculated using appraisal value, cashflow figures used in the direct capitalization method and the inverted capitalization rate from 145 assets held from 1st half of 2008 to end of July 2015.

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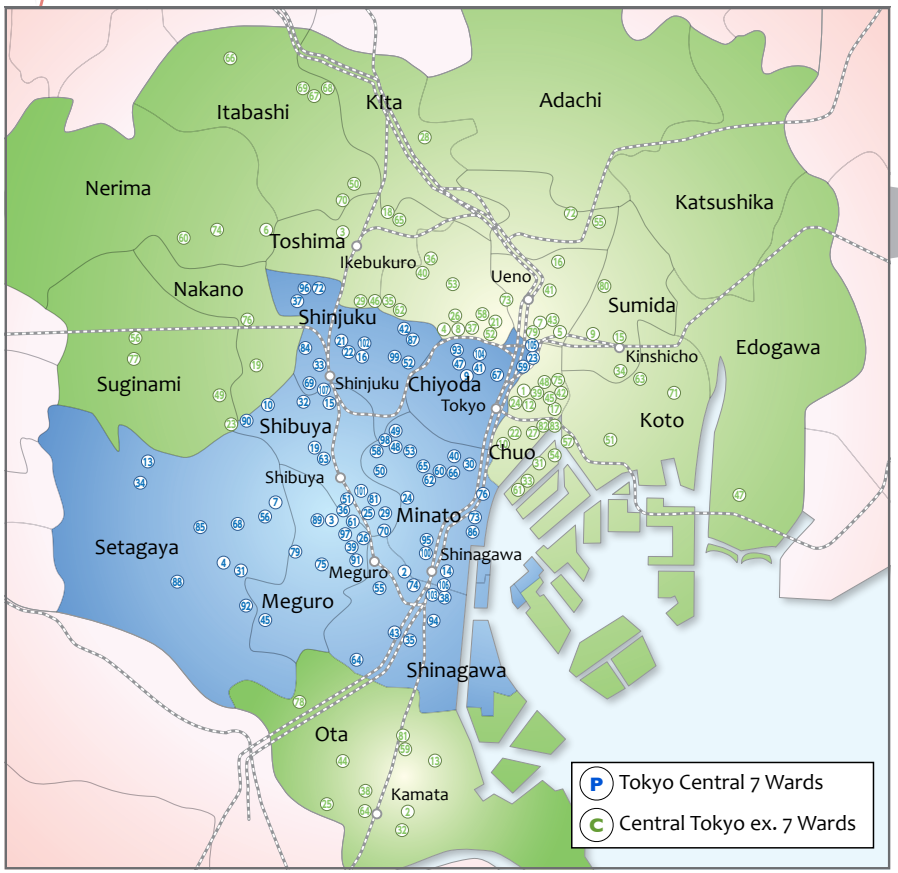
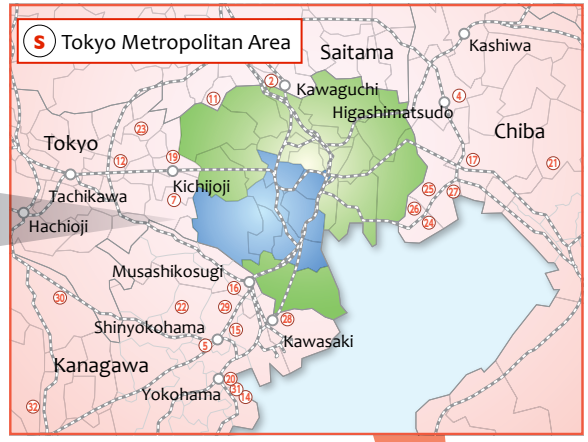
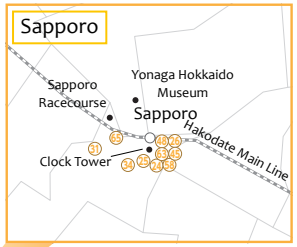
Portfolio Map

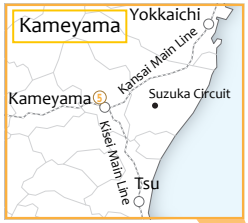
as of Sept. 14, 2015

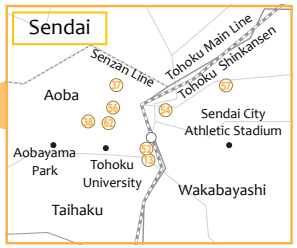


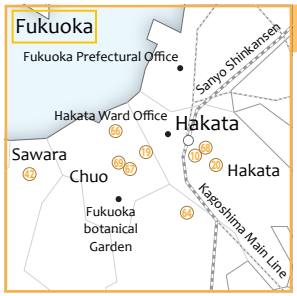


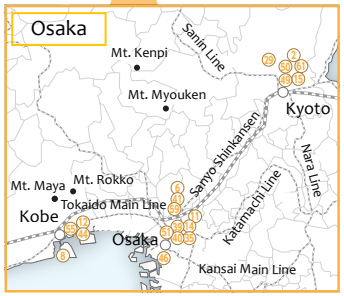
R Major Regional Cities

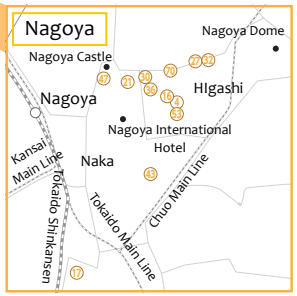












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Portfolio

Advance Residence Investment Corporation
(as of July 31, 2015)

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	Period End Occupancy
P-2	RESIDIA Shimazuyama	Shinagawa-ku, Tokyo	12 - 2004	115	2,860	0.7%	3,020	2,449	23.3%	4.3%	95.0%
P-3	RESIDIA Nakameguro	Meguro-ku, Tokyo	2 - 2005	88	1,730	0.4%	1,950	1,476	32.1%	2.6%	100.0%
P-4	RESIDIA Setagaya-Tsurumaki	Setagaya-ku, Tokyo	3 - 2002	28	1,229	0.3%	1,170	1,158	1.0%	7.3%	83.5%
P-7	RESIDIA Ikejiriohashi	Setagaya-ku, Tokyo	8 - 2005	42	1,230	0.3%	1,320	1,189	10.9%	3.1%	91.4%
P-9	RESIDIA Kudanshita	Chiyoda-ku, Tokyo	3 - 2004	86	2,270	0.5%	2,380	2,091	13.8%	2.9%	93.4%
P-10	RESIDIA Hatagaya	Shibuya-ku, Tokyo	2 - 2006	35	1,130	0.3%	1,150	1,086	5.8%	7.3%	95.4%
P-13	RESIDIA Sakurajosui	Setagaya-ku, Tokyo	7 - 2006	39	1,120	0.3%	1,220	1,081	12.8%	7.0%	93.7%
P-14	RESIDIA Kita-Shinagawa	Shinagawa-ku, Tokyo	2 - 2007	120	2,720	0.6%	2,860	2,601	9.9%	4.3%	100.0%
P-15	RESIDIA Yoyoginomori	Shibuya-ku, Tokyo	3 - 2007	22	732	0.2%	700	718	-2.6%	4.4%	100.0%
P-16	RESIDIA Shinjuku-East III	Shinjuku-ku, Tokyo	2 - 2009	39	750	0.2%	803	739	8.6%	4.3%	100.0%
P-19	Leopalace Udagawacho Mansion	Shibuya-ku, Tokyo	8 - 2001	30	588	0.1%	695	571	21.7%	8.2%	100.0%
P-21	RESIDIA Shinjuku-East II	Shinjuku-ku, Tokyo	2 - 2004	54	1,380	0.3%	1,560	1,326	17.6%	4.8%	92.8%
P-22	RESIDIA Shinjuku-East	Shinjuku-ku, Tokyo	8 - 2000	48	941	0.2%	1,030	939	9.7%	5.3%	91.1%
P-23	RESIDIA Kanda-Iwamotocho	Chiyoda-ku, Tokyo	2 - 2004	65	1,520	0.4%	1,890	1,438	31.4%	4.1%	97.7%
P-24	RESIDIA Azabujuban II	Minato-ku, Tokyo	2 - 2001	37	874	0.2%	941	885	6.2%	3.1%	85.0%
P-25	RESIDIA Ebisu	Shibuya-ku, Tokyo	1 - 2001	26	554	0.1%	626	571	9.6%	3.0%	84.7%
P-26	RESIDIA Meguro	Shinagawa-ku, Tokyo	10 - 1999	20	722	0.2%	705	732	-3.8%	6.2%	88.6%
P-29	RESIDIA Hiroo II	Shibuya-ku, Tokyo	11 - 2005	76	1,660	0.4%	1,940	1,568	23.7%	2.9%	100.0%
P-30	Pianetta Shiodome	Minato-ku, Tokyo	2 - 2005	67	1,950	0.5%	2,120	1,845	14.9%	5.3%	97.3%
P-31	RESIDIA Komazawadaigaku	Setagaya-ku, Tokyo	10 - 2004	18	333	0.1%	378	317	19.2%	8.5%	100.0%
P-32	RESIDIA Yoyogi	Shibuya-ku, Tokyo	2 - 2005	16	326	0.1%	373	314	18.6%	11.0%	92.7%
P-33	RESIDIA Nishi-Shinjuku	Shinjuku-ku, Tokyo	2 - 2005	19	363	0.1%	406	350	15.8%	9.9%	100.0%
P-34	RESIDIA Kyodo	Setagaya-ku, Tokyo	2 - 2005	15	286	0.1%	317	272	16.2%	10.6%	91.5%
P-35	RESIDIA Oimachi	Shinagawa-ku, Tokyo	12 - 2005	48	947	0.2%	1,050	894	17.3%	4.3%	89.5%
P-36	RESIDIA Ebisu II	Shibuya-ku, Tokyo	1 - 2006	61	2,280	0.5%	2,620	2,244	16.7%	3.4%	98.8%
P-37	RESIDIA Kamiochiai	Shinjuku-ku, Tokyo	9 - 2006	70	1,180	0.3%	1,340	1,123	19.3%	4.8%	90.5%
P-38	RESIDIA Higashi-Shinagawa	Shinagawa-ku, Tokyo	8 - 2006	122	2,040	0.5%	2,270	1,955	16.1%	4.0%	96.6%
P-39	RESIDIA Meguro II	Meguro-ku, Tokyo	1 - 2006	34	1,190	0.3%	1,270	1,158	9.6%	6.5%	95.6%
P-40	RESIDIA Toranomon	Minato-ku, Tokyo	9 - 2006	63	1,320	0.3%	1,500	1,266	18.4%	3.3%	96.8%
P-41	RESIDIA Shin-Ochanomizu	Chiyoda-ku, Tokyo	3 - 2006	52	1,160	0.3%	1,360	1,118	21.5%	2.8%	98.5%
P-42	RESIDIA Kagurazaka	Shinjuku-ku, Tokyo	8 - 2006	52	918	0.2%	1,030	883	16.5%	2.1%	96.4%
P-43	RESIDIA Oimachi II	Shinagawa-ku, Tokyo	7 - 2007	40	1,050	0.2%	1,230	1,009	21.9%	4.8%	97.1%
P-45	RESIDIA Jiyugaoka	Meguro-ku, Tokyo	3 - 2002	28	1,050	0.2%	1,150	1,000	14.9%	7.3%	100.0%
P-47	RESIDIA Suidobashi	Chiyoda-ku, Tokyo	12 - 2004	65	2,310	0.5%	2,520	2,199	14.6%	2.3%	92.8%
P-48	RESIDIA TOWER Nogizaka	Minato-ku, Tokyo	8 - 2004	68	3,660	0.9%	3,600	3,509	2.6%	3.5%	97.6%
P-49	RESIDIA Akasaka	Minato-ku, Tokyo	5 - 2004	37	1,180	0.3%	1,270	1,129	12.5%	8.3%	89.4%
P-50	RESIDIA Nishi-Azabu	Minato-ku, Tokyo	7 - 2004	125	6,780	1.6%	7,200	6,505	10.7%	2.8%	96.5%
P-51	RESIDIA Daikanyama	Shibuya-ku, Tokyo	7 - 2004	42	2,150	0.5%	2,000	2,036	-1.8%	4.0%	98.3%
P-52	RESIDIA Ichigaya	Shinjuku-ku, Tokyo	8 - 2004	85	2,500	0.6%	2,770	2,384	16.2%	3.6%	97.0%
P-53	RESIDIA Roppongi-Hinokichokoen	Minato-ku, Tokyo	9 - 1999	88	3,570	0.8%	3,860	3,551	8.7%	6.8%	91.9%
P-55	RESIDIA TOWER Meguro-Fudomae	Shinagawa-ku, Tokyo	1 - 2007	358	16,500	3.9%	17,300	15,477	11.8%	1.8%	100.0%
P-56	RESIDIA Sangenjaya	Setagaya-ku, Tokyo	1 - 2005	78	2,760	0.7%	3,210	2,601	23.4%	2.7%	91.7%
P-58	RESIDIA Minami-Aoyama	Minato-ku, Tokyo	3 - 2005	13	728	0.2%	490	716	-31.6%	2.0%	76.6%
P-59	RESIDIA Kanda-Higashi	Chiyoda-ku, Tokyo	10 - 2003	64	1,620	0.4%	1,940	1,533	26.5%	3.4%	93.0%
P-60	RESIDIA Higashi-Azabu	Minato-ku, Tokyo	4 - 2006	31	1,430	0.3%	1,400	1,370	2.2%	3.2%	97.1%
P-61	RESIDIA Ebisu-Minami	Shibuya-ku, Tokyo	3 - 2007	39	2,020	0.5%	2,020	1,966	2.7%	7.1%	97.3%
P-62	RESIDIA TOWER Azabujuban	Minato-ku, Tokyo	1 - 2003	113	6,190	1.5%	5,830	6,038	-3.5%	0.7%	94.9%

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	Period End Occupancy
P-63	RESIDIA Shibuya	Shibuya-ku, Tokyo	6 - 2006	40	1,250	0.3%	1,430	1,219	17.3%	3.5%	96.0%
P-64	RESIDIA Nakanobu	Shinagawa-ku, Tokyo	11 - 2005	65	1,880	0.4%	2,200	1,798	22.3%	3.4%	92.4%
P-65	RESIDIA Azabudai	Minato-ku, Tokyo	2 - 2006	47	1,610	0.4%	1,680	1,564	7.4%	4.6%	98.4%
P-66	RESIDIA Shibadaimon II	Minato-ku, Tokyo	8 - 2006	48	1,740	0.4%	1,780	1,700	4.7%	3.3%	97.9%
P-67	RESIDIA Kanda	Chiyoda-ku, Tokyo	6 - 2006	43	1,140	0.3%	1,310	1,104	18.6%	4.9%	100.0%
P-68	RESIDIA Sangenjaya II	Setagaya-ku, Tokyo	3 - 2006	34	1,280	0.3%	1,410	1,236	14.0%	4.4%	96.5%
P-69	RESIDIA Nishi-Shinjuku II	Shinjuku-ku, Tokyo	5 - 2007	74	1,830	0.4%	2,100	1,748	20.1%	10.9%	91.3%
P-70	RESIDIA Hiroo-Minami	Shibuya-ku, Tokyo	8 - 2007	26	923	0.2%	979	887	10.3%	2.8%	96.2%
P-72	RESIDIA Mejiro-Otomeyama	Shinjuku-ku, Tokyo	12 - 2002	19	974	0.2%	1,030	933	10.3%	4.9%	95.0%
P-73	RESIDIA Shibaura	Minato-ku, Tokyo	9 - 1991	154	4,670	1.1%	5,340	4,478	19.2%	2.8%	89.6%
P-74	RESIDIA Gotenyama	Shinagawa-ku, Tokyo	1 - 2007	16	930	0.2%	860	895	-4.0%	7.9%	93.8%
P-75	RESIDIA Yutenji	Meguro-ku, Tokyo	8 - 2006	118	5,260	1.2%	5,590	5,110	9.4%	7.8%	97.2%
P-76	Park Tower Shibaura Bayward Urban Wing	Minato-ku, Tokyo	5 - 2005	191	9,570	2.3%	10,500	9,130	15.0%	3.6%	97.3%
P-79	RESIDIA Kamimeguro	Meguro-ku, Tokyo	1 - 1993	16	878	0.2%	938	864	8.5%	7.7%	100.0%
P-81	Windsor House Hiroo	Shibuya-ku, Tokyo	6 - 2003	12	1,750	0.4%	1,380	1,672	-17.5%	4.8%	100.0%
P-84	RESIDIA Kita-Shinjuku	Shinjuku-ku, Tokyo	2 - 1997	26	1,460	0.3%	1,560	1,401	11.3%	8.8%	100.0%
P-85	RESIDIA Komazawa	Setagaya-ku, Tokyo	10 - 2008	59	870	0.2%	1,150	854	34.5%	10.0%	100.0%
P-86	RESIDIA Shibaura KAIGAN	Minato-ku, Tokyo	1 - 2010	72	2,400	0.6%	2,910	2,392	21.6%	4.4%	96.0%
P-87	RESIDIA Ichigaya-Yakuoji	Shinjuku-ku, Tokyo	8 - 2008	98	2,070	0.5%	2,410	2,052	17.4%	3.0%	100.0%
P-88	RESIDIA Yoga	Setagaya-ku, Tokyo	6 - 2008	66	1,523	0.4%	1,790	1,587	12.8%	10.3%	89.7%
P-89	RESIDIA TOWER Nakameguro	Meguro-ku, Tokyo	3 - 2007	70	3,300	0.8%	4,090	3,404	20.1%	2.4%	95.9%
P-90	RESIDIA Sasazuka II	Shibuya-ku, Tokyo	1 - 2011	167	3,760	0.9%	4,310	3,788	13.8%	4.2%	91.8%
P-91	RESIDIA Meguro III	Meguro-ku, Tokyo	1 - 2010	31	950	0.2%	1,190	976	21.9%	2.6%	97.0%
P-92	RESIDIA Jiyugaoka II	Setagaya-ku, Tokyo	10 - 2007	17	778	0.2%	959	792	21.0%	5.4%	100.0%
P-93	RESIDIA Kudanshita II	Chiyoda-ku, Tokyo	1 - 2012	48	1,240	0.3%	1,560	1,261	23.7%	2.6%	100.0%
P-94	RESIDIA Omori II	Shinagawa-ku, Tokyo	3 - 2012	90	1,620	0.4%	2,000	1,647	21.4%	2.2%	88.9%
P-95	RESIDIA Shirokane-Takanawa	Minato-ku, Tokyo	3 - 2012	53	1,480	0.3%	1,870	1,505	24.2%	6.7%	80.6%
P-96	RESIDIA Nakaochiai	Shinjuku-ku, Tokyo	3 - 2008	187	3,656	0.9%	4,220	3,825	10.3%	A 2.9% B 2.9% C 3.0%	93.9%
P-97	RESIDIA Nakameguro II	Meguro-ku, Tokyo	8 - 2006	50	1,119	0.3%	1,350	1,142	18.2%	2.7%	100.0%
P-98	ARTIS COURT Minamiaoyama	Minato-ku, Tokyo	7 - 2008	23	1,720	0.4%	1,820	1,750	3.9%	3.9%	97.4%
P-99	RESIDIA Yotsuya-Sanchome	Shinjuku-ku, Tokyo	5 - 2009	90	2,090	0.5%	2,580	2,136	20.8%	3.8%	95.3%
P-100	RESIDIA Takanawa-Katsurazaka	Minato-ku, Tokyo	3 - 2006	45	900	0.2%	994	957	3.8%	5.4%	95.7%
P-101	RESIDIA Ebisu III	Shibuya-ku, Tokyo	3 - 2006	26	611	0.1%	699	652	7.1%	3.3%	96.8%
P-102	RESIDIA Shinjukugyoen	Shinjuku-ku, Tokyo	10 - 2006	38	687	0.2%	803	733	9.5%	5.2%	95.0%
P-103	RESIDIA Minami-Shinagawa	Shinagawa-ku, Tokyo	10 - 2013	50	1,177	0.3%	1,280	1,226	4.4%	8.7%	100.0%
P-104	Chester Court Ochanomizu	Chiyoda-ku, Tokyo	3 - 2007	118	3,117	0.7%	3,650	3,196	14.2%	2.4%	95.5%
P-105	RESIDIA Kanda-Iwamotocho II	Chiyoda-ku, Tokyo	4 - 2007	48	1,280	0.3%	1,480	1,324	11.7%	2.8%	96.0%
P-106	RESIDIA Shinagawa	Shinagawa-ku, Tokyo	6 - 2007	36	980	0.2%	1,100	1,016	8.2%	4.0%	94.8%
C-1	RESIDIA Mitsukoshimae	Chuo-ku, Tokyo	2 - 2005	105	1,920	0.5%	2,310	1,641	40.7%	3.3%	92.9%
C-2	RESIDIA Kamata	Ota-ku, Tokyo	3 - 2005	166	2,640	0.6%	3,330	2,232	49.2%	4.7%	97.8%
C-3	RESIDIA Ikebukuro	Toshima-ku, Tokyo	3 - 2005	60	1,520	0.4%	1,700	1,427	19.1%	7.1%	100.0%
C-4	RESIDIA Bunkyo-Hongo	Bunkyo-ku, Tokyo	7 - 2005	65	1,680	0.4%	2,020	1,590	27.0%	4.6%	100.0%
C-5	RESIDIA Asakusabashi	Taito-ku, Tokyo	8 - 2005	47	1,060	0.2%	1,310	965	35.6%	2.9%	100.0%
C-6	Maison Eclairee Ekoda	Nerima-ku, Tokyo	3 - 1993	94	953	0.2%	1,030	930	10.6%	9.2%	96.3%
C-7	RESIDIA Ueno-Okachimachi	Taito-ku, Tokyo	2 - 2006	127	3,160	0.7%	3,510	2,940	19.4%	2.1%	96.4%
C-8	RESIDIA Bunkyo-Hongo II	Bunkyo-ku, Tokyo	1 - 2006	70	1,623	0.4%	1,710	1,577	8.4%	3.6%	95.6%
C-9	RESIDIA Ryogoku	Sumida-ku, Tokyo	2 - 2006	48	913	0.2%	1,070	871	22.8%	9.1%	100.0%

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Portfolio

Advance Residence Investment Corporation

(as of July 31, 2015)

