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For Immediate Release

Advance Residence Investment Corporation
Securities Code: 3269
1-105 Kanda-Jinbocho, 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 Assets
(RESIDIA Mishuku and Two Other Properties)

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 assets in Japan (hereafter, the “Acquisition”) as detailed below as part of ADR’s growth strategy.

1. Details of the 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 and build a portfolio that earns stable income through diversified investment in all regions and in all apartment unit types.

No.	Property Number	Name of the Property	Type of Asset	Proposed Acquisition Price ^(Note1)
(1)	P-110	RESIDIA Mishuku	Beneficiary Interests in Trust (planned)	1,159 million yen
(2)	C-86	RESIDIA Kameido	Beneficiary Interests in Trust (Planned)	2,988 million yen
(3)	C-87	RESIDIA Koenji	Beneficiary Interests in Trust (Planned)	1,380 million yen
Total				5,527 million yen

(Note1) “Proposed acquisition price” indicates the purchase price for the property entered in the real estate transaction agreement, which is exclusive of the various expenses required in the acquisition of the concerned property (taxes and public dues, etc.)

The real estate acquisition market continues to be very competitive. The competition is especially acute in markets for centrally located properties located in major cities and with a stable yield that will contribute in improving the yield of ADR's existing portfolio. This is because the supply of newly developed rental residential properties have not been enough to alleviate the shortage.

Under such an environment, ADR succeeded in acquiring scarce properties that are located in the investment area category of "Tokyo 23 Wards" and developed by ADR's sponsor ITOCHU Corporation. Because the average of age of the assets-to-be-acquired is 2.3 year^(Note2) much younger than that of the existing properties in the portfolio, which the average age is 10.5 year^(Note2), we believe that the acquisition will improve unitholders' value.

(Note2) Building ages of the assets to-be-acquired and the average building age of the existing portfolio are calculated as of the date of this disclosure. Both figures are rounded at the second decimal point.

On deciding to acquire the assets, ADR highly rated the attributes of the assets listed in the table below.

No.	Property Names	Attributes of properties
(1)	RESIDIA Mishuku	Tokyu Den-en-toshi Line Sangen-jaya Station, which is highly accessible to terminal station Shibuya is a 13 minute walk from the property. There is a convenience store on the first floor of the property and many convenient facilities such as restaurants and household goods stores around Sangen-jaya Station. