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For Immediate Release

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Notice Concerning Issuance of New Investment Units through Public Offering and
Secondary Distribution of Investment Units

Advance Residence Investment Corporation (ADR) announced that the following resolution concerning the issuance of new investment units and secondary distribution of investment units was passed at a meeting of its board of directors held today.

1. Public Offering of New Investment Units (Public Offering)

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| (1) Total Number of Investment Units To Be Offered | 33,000 units |
| (2) Issue Price (Offering Price) | To be determined.

The issue price (offering price) for the public offering, shall be determined at the meeting of the board of directors of ADR to be held on any one of the days (hereafter, “pricing date”) between September 18, 2019 (Wednesday) and September 24, 2019 (Tuesday) based on the indicative price range; that being the closing price of the investment units of ADR (hereafter, “ADR investment units”) at Tokyo Stock Exchange, Inc. (TSE) on the pricing date (when there is no closing price on the pricing date, the closing price on the most recent day preceding the pricing date) multiplied by a factor between 0.90 and 1.00 (rounded down to the nearest one yen), taking into consideration the demand for ADR investment units and other factors. |
| (3) Paid-in Amount (Issue Value) | To be determined.

The paid-in amount (issue value) shall be determined at the meeting of the board of directors to be held on the pricing date. The paid-in amount (issue value) is the amount per ADR investment unit that ADR is to receive from the underwriters indicated in (5) below as the payment for new investment units. |
| (4) Total Paid-in Amount (Total Issue Amount) | To be determined. |



2. Secondary Distribution of Investment Units (Secondary Distribution Via Over-Allotment)

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|--|---|
| (1) Distributor | The Lead Manager |
| (2) Number of Investment Units To Be Distributed | 2,000 units

The secondary distribution via over-allotment shall be a secondary offering by the Lead Manager implemented separate from the public offering. The distribution shall take into consideration the demand and other factors of the public offering. The above number of investment units to be distributed indicates the maximum number of investment units that can be distributed through the secondary offering via over-allotment. This number may be reduced or the secondary offering itself may not take place at all depending on demand and other factors. |
| (3) Distribution Price | To be determined.

The distribution price shall be determined at the meeting of the board of directors to be held on the pricing date. The distribution price shall be the same price as the issue price (offering price) of the public offering. |
| (4) Total Distribution Amount | To be determined. |
| (5) Distribution Method | The Lead Manager will borrow from ADR's unitholder (ITOCHU Corporation), a maximum of 2,000 ADR investment units to implement a secondary distribution, taking into consideration the demand and other factors of the public offering. |
| (6) Units of Subscription | One unit or more in multiples of one unit |
| (7) Subscription Period | Shall be same as the subscription period of the public offering. |
| (8) Delivery Date | Shall be same as the delivery date of the public offering. |
| (9) The distribution price and other matters necessary for this secondary distribution of investment units shall be decided at the meeting of the board of directors to be held on a later date. However, changes prior to official decisions shall be left to the discretion of the executive director. | |
| (10) If the public offering is canceled, the secondary distribution via over-allotment shall be also canceled. | |
| (11) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with <i>the Financial Instruments and Exchange Law</i> takes effect. | |

3. Issuance of New Investment Units to be Offered by Way of Third-Party Allotment

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|---|---------------------------------|
| (1) Number of Investment Units To Be Offered | 2,000 units |
| (2) Allottee and Number of Units To Be Allotted | 2,000 units to the Lead Manager |

Disclaimer: This document is a press release prepared for the sole purpose of making a press announcement on the issuance of new investment units and secondary distribution of investment units of Advance Residence Investment Corporation, and has not been prepared as an offer or a solicitation for investment. Before initiating investments, Advance Residence Investment Corporation asks that investors ensure they refer to the prospectus for the issuance of new investment units and secondary distribution of investment units and amendments thereto prepared by Advance Residence Investment Corporation (if such have been prepared) and that they undertake investment at their own discretion and responsibility.

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| (3) Paid-in Amount
(Issue Value) | To be determined.

Distribution price shall be determined at the meeting of the board of directors to be held on the pricing date. Furthermore, the paid-in amount (issue value) shall be the same as the paid-in amount (issue value) of the public offering. |
| (4) Total Paid-in Amount
(Total Issue Amount) | To be determined. |
| (5) Units of Subscription | One unit or more in multiples of one unit |
| (6) Subscription Period
(Subscription Deadline) | October 18, 2019 (Friday) |
| (7) Payment Date | October 21, 2019 (Monday) |
| (8) ADR investment units with no subscriptions within the subscription period (subscription deadline) indicated in (6) above, shall not be issued. | |
| (9) The paid-in amount (issue amount) and other matters necessary for this issuance of new investment units by way of third-party allotment shall be determined at the meeting of the board of directors to be held on a later date. | |
| (10) If the public offering is canceled, this issuance of new investment units by way of third-party allotment shall be also canceled. | |
| (11) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law takes effect. | |

<Reference>

1. About the Secondary Distribution via Over-Allotment

- (1) Upon the public offering, depending on the demand for ADR investment units, the Lead Manager may carry out a secondary distribution of ADR investment units by borrowing a maximum of 2,000 units from ADR's unitholder, ITOCHU Corporation (hereafter, the "secondary distribution via over-allotment"), separately from the public offering. The maximum number of units borrowed shall be the maximum number of investment units to be distributed through the secondary distribution via over-allotment. This number may be reduced or the secondary distribution via over-allotment itself may not take place at all depending on the demand for ADR investment units and other factors.

