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For Immediate Release

Advance Residence Investment Corporation (Securities Code: 3269)
3-26 Kanda Nishiki-cho, Chiyoda-ku, Tokyo
Kenji Kousaka, Executive Director

Asset Management Company:
AD Investment Management Co., Ltd.
Kenji Kousaka, President

Inquiries:
Tomoyuki Kimura, Director, General Manager
Corporate Management Department
TEL. +81-3-3518-0480

Notice Concerning Acquisition of Investment Asset (RESIDIA Shin-osaka)

AD Investment Management Co., Ltd, (ADIM) the asset management company to which Advance Residence Investment Corporation (ADR) entrusts the management of its assets announced its decision today to have ADR acquire asset in Japan as detailed below as part of ADR's growth strategy.

1. Details of Acquisition

ADIM decided on the following acquisition pursuant to the target and policy of asset management as stipulated in its Articles of Incorporation of ADR, to increase the asset under management of the portfolio that earns a stable income through diversified investment in all regions and in all apartment unit types.

Property number	Name of to-be-acquired asset ^(Note 1)	Type of to-be-acquired asset	Proposed acquisition price ^(Note 2)
R-59	RESIDIA Shin-osaka (Splendid Shin osaka)	Beneficiary interests in trust (Planned) ^(Note 3)	¥2,644 million

^(Note 1) ADR is scheduled to change the property name after acquisition of the to-be-acquired asset. For the to-be-acquired asset that is scheduled to have its name changed, the name after the change is shown with the name as of today shown in parentheses.

^(Note 2) "Proposed acquisition price" indicates the purchase price for the properties entered in the trust beneficiary interests disposition contract, which is exclusive of the various expenses required in the acquisition of the concerned property (broker commission, taxes and public dues, etc.)

^(Note 3) The to-be acquired asset is not placed in trust as of today, but it is scheduled to be placed in trust upon the acquisition by ADR.

ADR evaluated the assets' attributes listed below in deciding to acquire the asset.

- The property is approximately 6-minute walk from Higashi-Mikuni Station and 12-minute walk from Shin-osaka Station on the Osaka Subway Midosuji Line, giving tenants good access to the main business district or to major commercial districts.
- This property is also located in walking distance from convenient stores, super market and bank, making it convenient for daily living.
- The housing unit plans for the property are mostly 1K. The property can expect demands mainly from singles that commute to central Osaka due to its accessibility and convenience for living.

Because of the recent booming real estate market, it continues to be very difficult to acquire assets which have an yield that will contribute in improving the existing portfolio's yield.

Under such an environment, ADR has succeeded in acquiring a scarce newly built property that has a NOI yield of 6.3%* which is much higher than NOI yield of ADR's existing portfolio of 5.5%* at the end of January 2014, at a price that is over 10% lower than the appraisal price, by using ADIM's sourcing network.

The end-tenant occupancy has reached 100% including tenant applications received as of April 20, 2014 within two month after building completion. The to-be-acquired asset is relatively large with a total leasable units of 208. We believe this speed of lease-up shows the property's competitive advantage within the area of its location.

Moreover ADR is planning to manage the to-be-acquired asset under a guaranteed rent contract which we believe will secure a long-term and stable revenue.

*The NOI yield of the to-be-acquired asset is calculated by dividing the annualized appraisal NOI at acquisition by the acquisition price. The NOI yield for the existing portfolio at the end of January 2014 is calculated by dividing the total annualized actual NOI of each portfolio property by the total fiscal-end book value. Both figures are rounded at the second decimal point.

2. Acquisition Summary

R-59) RESIDIA Shin-osaka

Name of property	RESIDIA Shin-osaka
Asset to be acquired	Beneficiary interests in trust (planned)
Proposed acquisition price	¥2,644 million
Seller	SHINWA FUDOUSAN Co.,Ltd.
Scheduled agreement date	April 25, 2014
Scheduled acquisition date	August 1, 2014
Acquisition financing	Funds procured by borrowings* or cash on hand. (planned)
Payment method	Pay entire amount upon delivery

*Details of the borrowing will be disclosed separately when it is finalized.