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	Period End Occupancy
C-10	RESIDIA Higashi-Ginza	Chuo-ku, Tokyo	9 - 2006	169	5,251	1.2%	5,390	5,112	5.4%	4.3%	100.0%
C-12	RESIDIA Nihonbashi-Ningyocho II	Chuo-ku, Tokyo	1 - 2007	137	3,180	0.7%	3,570	3,033	17.7%	4.6%	98.7%
C-13	RESIDIA Omori-Higashi	Ota-ku, Tokyo	8 - 2007	81	1,980	0.5%	1,930	1,888	2.2%	3.8%	94.7%
C-15	RESIDIA Kinshicho	Sumida-ku, Tokyo	11 - 2007	157	4,200	1.0%	4,250	4,089	3.9%	7.2%	98.6%
C-16	RESIDIA Negishi	Taito-ku, Tokyo	12 - 2005	28	856	0.2%	874	839	4.1%	7.7%	93.0%
C-17	RESIDIA Shinkawa	Chuo-ku, Tokyo	2 - 2003	83	1,880	0.4%	2,100	1,796	16.9%	5.3%	95.2%
C-18	RESIDIA Kamiikebukuro	Toshima-ku, Tokyo	12 - 2001	44	558	0.1%	677	521	29.9%	6.4%	97.4%
C-19	RESIDIA Shin-nakano	Nakano-ku, Tokyo	6 - 2002	24	352	0.1%	455	331	37.3%	3.8%	96.7%
C-21	RESIDIA Bunkyo-Yushima II	Bunkyo-ku, Tokyo	3 - 2004	63	1,010	0.2%	1,120	953	17.4%	5.3%	91.6%
C-22	RESIDIA Tsukiji	Chuo-ku, Tokyo	12 - 2005	54	1,460	0.3%	1,710	1,367	25.0%	3.4%	100.0%
C-23	RESIDIA Sasazuka	Suginami-ku, Tokyo	3 - 2000	96	1,800	0.4%	1,990	1,818	9.4%	6.9%	87.4%
C-24	RESIDIA Kyobashi	Chuo-ku, Tokyo	1 - 2005	52	1,220	0.3%	1,400	1,149	21.8%	3.4%	100.0%
C-25	RESIDIA Tamagawa	Ota-ku, Tokyo	9 - 2004	98	1,300	0.3%	1,530	1,214	26.0%	5.9%	100.0%
C-26	RESIDIA Korakuen	Bunkyo-ku, Tokyo	10 - 2004	31	603	0.1%	694	565	22.8%	3.5%	90.5%
C-27	RESIDIA Ginza-Higashi	Chuo-ku, Tokyo	9 - 2004	94	2,000	0.5%	2,340	1,888	23.9%	4.0%	100.0%
C-28	RESIDIA Oji	Kita-ku, Tokyo	2 - 2005	61	867	0.2%	985	805	22.3%	3.2%	100.0%
C-29	RESIDIA Mejiro II	Toshima-ku, Tokyo	7 - 2005	63	1,050	0.2%	1,160	999	16.1%	2.3%	93.1%
C-31	RESIDIA Tsukishima	Chuo-ku, Tokyo	2 - 2006	40	1,100	0.3%	1,210	1,044	15.8%	6.8%	94.3%
C-32	RESIDIA Kamata II	Ota-ku, Tokyo	9 - 2006	78	1,360	0.3%	1,580	1,301	21.4%	4.0%	94.1%
C-33	RESIDIA Tsukishima II	Chuo-ku, Tokyo	9 - 2006	105	2,440	0.6%	2,740	2,342	17.0%	3.8%	92.5%
C-34	RESIDIA Kinshicho II	Sumida-ku, Tokyo	1 - 2008	99	2,380	0.6%	2,520	2,281	10.4%	4.7%	91.9%
C-35	RESIDIA Bunkyo-Otowa	Bunkyo-ku, Tokyo	8 - 2003	104	3,380	0.8%	3,700	3,134	18.1%	4.7%	100.0%
C-36	RESIDIA Bunkyo-Sengoku	Bunkyo-ku, Tokyo	2 - 2003	33	707	0.2%	830	655	26.6%	5.0%	94.3%
C-37	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	2 - 2003	39	1,050	0.2%	1,250	981	27.3%	6.9%	98.1%
C-38	RESIDIA Ikegami	Ota-ku, Tokyo	7 - 2003	19	378	0.1%	396	355	11.3%	8.5%	100.0%
C-39	RESIDIA Nihonbashi-Ningyocho	Chuo-ku, Tokyo	3 - 2004	25	557	0.1%	701	520	34.8%	5.6%	100.0%
C-40	RESIDIA Bunkyo-Sengoku II	Bunkyo-ku, Tokyo	4 - 2005	45	1,440	0.3%	1,560	1,375	13.4%	4.1%	95.6%
C-41	RESIDIA Iriya	Taito-ku, Tokyo	12 - 2004	49	990	0.2%	1,120	913	22.6%	5.4%	100.0%
C-42	RESIDIA Nihonbashi-Hamacho	Chuo-ku, Tokyo	8 - 2006	45	1,310	0.3%	1,460	1,268	15.1%	4.5%	95.6%
C-43	RESIDIA Shin-Okachimachi	Taito-ku, Tokyo	3 - 2007	69	1,860	0.4%	2,040	1,787	14.1%	3.0%	91.2%
C-44	RESIDIA Chidoricho	Ota-ku, Tokyo	9 - 2006	60	1,290	0.3%	1,380	1,232	11.9%	5.0%	96.6%
C-45	RESIDIA Shinkawa II	Chuo-ku, Tokyo	2 - 2003	36	1,320	0.3%	1,430	1,233	16.0%	3.9%	93.6%
C-46	RESIDIA Mejiro	Toshima-ku, Tokyo	1 - 1999	162	6,280	1.5%	6,950	6,178	12.5%	2.6%	95.9%
C-47	RESIDIA Kasai	Edogawa-ku, Tokyo	1 - 2000	29	683	0.2%	741	637	16.2%	7.0%	100.0%
C-48	RESIDIA Nihonbashi-Bakurocho	Chuo-ku, Tokyo	2 - 2007	132	5,500	1.3%	6,440	5,220	23.4%	2.4%	100.0%
C-49	RESIDIA Suginami-Honancho	Suginami-ku, Tokyo	2 - 2009	194	3,834	0.9%	5,040	3,739	34.8%	4.3%	100.0%
C-50	RESIDIA Shin Itabashi	Itabashi-ku, Tokyo	8 - 2009	67	888	0.2%	1,160	875	32.5%	8.6%	100.0%
C-51	RESIDIA Kiba	Koto-ku, Tokyo	3 - 2008	155	1,950	0.5%	2,740	1,960	39.8%	7.2%	97.4%
C-52	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	12 - 2008	52	1,129	0.3%	1,410	1,121	25.7%	4.4%	96.9%
C-53	RESIDIA Bunkyo-Honkomagome	Bunkyo-ku, Tokyo	3 - 2008	98	2,340	0.6%	2,780	2,351	18.2%	3.5%	96.3%
C-54	RESIDIA Tsukishima III	Chuo-ku, Tokyo	2 - 2008	119	2,570	0.6%	3,490	2,550	36.8%	4.0%	95.4%
C-55	RESIDIA Minamisenju	Arakawa-ku, Tokyo	3 - 2007	175	2,580	0.6%	3,450	2,576	33.9%	5.3%	97.9%
C-56	RESIDIA Ogikubo	Suginami-ku, Tokyo	3 - 2003	101	1,710	0.4%	2,170	1,786	21.5%	4.5%	99.1%
C-57	RESIDIA Monzennakacho	Koto-ku, Tokyo	2 - 2005	68	970	0.2%	1,200	997	20.3%	7.6%	85.3%
C-58	RESIDIA Ochanomizu	Bunkyo-ku, Tokyo	9 - 2005	80	2,090	0.5%	2,660	2,102	26.5%	4.2%	96.1%
C-59	RESIDIA Omori	Ota-ku, Tokyo	3 - 2006	75	1,150	0.3%	1,390	1,155	20.3%	1.8%	94.7%
C-60	RESIDIA Nakamurabashi	Nerima-ku, Tokyo	2 - 2008	66	1,075	0.3%	1,300	1,074	21.0%	4.5%	98.7%
C-61	RESIDIA Kachidoki	Chuo-ku, Tokyo	2 - 2008	55	1,805	0.4%	2,300	1,807	27.2%	4.9%	96.5%

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	Period End Occupancy
C-62	RESIDIA Bunkyo-Otowa II	Bunkyo-ku, Tokyo	2 - 2008	89	2,268	0.5%	2,810	2,340	20.1%	4.0%	95.6%
C-63	RESIDIA Kinshicho III	Koto-ku, Tokyo	2 - 2005	51	651	0.2%	804	674	19.2%	9.6%	100.0%
C-64	RESIDIA Kamata III	Ota-ku, Tokyo	3 - 2007	53	948	0.2%	1,180	954	23.6%	3.5%	98.4%
C-65	RESIDIA Tower Kami-Ikebukuro	Toshima-ku, Tokyo	3 - 2009	472	8,250	1.9%	10,400	8,479	22.6%	Twr 5.7% Prk 5.4% Anx 2.9%	95.6%
C-66	RESIDIA Takashimadaira	Itabashi-ku, Tokyo	2 - 2007	45	502	0.1%	584	534	9.2%	4.8%	100.0%
C-67	RESIDIA Shimurasakaue	Itabashi-ku, Tokyo	2 - 2007	44	580	0.1%	657	615	6.7%	3.4%	100.0%
C-68	RESIDIA Shimurasakaue II	Itabashi-ku, Tokyo	3 - 2007	94	1,093	0.3%	1,280	1,146	11.6%	5.6%	100.0%
C-69	RESIDIA Shimurasakaue III	Itabashi-ku, Tokyo	3 - 2007	36	411	0.1%	472	438	7.7%	5.4%	100.0%
C-70	RESIDIA Ikebukuro West	Itabshi-ku, Tokyo	10 - 2007	72	1,115	0.3%	1,280	1,142	12.0%	3.0%	91.6%
C-71	RESIDIA Ojima	Koto-ku, Tokyo	11 - 2007	87	1,282	0.3%	1,450	1,313	10.4%	6.1%	95.4%
C-72	RESIDIA Machiya	Arakawa-ku, Tokyo	8 - 2009	55	1,168	0.3%	1,250	1,211	3.2%	3.2%	96.8%
C-73	RESIDIA Ueno-Ikenohata	Taito-ku, Tokyo	2 - 2004	71	1,700	0.4%	1,840	1,805	1.9%	3.8%	91.5%
C-74	RESIDIA Nerima	Nerima-ku, Tokyo	3 - 2005	34	502	0.1%	596	526	13.2%	3.9%	100.0%
C-75	RESIDIA Higashi-Nihonbashi	Chuo-ku, Tokyo	4 - 2006	22	378	0.1%	445	406	9.5%	5.8%	100.0%
C-76	RESIDIA Nakano	Nakano-ku, Tokyo	11 - 2006	30	652	0.2%	741	697	6.3%	4.1%	97.5%
C-77	RESIDIA Ogikubo II	Suginami-ku, Tokyo	3 - 2007	36	460	0.1%	529	495	6.8%	5.1%	100.0%
C-78	RESIDIA Minamiyukigaya	Ota-ku, Tokyo	3 - 2008	58	1,299	0.3%	1,460	1,385	5.4%	4.4%	97.3%
C-79	RESIDIA Akihabara	Taito-ku, Tokyo	4 - 2007	40	977	0.2%	1,120	1,018	9.9%	5.1%	94.0%
C-80	RESIDIA Asakusa-Azumabashi	Sumida-ku, Tokyo	9 - 2007	60	876	0.2%	1,040	916	13.5%	3.5%	98.3%
C-81	RESIDIA Oomori III	Ota-ku, Tokyo	12 - 2012	65	1,395	0.3%	1,530	1,446	5.8%	3.1%	100.0%
C-82	RESIDIA Nihonbashi-Bakurocho II	Chuo-ku, Tokyo	4 - 2014	77	1,975	0.5%	2,180	2,049	6.4%	3.8%	96.3%
C-83	RESIDIA Nihonbashi-Bakurocho III	Chuo-ku, Tokyo	3 - 2008	55	1,833	0.4%	2,060	1,911	7.8%	3.7%	97.5%
S-2	Chester House Kawaguchi	Kawaguchi, Saitama	3 - 1991	39	770	0.2%	714	727	-1.9%	5.5%	97.5%
S-4	RESIDIA Higashi-Matsudo	Matsudo, Chiba	4 - 2007	44	1,100	0.3%	1,160	1,063	9.0%	4.6%	100.0%
S-5	RESIDIA Shin-Yokohama	Yokohama, Kanagawa	1 - 2007	131	1,920	0.5%	1,940	1,820	6.6%	5.6%	100.0%
S-7	RESIDIA Chofu	Chofu, Tokyo	3 - 2007	41	1,143	0.3%	1,160	1,100	5.4%	5.0%	88.1%
S-11	TOKYO Student-House Wako	Wako, Saitama	4 - 1990	127	675	0.2%	719	702	2.4%	10.2%	100.0%
S-12	RESIDIA Kokubunji	Kokubunji, Tokyo	2 - 2003	33	518	0.1%	552	519	6.2%	2.9%	100.0%
S-14	RESIDIA Yokohama-Kannai	Yokohama, Kanagawa	8 - 2004	102	1,700	0.4%	1,790	1,574	13.7%	8.4%	94.9%
S-15	RESIDIA Okurayama	Yokohama, Kanagawa	3 - 1998	64	755	0.2%	879	735	19.5%	5.3%	100.0%
S-16	RESIDIA Musashikosugi	Kawasaki, Kanagawa	2 - 2007	68	1,580	0.4%	1,750	1,518	15.3%	7.2%	95.3%
S-17	RESIDIA Funabashi I and II	Funabashi, Chiba	3 - 2007	172	2,730	0.6%	2,890	2,595	11.4%	I 3.6% II 3.4%	100.0%
S-19	RESIDIA Kichijoji	Musashino, Tokyo	3 - 1995	48	1,380	0.3%	1,530	1,434	6.7%	9.1%	91.9%
S-20	Pacific Royal Court Minato Mirai Ocean Tower	Yokohama, Kanagawa	11 - 2007	416	14,000	3.3%	15,700	12,429	26.3%	4.5%	98.8%
S-21	Maison Yachiyodai	Yachiyo, Chiba	8 - 1989	39	882	0.2%	822	826	-0.6%	5.4%	87.7%
S-22	Life & Senior House Kohoku II	Yokohama, Kanagawa	10 - 2003	78	1,670	0.4%	2,160	1,581	36.6%	6.4%	100.0%
S-23	College Court Tanashi	Nishi-Tokyo, Tokyo	2 - 2010	91	810	0.2%	1,070	792	35.0%	7.7%	100.0%
S-24	RESIDIA Urayasu	Urayasu, Chiba	9 - 2009	146	2,115	0.5%	2,680	2,140	25.2%	6.7%	97.2%
S-25	RESIDIA Minami-Gyotoku	Ichikawa, Chiba	2 - 2005	85	823	0.2%	1,020	846	20.5%	6.6%	97.6%
S-26	RESIDIA Urayasu II	Urayasu, Chiba	2 - 2005	74	802	0.2%	988	826	19.5%	7.5%	94.6%
S-27	RESIDIA Gyotoku	Ichikawa, Chiba	2 - 2005	75	761	0.2%	939	782	20.0%	6.1%	98.7%
S-28	RESIDIA Kawasaki	Kawasaki, Kanagawa	3 - 2007	104	1,670	0.4%	2,100	1,677	25.2%	4.7%	94.7%
S-29	Cocofump Hiyoshi	Yokohama, Kanagawa	1 - 2010	85	1,050	0.2%	1,190	1,055	12.7%	7.5%	100.0%
S-30	RESIDIA Sagamihara	Sagamihara, Kanagawa	3 - 2005	111	1,050	0.2%	1,190	1,115	6.7%	6.8%	100.0%
S-31	RESIDIA Yokohama-Bashamichi	Yokohama, Kanagawa	5 - 2004	27	735	0.2%	975	771	26.4%	11.5%	59.2%
S-32	RESIDIA Hon-Atugi	Atugi, Kanagawa	1 - 2008	49	606	0.1%	670	665	0.7%	11.0%	94.3%

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Portfolio

(as of July 31, 2015)

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	Period End Occupancy
R-2	RESIDIA Imadegawa	Kyoto, Kyoto	2 - 1999	154	1,671	0.4%	1,640	1,537	6.7%	10.9%	100.0%
R-4	RESIDIA Higashi-Sakura	Nagoya, Aichi	2 - 2006	91	1,290	0.3%	1,360	1,099	23.7%	3.4%	100.0%
R-5	RESIDIA Kameyama	Kameyama, Mie	2 - 2007	182	1,610	0.4%	1,190	1,570	-24.2%	4.2%	97.1%
R-6	RESIDIA Ryokuchi Koen	Toyonaka, Osaka	5 - 2007	44	979	0.2%	954	919	3.7%	5.7%	89.9%
R-8	RESIDIA Kobe Port Island	Kobe, Hyogo	9 - 2007	404	3,740	0.9%	4,000	3,551	12.6%	South & Center 6.8% North 6.7%	100.0%
R-10	RESIDIA Hakata	Fukuoka, Fukuoka	3 - 2002	155	1,220	0.3%	1,320	1,165	13.3%	3.4%	99.4%
R-11	RESIDIA Tenjinbashi	Osaka, Osaka	2 - 2000	78	871	0.2%	1,020	814	25.3%	8.3%	97.6%
R-12	RESIDIA Sannomiya-Higashi	Kobe, Hyogo	11 - 2005	161	2,220	0.5%	2,630	2,032	29.4%	3.2%	97.0%
R-13	KC21 Building	Sendai, Miyagi	3 - 1997	79	900	0.2%	1,030	904	13.8%	2.4%	88.0%
R-14	RESIDIA Utubokoen	Osaka, Osaka	1 - 2006	94	1,170	0.3%	1,390	1,087	27.8%	6.6%	92.4%
R-15	RESIDIA Kyoto-ekimae	Kyoto, Kyoto	2 - 2006	116	1,970	0.5%	2,300	1,837	25.2%	9.9%	97.3%
R-16	RESIDIA Takaoka	Nagoya, Aichi	8 - 2007	198	2,330	0.5%	2,960	2,198	34.7%	3.5%	93.0%
R-17	RESIDIA Hibino	Nagoya, Aichi	4 - 1992	124	1,340	0.3%	1,460	1,203	21.3%	3.9%	94.2%
R-19	RESIDIA Tenjin-Minami	Fukuoka, Fukuoka	1 - 2004	56	936	0.2%	1,100	866	27.0%	4.9%	98.2%
R-20	RESIDIA Hakataeki-Minami	Fukuoka, Fukuoka	1 - 2003	39	324	0.1%	368	293	25.2%	2.7%	97.5%
R-21	Mare	Nagoya, Aichi	2 - 2005	38	685	0.2%	767	627	22.2%	5.0%	94.8%
R-24	RESIDIA Minami-Ichijo	Sapporo, Hokkaido	12 - 2006	179	1,640	0.4%	1,860	1,515	22.7%	0.9%	95.9%
R-25	RESIDIA Odori-Nishi	Sapporo, Hokkaido	12 - 2006	103	1,320	0.3%	1,340	1,243	7.8%	1.1%	97.4%
R-26	RESIDIA Kita-Sanjo	Sapporo, Hokkaido	1 - 2007	100	1,130	0.3%	1,270	1,038	22.3%	1.4%	97.8%
R-27	RESIDIA Shirakabe-Higashi	Nagoya, Aichi	5 - 2005	33	831	0.2%	879	779	12.8%	4.1%	97.2%
R-29	RESIDIA Uzumasa	Kyoto, Kyoto	1 - 2000	48	701	0.2%	721	665	8.4%	13.5%	93.8%
R-30	RESIDIA Izumi	Nagoya, Aichi	11 - 2005	122	3,700	0.9%	4,040	3,449	17.1%	3.1%	98.0%
R-31	RESIDIA Maruyama Kita-Gojo	Sapporo, Hokkaido	2 - 2007	56	1,050	0.2%	1,110	981	13.1%	1.2%	96.9%
R-32	RESIDIA Tokugawa	Nagoya, Aichi	12 - 2006	27	751	0.2%	820	710	15.4%	3.9%	95.9%
R-34	RESIDIA Odori-Koen	Sapporo, Hokkaido	8 - 2007	109	2,010	0.5%	2,410	1,886	27.7%	0.9%	98.1%
R-35	RESIDIA Tanimachi	Osaka, Osaka	8 - 2008	108	1,100	0.3%	1,490	1,137	31.0%	7.5%	96.0%
R-36	RESIDIA Hisaya-Odori	Nagoya, Aichi	2 - 2007	57	652	0.2%	865	653	32.4%	4.8%	100.0%
R-37	RESIDIA Sendai-Miyamachi	Sendai, Miyagi	1 - 2008	67	529	0.1%	720	527	36.5%	2.5%	100.0%
R-38	RESIDIA Hirosedori	Sendai, Miyagi	2 - 2010	63	494	0.1%	635	494	28.4%	2.8%	100.0%
R-39	RESIDIA Edobori	Osaka, Osaka	2 - 2007	127	1,400	0.3%	1,780	1,443	23.3%	8.7%	94.2%
R-40	RESIDIA Kyomachibori	Osaka, Osaka	3 - 2007	84	1,000	0.2%	1,320	1,038	27.1%	7.8%	94.1%
R-41	RESIDIA Esaka	Suita, Osaka	7 - 2007	68	989	0.2%	1,270	996	27.4%	4.8%	97.5%
R-42	RESIDIA Nishijin	Fukuoka, Fukuoka	1 - 2008	173	2,380	0.6%	2,910	2,366	23.0%	2.6%	96.7%
R-43	RESIDIA Tsurumai	Nagoya, Aichi	2 - 2008	122	1,206	0.3%	1,570	1,204	30.3%	3.6%	98.4%
R-44	RESIDIA Kobe-Isogami	Kobe, Hyogo	3 - 2008	196	2,740	0.6%	3,560	2,727	30.5%	3.6%	96.4%
R-45	RESIDIA Kita-Nijyo-East	Sapporo, Hokkaido	3 - 2006	56	894	0.2%	1,050	905	15.9%	1.1%	91.1%
R-46	RESIDIA Shinsaibashi West	Osaka, Osaka	2 - 2007	97	1,921	0.5%	2,290	1,943	17.8%	9.1%	94.0%
R-47	RESIDIA Marunouchi	Nagoya, Aichi	1 - 2007	86	972	0.2%	1,150	986	16.5%	2.8%	95.6%
R-48	RESIDIA Sapporo-Ekimae	Sapporo, Hokkaido	2 - 2007	168	1,483	0.3%	1,970	1,500	31.3%	0.7%	96.4%
R-49	RESIDIA Gosyo-Higashi	Kyoto, Kyoto	9 - 2007	57	1,227	0.3%	1,500	1,243	20.7%	8.9%	90.4%
R-50	RESIDIA Rakuhoku	Kyoto, Kyoto	3 - 2008	75	874	0.2%	987	887	11.3%	12.4%	94.2%
R-51	RESIDIA Miyakojima I & II	Osaka, Osaka	9 - 2006	178	3,232	0.8%	4,340	3,355	29.3%	7.1%	99.3%
R-52	RESIDIA TOWER Sendai	Sendai, Miyagi	1 - 2008	67	1,705	0.4%	1,920	1,792	7.1%	2.3%	96.8%
R-53	RESIDIA Higashizakura II	Nagoya, Aichi	2 - 2006	127	2,862	0.7%	3,480	2,935	18.6%	3.1%	91.0%
R-54	RESIDIA Tsutsujigaoka	Sendai, Miyagi	11 - 2006	168	1,796	0.4%	2,260	1,843	22.6%	EAST 2.6% WEST 2.7%	98.6%
R-55	RESIDIA Kobe-Motomachi	Kobe, Hyogo	1 - 2007	85	1,052	0.2%	1,340	1,081	23.9%	5.8%	97.9%
R-56	RESIDIA Sendai-Honcho	Sendai, Miyagi	6 - 2007	105	1,117	0.3%	1,450	1,157	25.2%	2.3%	98.3%
R-57	RESIDIA Sendai-Haranomachi	Sendai, Miyagi	9 - 2007	72	593	0.1%	791	619	27.7%	2.1%	98.8%
R-58	RESIDIA Minami-Ichijo East	Sapporo, Hokkaido	1 - 2008	85	1,062	0.3%	1,290	1,098	17.4%	1.1%	95.5%
R-59	RESIDIA Shin-Osaka	Osaka, Osaka	2 - 2014	208	2,644	0.6%	3,220	2,844	13.2%	6.2%	100.0%
R-60	RESIDIA Okayama-ekimae	Okayama, Okayama	3 - 2004	108	772	0.2%	897	821	9.2%	1.7%	100.0%
R-61	RESIDIA Kyoto-Okazaki	Kyoto, Kyoto	3 - 2005	23	227	0.1%	290	241	20.0%	14.1%	100.0%
R-62	RESIDIA Sendai-Ichibancho	Sendai, Miyagi	3 - 2006	103	1,083	0.3%	1,260	1,140	10.4%	2.4%	100.0%
R-63	RESIDIA Kita-Nijyo East II	Sapporo, Hokkaido	2 - 2007	51	538	0.1%	675	577	17.0%	1.2%	90.9%
R-64	RESIDIA Takamiya	Fukuoka, Fukuoka	2 - 2007	51	488	0.1%	543	513	5.7%	6.1%	100.0%
R-65	RESIDIA Soen	Sapporo, Hokkaido	2 - 2007	60	384	0.1%	475	414	14.5%	1.4%	98.4%
R-66	RESIDIA Tenjin	Fukuoka, Fukuoka	5 - 2007	88	1,122	0.3%	1,270	1,171	8.4%	3.4%	95.5%
R-67	RESIDIA Yakuin-Odori	Fukuoka, Fukuoka	6 - 2007	91	1,123	0.3%	1,290	1,168	10.4%	4.5%	100.0%
R-68	RESIDIA Hakata II	Fukuoka, Fukuoka	9 - 2007	124	1,358	0.3%	1,510	1,416	6.6%	1.8%	95.3%
R-69	RESIDIA Kego	Fukuoka, Fukuoka	1 - 2008	86	834	0.2%	1,020	883	15.4%	2.3%	94.5%
R-70	RESIDIA Shirakabe	Nagoya, Aichi	3 - 2008	70	907	0.2%	1,020	981	3.9%	4.4%	93.2%
Total 249 properties				20,122	424,145	100.0%	481,152	413,396	16.4%	2.4%	96.4%

	Area	No. of Properties	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	85	5,292	168,274	39.7%	184,086	163,379	12.7%
C	Central Tokyo ex 7 wards	79	6,237	133,469	31.5%	155,011	130,632	18.7%
S	Tokyo Metropolitan	24	2,249	41,246	9.7%	46,588	39,302	18.5%
R	Major Regional Cities	61	6,344	81,155	19.1%	95,467	80,082	19.2%
	Total	**249**	**20,122**	**424,145**	**100.0%**	**481,152**	**413,396**	**16.4%**

Portfolio after Including the Property Acquired After the FP 07-2015 End

No.	Property Name	Location	Completion Date	Rentable Units	Acquisition Price (mil yen)	Appraisal Price (mil yen)
P-107	RESIDIA Yoyogi II	Shibuya-ku, Tokyo	1 - 2008	31	839	907

(as of Sept. 14, 2015)

	Area	No. of Properties	Rentable Units	Acquisition Price (mil yen)	Share of Investment (%)
P	Tokyo Central 7 Wards	86	5,323	169,113	39.8%
C	Central Tokyo ex 7 wards	79	6,237	133,469	31.4%
S	Tokyo Metropolitan	24	2,249	41,246	9.7%
R	Major Regional Cities	61	6,344	81,155	19.1%
	Total 250 properties	**250**	**20,153**	**424,985**	**100.0%**

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Company Profile

as of July 31, 2015

Name: AD Investment Management Co., Ltd.

Address: 17F Jimbocho Mitsui Bldg., 1-105 Kanda-Jimbocho, Chiyoda-ku, Tokyo
Company Representative: Kenji Kousaka, Representative Director and President
Amount of Capital: 300 million yen
Type of Business: Asset Management

AD Investment Management Co., Ltd. http://www.adim.co.jp/
Advance Residence Investment Corporation http://www.adr-reit.com/

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.

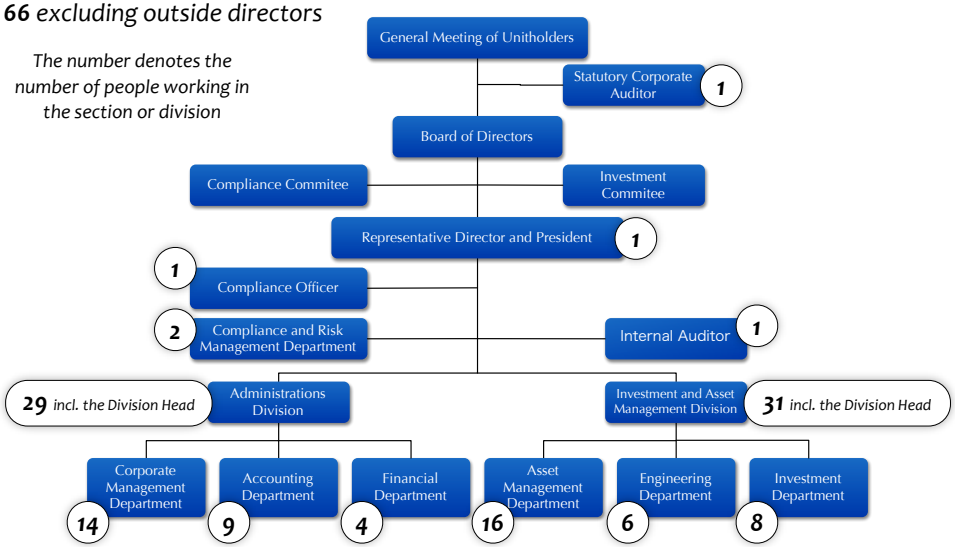
Registrations and Licenses:
Real estate agent's license (The Governor of Tokyo (2) No.84325)
Approval for a discretionary transaction agent (Minister of Land, Infrastructure, Transport and Tourism Approval, No.37)
Registered for a financial instruments business (Kanto Local Finance Bureau registration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