To enable the Lead Manager to acquire ADR investment units it requires to return after carrying out the secondary distribution via over-allotment, ADR's board of directors passed a resolution at the meeting held on September 10, 2019 (Tuesday) to issue ADR investment units totaling 2,000 units through a third-party allotment with the Lead Manager as the allottee (hereafter, the "third-party allotment") and October 21, 2019 (Monday) as the payment deadline.

- (2) During the period from the day after the end date of the subscription period for the public offering and secondary distribution via over-allotment to October 16, 2019 (Wednesday) (hereafter, the "syndicate cover transaction period"), the Lead Manager may acquire ADR investment units on the Tokyo Stock Exchange up to the number of investment units it had distributed through the secondary distribution via over-allotment (hereafter, the "syndicate cover transaction"), for the purpose of returning the borrowed investment units. The ADR investment units that the Lead Manager acquires in the syndicate cover transaction will all be allocated to returning the borrowed investment units. During the syndicate cover transaction period, the Lead Manager may not perform, any syndicate cover transaction or end the

syndicate cover transaction with acquired number of ADR investment units less than the number of investment units distributed as the secondary distribution via over-allotment, at its own discretion.

- (3) Additionally, the Lead Manager may conduct stabilization operation in conjunction with the public offering and secondary distribution via over-allotment. All or some of the ADR investment units acquired through the said stabilization operation may be allocated to returning the borrowed investment units.

In this case, the Lead Manager plans to acquire ADR investment units that will be the remaining number of units from subtracting the number of units acquired from the syndicate cover transaction and stabilization operation, which are appropriated in returning the borrowed ADR investment units, from the number of ADR investment units distributed in the secondary distribution via over-allotment. Therefore, there will be instances where all or part of the right to be allotted with the investment units to be issued in the third-party allotment will be forfeited. As a result the number of investment units ultimately issued through the third-party allotment will decrease or the issue itself will not take place at all.

Whether or not the secondary distribution via over-allotment will take place and the number of investment units to be distributed in the case that the secondary distribution via over-allotment takes place is determined on the pricing date. If no secondary distribution via over-allotment is to take place, the above mentioned borrowing of ADR investment units from ADR unitholders by the Lead Manager will not take place. Accordingly, it will not accept the third-party allotment and there will be no subscriptions, which will mean there will be no issuance of new investment units by way of the third-party allotment. Moreover, no syndicate cover transaction will be performed on the TSE.

2. Changes in Total Number of Investment Units Issued and Outstanding Due to This Issuance of New Investment Units

Total number of investment units issued and outstanding at present	1,350,000 units
Increase in number of investment units due to issuance of new investment units through public offering	33,000 units
Total number of investment units issued and outstanding after issuance of new investment units through public offering.....	1,383,000 units
Increase in number of investment units due to issuance of new investment units by way of third-party allotment	2,000 units ^(Note)
Total number of investment units issued and outstanding after issuance of new investment units by way of third-party allotment	1,385,000 units ^(Note)

(Note) If all the scheduled new investment units by way of the third-party allotment are issued.

3. Purpose and Reason for the Issuance

After reviewing the outlook on real estate and financial market and taking into consideration of the current level of loan-to-asset (LTV), ADR's earnings per unit, dividend per unit and other factors, decision was made to raise funds by issuing new investment units. The proceed will be used to enhance the revenue-generating capacity of the portfolio through new acquisition of specified assets (refers to the assets listed in Article 2, Paragraph 1 of the Investment Trusts and Investment Corporations Law; the same hereafter), while strengthening the financial foundation by lowering the level of LTV and gaining external growth potential by expanding the borrowing capacity.

4. Amount, Use and Expenditure Schedule of the Procured Funds

(1) Amount of Procured Funds (Estimated Net Proceeds)

11,244,000,000yen ^(Note) (maximum)

(Note) It is the sum total of the estimated proceeds from the public offering, 10,602,000,000yen and the estimated maximum proceeds from the issuance of new investment units by way of the third-party allotment, 642,000,000 yen. These amounts are the estimated amount calculated based on the closing price on the TSE as of September August 29, 2019 (Thursday).

(2) Specific Use and Expenditure Schedule of the Procured Funds

The procured funds from the public offering, totaling 10,602,000,000 yen ^(Note1) will be used for early repayment of existing loan ^(Note2), for repayment of new loans ^(Note3) and partly fund the acquisition of the specified assets ^(Note4) that ADR is scheduled to acquire.

Additionally, the procured funds from, the issuance of new investment units by way of third-party allotment that was decided on the same day as the public offering, totaling a maximum of 642,000,000 yen ^(Note1), will be used to part fund the acquisition of the specified assets ^(Note4) that ADR is scheduled to acquire.

(Note1) The procured funds will be deposited in a financial institution until the expenditure.

(Note2) Please refer to the press release announced today titled “*Notice Concerning Early Repayment of Loans*”.

(Note3) Please refer to the press release announced on September 2, 2019 “*Notice Concerning Debt Financing and Redemption of Bond*”.

(Note4) For details on the specified assets that ADR is scheduled to acquire, please refer to the press release announced on August 29, 2019 “*Notice Concerning Acquisition of Investment Asset (RESIDIA Tsutsujigaoka-Koen)*”, and today “*Notice Concerning Acquisition of Investment Asset (RESIDIA Nishi-Koyama and Five Other Properties)*”.

5. Designated Allocation

Not applicable

6. Future Prospects

Future prospects are as presented in the “*Notice Concerning the Revision of Management Performance Forecast for Fiscal Period Ending January 2020 (FP19) and the Management Performance Forecast for Fiscal Period Ending July 2020 (FP20)*” dated today.

7. Management Performance and Equity Financing Over Past Two Fiscal Periods

(1) Management Performance Over Past Three Fiscal Periods

	Fiscal Period ended July 2018	Fiscal Period ended January 2019	Fiscal Period ended July 2019
Earnings per Unit	5,250 yen	5,173 yen	5,254 yen
Dividend per Unit	5,499 yen	5,422 yen	5,504 yen
Payout Ratio	104.7%	104.8%	104.7%
Net Assets per Unit	163,351 yen	163,014 yen	162,842yen

(Note) The listed earnings per unit are calculated by dividing the net income by weighted average outstanding number of units by number of days

(2) Recent Investment Unit Prices (in yen)

(i) Unit Price Over Past Three Fiscal Periods

	Fiscal Period ended July 2018	Fiscal Period ended January 2019	Fiscal Period ended July 2019
Open	279,500	290,900	323,000
High ^(Note)	291,500	327,500	349,500
Low ^(Note)	264,700	281,100	304,000
Close	290,900	322,000	337,500

(Note) The High and the Low are based on the closing price of the TSE.

(ii) Unit Price Over Past Six Months

	April 2019	May 2019	June 2019	July 2019	August 2019	September 2019 ^(Note1)
Open	310,000	315,500	312,500	321,000	337,000	341,500
High ^(Note2)	315,000	320,000	321,000	349,500	342,500	356,500
Low ^(Note2)	305,000	308,000	311,000	323,000	331,000	340,000
Close	310,500	314,000	320,500	337,500	342,000	356,500

(Note1) The investment unit prices for September 2019 show prices as of September 9, 2019.

(Note2) The High and the Low are based on the closing price of the TSE.

(iii) Investment Unit Prices on Business Day Preceding Issuance Resolution Date

	September 9, 2019
Open	355,500
High	359,500
Low	353,500
Close	356,500

(3) Equity Financing Over Past Three Fiscal Periods

Not Applicable

8. Other (Restrictions on Sale or Additional Issuance)

(1) Restrictions on Sale

ITOCHU Corporation is a unitholder of ADR, holding 34,800 units of ADR investment units as of today. ITOCHU Corporation has reached an agreement with the Lead Manager concerning the public offering; not to sell, grant collateral, lend (except for lending them to one of the Underwriters for the Secondary Distribution via Over-Allotment) and such, ADR investment units held prior to the public offering for the period up to the corresponding date six months from the payment date of the public offering without prior written approval from the Lead Manager.

AD Investment Management Co., Ltd. is a unitholder of ADR holding 400 units of ADR investment units as of today. AD Investment Management Co., Ltd. has reached an agreement with the Lead Manager concerning the public offering; to not sell, grant collateral, lend, ADR investment units held prior to the public offering for the period up to the corresponding date six months from the payment date of the public offering without prior written approval from the Lead Manager.

(2) Restrictions on Additional Issuance

ADR has reached an agreement with the Lead Manager concerning the public offering that ADR will not engage in an issuance of new investment units (except for this issuance of new investment units through the public offering and the third-party allotment or issuance due to investment unit split) for the period up to the corresponding date six months from the payment date of the public offering without prior written approval from the Lead Manager.

In either of (1) or (2) cases, all or part of the restrictions may be canceled or relaxed by the Lead Manager discretion or with an agreement between the Lead Manager and the relevant unitholder.

* The original Japanese version of this material is released today to the Kabuto Club (the press club of the Tokyo Stock Exchange), the ministry of Land, Infrastructure and Transport Press Club, and the Ministry of Land, Infrastructure and Transport Press Club for Construction Publications.

About Advance Residence Investment Corporation

Advance Residence Investment Corporation is the largest residential J-REIT, investing in over 260 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 400 billion yen). ADR can be expected have a stable dividend in the long-term and can be considered as a defensive J-REIT, on back of the stable income from residential assets and with the largest dividend reserve among J-REITs. ADR's website: <https://www.adr-reit.com/en/>