3. Summary of the To-be-Acquired Assets

R-59) RESIDIA Shin-osaka

Type of specified asset	Beneficiary interests in trust (planned)	Scheduled acquisition date	August 1, 2014	Proposed acquisition price	¥2,644 million
Property Outline					
Location	Address	3-2-25 Nishimiyahara, Yodogawa-ku, Osaka-shi, Osaka			
Land	Type of ownership	Proprietary ownership	Zoning	Commercial zone	
	Site area	1,370.86 m ²	FAR / Building coverage ratio	400%/80%	
Building	Type of ownership	Proprietary ownership	Breakdown of residential unit type	Units	
	Total floor area	5,598.11 m ²	Single type	156	
	Structure / Floors	RC with flat roof /14F	Compact type	52	
	Use	Apartment	Family type	-	
	Construction completion date	February 2014	Large type	-	
	Confirmation inspection agency	Re-Japan Co., Ltd.	Dormitory type	-	
	Building designer	Shinwa Kensetsu First-class Architectural Office	Other	-	
	Structural designer	K.K. Nitaka Architectural Office	Trustee	Sumitomo Mitsui Trust Bank, Limited	
	Construction contractor	Shinwa Kensetsu Co., Ltd.	Property Manager	Shinwa Kensetsu Co., Ltd. (planned)	
Previous titleholder	Not Disclosed	Master lessee	Shinwa Kensetsu Co., Ltd. (planned)		
Current titleholder	SHINWA FUDOUSAN Co., Ltd.	Master lease type	Guaranteed payment (planned)		
Summary of Real Estate Appraisal Report					
Real estate appraiser	Daiwa Real Estate Appraisal Co., Ltd.	Appraised date	March 31, 2014		
Real estate appraised value	¥3,060 million	Cap rate	5.2%		
Direct capitalization price	¥3,120 million	Discount rate	5.0%		
DCF PRICE	¥3,040 million	Terminal cap rate	5.4%		
Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: ¥ thousand)			Lease Conditions (as of August 1, 2014)		
Appraisal item		Appraised value	Total tenants	1	
(A) Total potential profit	Subtotal	211,333	Leasable units	208	
	Rent income	204,248	Leased units	208	
	Other income	7,084	Leasable floor area	5,300.36 m ²	
(B) Total effective profit	Subtotal	200,922	Leased floor area	5,300.36 m ²	
	Losses from vacancies, etc.	10,411	Monthly rent (including common service charges)	¥14,595 thousand	
	Bad debts losses	0	Deposits, guarantees, etc.	¥30,057 thousand	
(C) Expenses from rental business	Subtotal	35,416	Occupancy rate (based on floor area)	100.0%	
	Maintenance and management fees	3,556	Summary of Building Conditions Investigation Report		
	Utilities costs	1,923	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
	Management commission fees	5,815	Investigation date	April 2014	
	Taxes and public dues	12,938	Emergency repair costs	-	
	Non-life insurance premiums	394	Short-term repair costs (within 1 year)	-	
	Rental advertising costs	5,327	Long-term repair costs (next 12 years)	¥38,742 thousand	
	Repair costs (including restoration fees)	3,099	Building replacement price	¥1,275,000 thousand	
	Other expenses	2,362	Summary of Earthquake PML Assessment Report		
(D) Profit or loss from rental business = (B) - (C)		165,505	PML	6.2%	
(E) Operating profit from deposits		284	Collateral		
(F) Capital expenditures		3,677	Not Scheduled		
(G) Net profit = (D) + (E) - (F)		162,113			
Special Notation					
N/A					

[Explanation of Entries in Foregoing Tables]

(i) Explanation of “Property Outline”

- In principle, the entries are based on March 31, 2014
- “Type of Ownership” indicates the scheduled type of ownership, whether the property is going to be held as beneficiary interest in trust or as actual real estate.
- “Site area” for the land provides the area of the land as indicated in the registry. However, there are possibilities that the actual site areas of the property are not as indicated in the registry.
- “Zoning” for the land provides the zoning classification given in Article 8-1-1 of the City Planning Law.
- The “FAR / Building coverage ratio” for the land provides the designated FAR or building coverage ratio determined by city planning.
- “Total floor area,” “Structure / Floors,” “Use” and “Construction completion date” for the building are each pursuant to the entries indicated in the registry for the property. However, “Use” column provides the primary use out of the types indicated in the registry for the real estate in trust. “Total floor area” column provides the floor area of the overall building (excludes floor area of annexed buildings)
- “Breakdown of residential unit type” lists the types of residential units based on the following classification. Store, office and other uses apart from residential units are shown under “Other.”