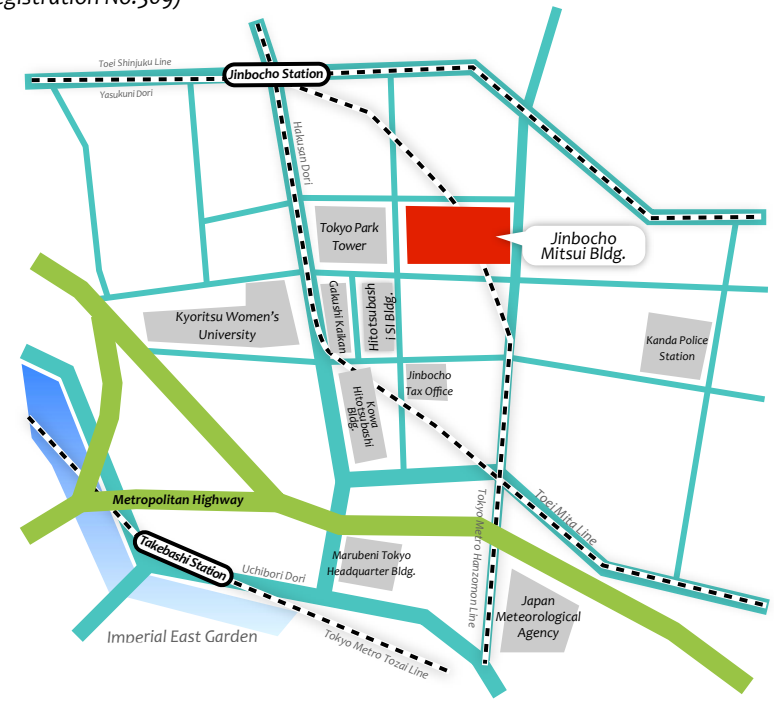
Organizational Chart

as of July 31, 2015

Total **66** excluding outside directors

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





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Asset Management Fee Structure

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

AM Fee I	AM Fee II	AM Fee III
Fee Linked to Total Asset Size (Previous fiscal end)	Fee Linked to NOI*1	Fee Linked Adjusted EPU*2

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%
Acquisition Fee	Acquisition Price	× 1.00%
Disposition Fee	Disposition Price	× 0.50%
Merger Fee	Acquired Asset Value	× 0.50%

※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.

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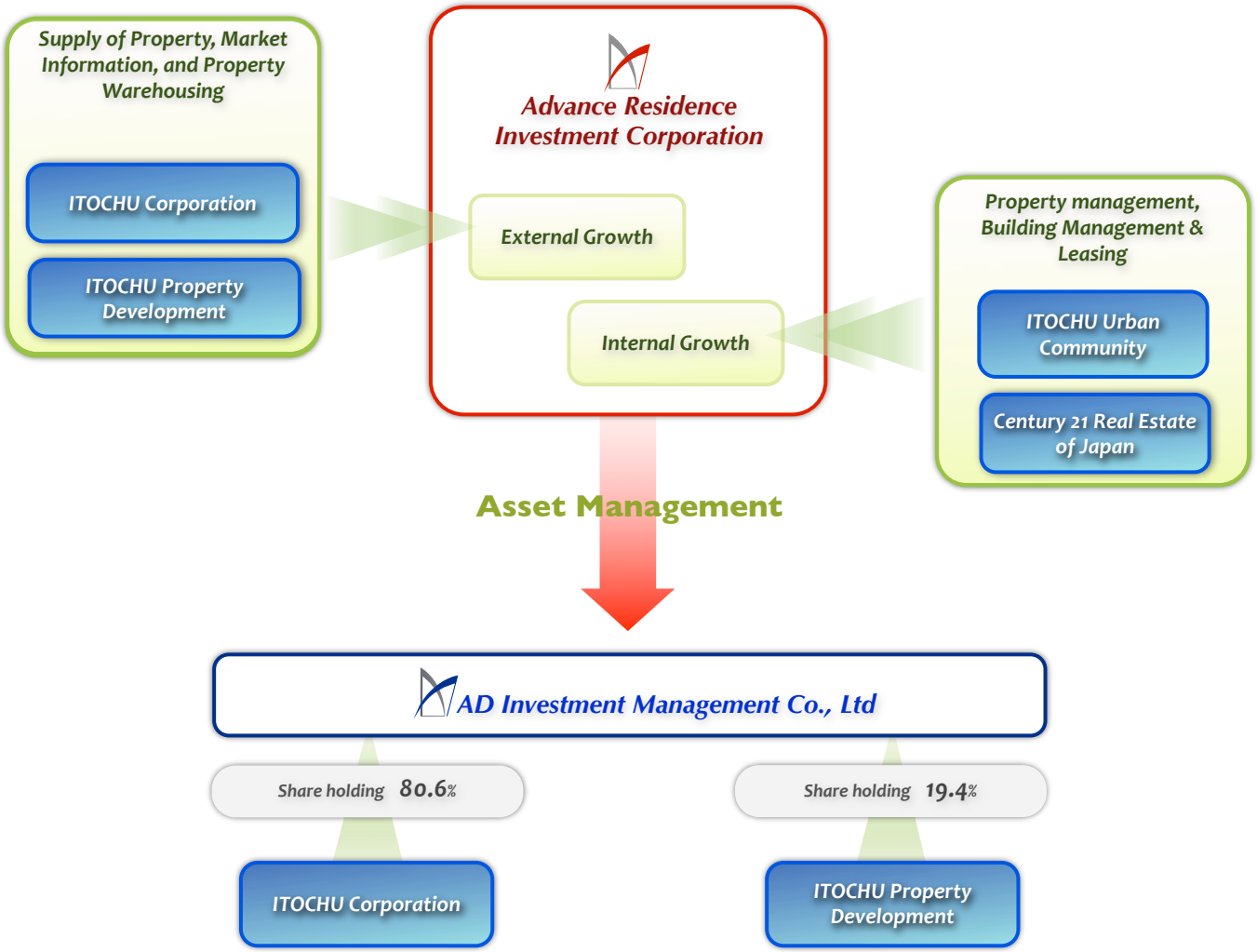
Sponsor Support

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.

AD Investment Management Co., Ltd. is 100% held by ITOCHU Group.

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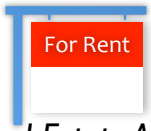
Japanese Real Estate Leasing Contract Practices

- 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

Rent	Paid monthly in advance. Initial maximum payment will be one-month' s and 30 days' rent.	one-month's rent
Key Money	Non-refundable payment which is sometimes called "thank you" money.	generally one-month's rent
Deposit	Refundable payment which will be used to cover delinquency and restoration cost.	generally one- to two-month's rent
Administration Fee	Fee to be paid to the property manager.	generally one-month's rent
Advertisement Fee	Fee to be paid to the real estate agent.	generally one-month's rent
Agent Fee	Non-refundable fee to be paid to the real estate agent.	Industry standard one-month's rent

Property Manager



Real Estate Agent

Tenants

Fees and Payments at Renewal

Renewal Fee	Non-refundable fee to be paid when tenants renew the lease contracts.	generally one-month's rent

Payments at Termination

Deposit	Deposits are refunded minus restoration.	generally one- to two-month's rent

Advance Residence Investment Corporation

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Advance Residence Investment Corporation

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 number of assumptions and include statements that do not directly relate to any historical or current facts. 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.