

July 7, 2014

For Immediate Release

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### Notice Concerning Debt Financing and Repayment of Loans

Advance Residence Investment Corporation (ADR) announced today its decisions regarding debt financing and repayment of loans, as detailed below.

#### 1. Outline

##### (1) Purpose of the financing (debt financing: Total: 13,850,000,000 yen)

The fund will be used to repay existing loans (11,067,384,000 yen) and acquire an asset (RESIDIA Shin-osaka)<sup>(Note1)</sup> detailed below. Except for the Amortization, existing loans (11,067,384,000 yen) are loans with original repayment date before end of January 2015. By concluding loan contracts early before the original repayment date, ADR intend “long-term, stable dividend” to fix the interest rates under the current low level of interest rates<sup>(Note2)</sup>.

(Note1) Please refer to the press release “Notice Concerning Acquisition of Investment Asset (RESIDIA Shin-osaka)” dated April 25, 2014 for details.

(Note2) The interest rates are scheduled to be fixed through interest rate swap.

##### (2) Effect of the refinancing

#### Debt Financing at Significantly Longer Duration and Lower Interest Rate Compared to the Retiring Existing Loans

	Retiring Existing Loans <sup>(Note3)</sup>	➔	Refinancing <sup>(Note4)</sup>	+	The Fund for Acquiring RESIDIA Shin-osaka
Amount	11,067,384,000 yen		11,050,000,000 yen		2,800,000,000 yen
Weighted Average Initial Duration	3.8yrs		<b>7.8 yrs</b>		<b>7.3 yrs</b>
Weighted Average Interest Rate	1.58% <sup>(Note5)</sup>		<b>0.94%</b> <sup>(Note6)</sup>		<b>0.81%</b> <sup>(Note6)</sup>

(Note3) Please refer to “3.Details of Repayment of existing loans (Total:11,067,384,000 yen)” as details of existing loans.

(Note4) Please refer to “2.Details of the debt financing (Total: 13,850,000,000 yen)” as details of debt financing.

(Note5) In calculating the weighted average interest rate, the effect of the interest rate swaps are reflected.

(Note6) The interest rates for the 13,850 million yen loans are scheduled to be fixed through interest rate swap. The interest rates listed above assumes that the swap are executed using the swap rate as of July 1, 2014. The actual fixed rates will be announced at the time of actual executions.

2. Details of the debt financing (Total: 13,850,000,000 yen)

<Long-term loan: 6 year 6month, floating interest rate>

- 1) Scheduled Lender : Aozora Bank, Ltd.  
THE NISHI-NIPPON CITY BANK, LTD.
- 2) Scheduled Amount : 1,300,000,000 yen<sup>(Note12)</sup>
- 3) Interest rate : Base rate (JBA 1 month yen TIBOR) +0.255%<sup>(Note7)</sup>
- 4) Planned drawdown date : August 1, 2014
- 5) Debt financing method : Loan contract shall be concluded on July 11, 2014.
- 6) Principal repayment method : The principal shall be repaid in lump sum on the principal repayment date.
- 7) Principal repayment date : January 29, 2021
- 8) Collateral/guarantee : Unsecured and non-guaranteed

<Long-term loan: 8 year, floating interest rate>

- 1) Scheduled Lender : The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Sumitomo Mitsui Trust Bank, Limited  
THE NISHI-NIPPON CITY BANK, LTD.
- 2) Scheduled Amount : 1,500,000,000 yen<sup>(Note12)</sup>
- 3) Interest rate : Base rate (JBA 1 month yen TIBOR) +0.350%<sup>(Note7)</sup>
- 4) Planned drawdown date : August 1, 2014
- 5) Debt financing method : Loan contract shall be concluded on July 11, 2014.
- 6) Principal repayment method : The principal shall be repaid in lump sum on the principal repayment date.
- 7) Principal repayment date : July 29, 2022
- 8) Collateral/guarantee : Unsecured and non-guaranteed

- (Note7) · Interest payment dates are, last business days of every month and the principal repayment date starting from August 2014.
- JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be used as the base rate to calculate the applicable interest rate for the current calculation period. If the calculation period is less than 1 month, the accrued interest will be calculated using the base rate applicable and according to the method described in the contract.
- The floating interest rate for the loan will not be announced in the future. Please refer to JBA website (<http://www.zenginkyo.or.jp/tibor/>) for the 1 month yen TIBOR.

<Long-term loan: 9 year, floating interest rate>

- 1) Scheduled Lender : Development Bank of Japan Inc.
- 2) Scheduled Amount : 1,500,000,000 yen<sup>(Note12)</sup>
- 3) Interest rate : Base rate (JBA 1 month yen TIBOR) +0.430%<sup>(Note8)</sup>
- 4) Planned drawdown date : September 30, 2014
- 5) Debt financing method : Loan contract shall be concluded on July 11, 2014.
- 6) Principal repayment method : The principal shall be repaid in lump sum on the principal repayment date.
- 7) Principal repayment date : September 29, 2023
- 8) Collateral/guarantee : Unsecured and non-guaranteed

<Long-term loan: 10 year, floating interest rate>

- 1) Scheduled Lender : Development Bank of Japan Inc.
- 2) Scheduled Amount : 1,850,000,000 yen<sup>(Note12)</sup>
- 3) Interest rate : Base rate (JBA 1 month yen TIBOR) +0.490%<sup>(Note8)</sup>
- 4) Planned drawdown date : September 30, 2014
- 5) Debt financing method : Loan contract shall be concluded on July 11, 2014.
- 6) Principal repayment method : The principal shall be repaid in lump sum on the principal repayment date.
- 7) Principal repayment date : September 30, 2024
- 8) Collateral/guarantee : Unsecured and non-guaranteed

- (Note8)
- Interest payment dates are, last business days of every month and the principal repayment date starting from October 2014.
  - JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be used as the base rate to calculate the applicable interest rate for the current calculation period. If the calculation period is less than 1 month, the accrued interest will be calculated using the base rate applicable and according to the method described in the contract.
  - The floating interest rate for the loan will not be announced in the future. Please refer to JBA website (<http://www.zenginkyo.or.jp/tibor/>) for the 1 month yen TIBOR.

<Long-term loan: 5 year, floating interest rate>

- |                               |   |  |
|-------------------------------|---|--|
| 1) Scheduled Lender           | : | Aozora Bank, Ltd.  |
| 2) Scheduled Amount           | : | 700,000,000 yen  |
| 3) Interest rate              | : | Base rate (JBA 1 month yen TIBOR) + 0.190% <sup>(Note9)</sup>              |
| 4) Planned drawdown date      | : | October 31, 2014   |
| 5) Debt financing method      | : | Loan contract shall be concluded on July 11, 2014.                         |
| 6) Principal repayment method | : | The principal shall be repaid in lump sum on the principal repayment date. |
| 7) Principal repayment date   | : | October 31, 2019   |
| 8) Collateral/guarantee       | : | Unsecured and non-guaranteed   |

<Long-term loan: 7 year 6 month, floating interest rate>

- |                               |   |  |
|-------------------------------|---|--|
| 1) Scheduled Lender           | : | Aozora Bank, Ltd.  |
| 2) Scheduled Amount           | : | 700,000,000 yen  |
| 3) Interest rate              | : | Base rate (JBA 1 month yen TIBOR) + 0.315% <sup>(Note9)</sup>              |
| 4) Planned drawdown date      | : | October 31, 2014   |
| 5) Debt financing method      | : | Loan contract shall be concluded on July 11, 2014.                         |
| 6) Principal repayment method | : | The principal shall be repaid in lump sum on the principal repayment date. |
| 7) Principal repayment date   | : | April 28, 2022   |
| 8) Collateral/guarantee       | : | Unsecured and non-guaranteed   |

<Long-term loan: 8 year, floating interest rate>

- |                               |   |  |
|-------------------------------|---|--|
| 1) Scheduled Lender           | : | Aozora Bank, Ltd.  |
| 2) Scheduled Amount           | : | 1,000,000,000 yen  |
| 3) Interest rate              | : | Base rate (JBA 1 month yen TIBOR) + 0.350% <sup>(Note9)</sup>              |
| 4) Planned drawdown date      | : | October 31, 2014   |
| 5) Debt financing method      | : | Loan contract shall be concluded on July 11, 2014.                         |
| 6) Principal repayment method | : | The principal shall be repaid in lump sum on the principal repayment date. |
| 7) Principal repayment date   | : | October 31, 2022   |
| 8) Collateral/guarantee       | : | Unsecured and non-guaranteed   |

- (Note9)
- Interest payment dates are, last business days of every month and the principal repayment date starting from November 2014.
  - JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be used as the base rate to calculate the applicable interest rate for the current calculation period. If the calculation period is less than 1 month, the accrued interest will be calculated using the base rate applicable and according to the method described in the contract.
  - The floating interest rate for the loan will not be announced in the future. Please refer to JBA website (<http://www.zenginkyo.or.jp/tibor/>) for the 1 month yen TIBOR.