Layout	Exclusive-use floor area							
	~30m ²	~40m ²	~50m ²	~60m ²	~70m ²	~80m ²	~90m ²	Over 90m ²
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

- S: Single type Primarily residential units designed for single-person households
 C: Compact type Primarily residential units designed for single-person households and small-family households (2 to 3 people)
 F: Family type Primarily residential units designed for family households
 L: Large type Primarily residential units designed for foreigners

- Studio 1R, 1K or studio
 1 bedroom 1DK or 1LDK
 2 bedroom 2DK, 2LDK, 1LDK+S, etc.
 3 bedroom 3DK, 3LDK, 2LDK+S, etc.
 4 bedroom 4DK, 4LDK, 3LDK+S, etc., or those with 5 or more rooms that are in ongoing use for living, working, gathering, leisure or other similar purposes

Dormitory type Residential units without bathrooms or facilities for installing washing machines within the units, but are covered for by making them available for use as shared facilities within the property (communal bathing, laundry, etc., spaces)

*Life & Senior House Kohoku II, Cocofump Hiyoshi and College Court Tanashi are categorized as Dormitory type due to their characteristics.

- “Units” provides the leasable units of the property categorized by the number of units of each type of residential unit that is leasable as of the date of this document based on information received from the current titleholder.
 - “Current titleholder” names the holder as of the date of this document of the asset to be acquired whether in beneficiary interest in trust or the actual real estate. “Previous titleholder” names the party that transferred rights of the asset to be acquired to the current titleholder.
 - “Trustee” indicates the trustee or the trustee to be indicated in the trust agreement for the asset to be acquired as of the date of this document.
 - “Master lessee” names the lessee that, as of the date of this document, is scheduled to enter into a master lease agreement with the titleholder of the real estate or the real estate in trust.
 - “Master lease type” indicates “Passthrough” when the master lease agreement states that the master lessee is to pay the same amount of rent as the rent due to be paid to the master lessee by end-tenants and “Guaranteed payment” when the master lease agreement states that the master lessee is to pay a guaranteed amount of rent, as of the date of this document. However, “Master lease type” indicates “Guaranteed payment” even if a master lease agreement is a passthrough lease in the case that a sublessee to which the master lessee subleases all units is to pay a guaranteed amount of rent to the master lessee.
 - “Property manager” names the property manager that, as of the date of this document, is scheduled to be delegated to conduct property management services for the respective real estate or the real estate in trust. Where property management services are re-delegated, the property manager re-delegated to conduct property management services is shown.
- (ii) Explanation of “Summary of Real Estate Appraisal Report”
- The entries in each field of “Summary of Real Estate Appraisal Report” are pursuant to the entries in the appraisal report prepared by DAIWA REAL ESTATE APPRAISAL CO., Ltd. for the respective real estates or the real estate in trust.
 - The monetary amounts are rounded down to the nearest million yen.
 - ADR is not an interested party to DAIWA REAL ESTATE APPRAISAL Co., Ltd.
- (iii) Explanation of “Lease Conditions”
- In principle, the entries are based on August 1, 2014.
 - If there is or scheduled to be a contract with a master lessee, the number of *Total tenants* will be indicated as “1.”
 - “Leasable units” provides the number of leasable units of the real estate in trust or real estate as of the date of this document based on information received from the current titleholder. If the contract is a guaranteed payment contract, the “Leasable units” indicate the number of units which can be leased.
 - “Leasable floor area” provides the leasable floor area of the real estate in trust or real estates (excluding leasable parking area) that ADR will acquire as of the date of this document based on information received from the current titleholder or which is indicated on the contracts or indicated on the plans.
 - “Leased floor area” indicate the leased floor space. If the contract type is a path-through contract, the leased floor area indicates the actual total leased area to the end-tenants. If the contract type is a guaranteed payment contract, the leased floor area indicates the total leasable floor area. The entries are based on information received from the current titleholder or which is indicated on the contracts or indicated on the plans.
 - “Monthly rent” provides the total sum of monthly rents as indicated in the lease contracts concluded by the end-tenants if the master lease is pass through type. In case the master lease “guaranteed payment type,” “Monthly rent” provides the total sum of monthly rents as indicated in the lease or sublease contract with guaranteed payment. Either includes fixed common fees, but excludes usage fees of affixed facilities such as monthly parking lots and trunk rooms. Monetary amounts less than thousand yen are rounded down, and consumption tax is excluded as well.
 - “Deposits, guarantees, etc.” provides the total balance based on the lease contract with monetary amounts less than thousand yen rounded down. However, in case in the lease contracts there are special provision that allow nonreturnable deposits, such as cancellation deduction and amortization of security deposit, then the monetary amount is provided after the deduction.
 - Occupancy rate is calculated as follows. “Leased area” ÷ “Leasable area” × 100
- (iv) Explanation of “Summary of Building Conditions Investigation Report”
- The entries are based on the report from Tokio Marine & Nichido Risk Consulting Co., Ltd..

(v) Explanation of “Special Notation”

- “Special Notation” presents matters recognized to be of importance in association with the rights, use of the assets to be acquired, as well as matters recognized to be of importance in the consideration of the degree of impact on the appraised value, profitability and appropriation of the assets to be acquired, including the following matters...
 - Significant limitations or restrictions by laws, ordinances, rules and regulations
 - Significant burdens or limitations with regard to rights.
 - Significant cases where there are architectural structures crossing the boundaries of the concerned real estate in trust and cases where there are issues with boundary confirmation and related arrangements.
 - Significant agreements, arrangements made with co-owners and sectional owners

4. Financial Impact on ADR in the Event of Failure to Fulfill Forward Commitment or Similar Agreement

The trust beneficiary conveyance agreement for the to-be-acquired (hereafter, the “Conveyance Agreement”) constitute a forward commitment or similar agreement ^(Note) by ADR as stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by the Financial Services Agency.

In the event of a violation of the provisions of the Conveyance Agreements by ADR or the seller, the other party shall have the right to terminate the Conveyance Agreement and claim an amount equivalent to 20% of the purchase price of the agreement termination property as penalty for the agreement termination.

However, under the Conveyance Agreement there is a condition precedent whereby ADR is required to procure funds for acquiring the asset-to-be-acquired. Therefore, if ADR cannot procure the acquisition fund the Conveyance Agreement will be annulled or can be terminated by ADR notifying the seller, and except where ADR is at fault, ADR is not obliged to pay the penalty.

(Note) Refers to a postdated purchase and sales agreement under which payment and property delivery shall be made at least 1 month after the conclusion of the agreement, or any other agreement similar thereof.

5. Seller Profiles

Trade name	SHINWA FUDOUSAN Co.,Ltd.
Head office location	2-1-29 Oshimacho, Toyonaka-shi, Osaka
Representative	Hiroyuki Maeda, President and Representative Director
Capital	50,000,000 yen
Principal business	1. Real Estate Developer 2. Public works and construction contractor 3. Public works and construction design and supervision contractor 4. Real estate broker 5. Related works
Relationship with ADR or its asset management company	None

6. Property Titleholders (*for transactions with interested parties)

None

7. Disclosures on Asset Management Company's Vested Interest in the To-be-Acquired Assets

There is no contract concerning Asset Management Company's Vested Interest in the To-be –Acquired Assets.

8. Matters Concerning Earthquake Resistance

To-be-acquired asset, has received notice of structural calculation conformity from the designated institution for the determination of structural calculation conformity based on the revisions to the Building Standards Law enforced in June 2007.