<Long-term loan: 6 year, floating interest rate>

- 1) Scheduled Lender : Resona Bank, Limited  
The Bank of Fukuoka, Ltd.
- 2) Scheduled Amount : 1,000,000,000 yen
- 3) Interest rate : Base rate (JBA 1 month yen TIBOR) + 0.230%<sup>(Note10)</sup>
- 4) Planned drawdown date : January 30, 2015
- 5) Debt financing method : Loan contract shall be concluded on July 11, 2014.
- 6) Principal repayment method : The principal shall be repaid in lump sum on the principal repayment date.
- 7) Principal repayment date : January 29, 2021
- 8) Collateral/guarantee : Unsecured and non-guaranteed

<Long-term loan: 6 year 5 month, floating interest rate>

- 1) Scheduled Lender : The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Resona Bank, Limited  
The Bank of Fukuoka, Ltd.
- 2) Scheduled Amount : 1,600,000,000 yen
- 3) Interest rate : Base rate (JBA 1 month yen TIBOR) + 0.250%<sup>(Note10)</sup>
- 4) Planned drawdown date : January 30, 2015
- 5) Debt financing method : Loan contract shall be concluded on July 11, 2014.
- 6) Principal repayment method : The principal shall be repaid in lump sum on the principal repayment date.
- 7) Principal repayment date : June 30, 2021
- 8) Collateral/guarantee : Unsecured and non-guaranteed

<Long-term loan: 8 year, floating interest rate>

- 1) Scheduled Lender : The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Aozora Bank, Ltd.  
Resona Bank, Limited
- 2) Scheduled Amount : 2,700,000,000 yen
- 3) Interest rate : Base rate (JBA 1 month yen TIBOR) + 0.350%<sup>(Note10)</sup>
- 4) Planned drawdown date : January 30, 2015
- 5) Debt financing method : Loan contract shall be concluded on July 11, 2014.
- 6) Principal repayment method : The principal shall be repaid in lump sum on the principal repayment date.
- 7) Principal repayment date : January 31, 2023
- 8) Collateral/guarantee : Unsecured and non-guaranteed

- (Note10) • Interest payment dates are, last business days of every month and the principal repayment date starting from February 2015.
- JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be used as the base rate to calculate the applicable interest rate for the current calculation period. If the calculation period is less than 1 month, the accrued interest will be calculated using the base rate applicable and according to the method described in the contract.
  - The floating interest rate for the loan will not be announced in the future. Please refer to JBA website (<http://www.zenginkyo.or.jp/tibor/>) for the 1 month yen TIBOR.

### 3. Details of Repayment of existing loans (Total:11,067,384,000 yen)

Loan based on the contract dated August 27, 2009.

- 1) Lender : Development Bank of Japan Inc.  
 2) Loan Amount : 3,367,384,000 yen<sup>(Note11)</sup>  
 3) Amount of Repayment : 3,367,384,000 yen<sup>(Note12)</sup>  
 4) Principal Repayment date : September 30, 2014  
 5) Planned Date of Repayment : September 30, 2014

(Note11) The loan amount shows the amount as of principal repayment date. Today, the loan amount is 3,429,884,000 yen that is based on the assumption that the August 29, 2014 amortization repayment (62,500,000 yen) is executed.

Loan based on the contract dated November 16, 2011.

- 1) Lender : Aozora Bank, Ltd.  
 2) Loan Amount : 2,400,000,000 yen  
 3) Amount of Repayment : 2,400,000,000 yen  
 4) Principal Repayment date : October 31, 2014  
 5) Planned Date of Repayment : October 31, 2014

Loan based on the contract dated August 29, 2011.

- 1) Lender : The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
 Aozora Bank, Ltd.  
 Resona Bank, Limited  
 The Bank of Fukuoka, Ltd.  
 2) Loan Amount : 5,300,000,000 yen  
 3) Amount of Repayment : 5,300,000,000 yen  
 4) Principal Repayment date : January 31, 2015  
 5) Planned Date of Repayment : January 31, 2015

(Note12) The fund from debt financing dated August 1, 2014 (Total: 2,800,000,000 yen) is to be used to acquire RESIDIA Shin-osaka. The balance of 17,384,000 yen between the amount of debt financing dated September 30, 2014 (Total 3,350,000,000 yen) and the repayment of existing loans (Total: 3,367,384,000 yen) at the same date will be repaid from cash on hand.

#### Reference Material : Debt Financing Balance(As of January 30, 2015)

(JPY:thousand yen)

	Before Financing	After Financing <sup>(Note 13)</sup>	Increase (Decrease)
Short-term Loans <sup>(Note 14)</sup>	0	0	-
Long-term Loans <sup>(Note 14)</sup>	184,298,471	187,008,462	2,709,991
Total Loans	184,298,471	187,008,462	2,709,991
Investment Corporate Bonds	37,500,000	37,500,000	-
Total interest-bearing debt	221,798,471	224,508,462	2,709,991

(Note13) The calculation of the outstandings are based on the assumption that the July 31, 2014, August 29, 2014, October 31, 2014 and January 30, 2015 amortization repayment (Total: 72,625,000yen) are executed.

(Note14) Short-term loans are loans with original repayment dates within one year and long-term loans are loans with original repayment dates over one year away.

\* 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.

\* URL: <http://www.adr-reit.com>

[Provisional Translation Only]

English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.