9. Broker Profile

Trade name	Basis Corporation.
Head office location	2-1-8 Shimamachi, Chuo-ku, Osaka-shi, Osaka
Representative	Yuhei Ueyama, President and Representative Director
Capital	50,000,000 yen
Date of the establishment	April 2000
Commission	The broker wishes not to disclose the commission
Relationship with ADR or its asset management company	None

(Note) Basis Corporation will be appointed as a private placement broker and a private placement agreement is scheduled to be signed.

10. Future Outlook

The management performance forecasts for the 8th Fiscal Period Ending July 2014 and Management Performance Forecast for the 9th Fiscal Period Ending January 2015 dated today.

<Attachments>

[Supplementary Materials]

1. Supplementary Materials regarding the To-Be-Acquired Asset
2. Replacement of Properties Since the Merger (as of today)
("Since the Merger" means since March 1, 2010, hereafter)

•Reference Materials:

Photo of façade of the To-Be-Acquired asset

[Supplementary Materials]

(1) Supplementary Materials regarding the To-Be-Acquired Asset

■ To-be-Acquired Asset

Property	Building ages (Note1)	NOI Yield (Note2)	Reason for the Acquisition
R-59) RESIDIA Shin-osaka	0.5 Years	6.3%	Determined that the asset will contribute in improving the portfolio's earnings potential by its relatively young building age, and their NOI yield is expected to mostly exceed the actual NOI yields for the properties in the existing portfolio.

(Note1) Building ages are calculated as of scheduled acquisition date and rounded at the second decimal point. The weighted average age is weighted using the planned acquisition price of the assets.

(Note2) The "NOI Yield" are calculated using the figures in the acquisition appraisal of to-be-acquired asset. The calculation is as follows, "direct capitalization method annualized NOI ÷ acquisition price × 100". The calculated yields are rounded at the second decimal point.

(2) Replacement of Properties Since the Merger (as of today)

■ Status of Replacement of Properties Since the Merger (as of today)

	Acquired assets (including the to-be-acquired assets)	Disposed assets
Number of properties	70	36
Total acquisition price	¥113,723 million	¥39,388 million
Total deal value (a)	¥113,723 million	¥33,996 million
Appraisal (b)	¥121,982 million	¥36,790 million ^(note1)
Ratio (a) ÷ (b) × 100%	93.2%	92.4%
Weighted average NOI yield	6.1% ^(note2)	4.9% ^(note3)
Weighted average building age ^(Note 4)	4.3yrs.	9.9yrs.

(Note 1) "Appraisal" is the sum of the last appraisal value of each properties at the time of sale.

(Note 2) Weighted average NOI yield of acquisitions = Total annual NOI as entered on the appraisal of acquisitions ÷ Total of the acquisition prices × 100%

(Note 3) Weighted average NOI yield of dispositions = Total actual annual NOI ÷ Total of the historical acquisition prices × 100

(Note 4) Weighted average building age is acquisition price weighted average as of the time of acquisition and disposition.

■ Increase/Decrease in No. of Units as the Result of Replacement of Trades

	Singles	Compacts	Families	Large	Dormitories	Others	Total
Tokyo Central 7 Wards	484	-14	-32	-52	0	9	395
Tokyo 23 Wards Exclusive of Central 7 Wards	1,222	476	370	11	0	8	2,087
Tokyo Metropolitan Area	241	-18	-72	0	172	-2	321
Major Regional Cities	1,390	522	236	55	0	-2	2,201
Total	3,337	966	502	14	172	13	5,004

■ Status of Portfolio After the Disposition and the Acquisition

Asset size (based on acquisition price)	420.2 billion yen
No. of properties	222 properties
No. of leasable units	19,285 units
Total leasable floor area	725,139.07 m ²

Area Diversification	Acquisition Price	Share of Investment
Total	420.2billion yen	100.0%
P (Tokyo Central 7 Wards)	185.4billion yen	44.1%
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	120.2billion yen	28.6%
S (Tokyo Metropolitan Area)	42.2billion yen	10.1%
R (Major Regional Cities)	72.3billion yen	17.2%

(Reference Material)

Photo of façade of the to-be-acquired assets
R-59) RESIDIA Shin-osaka

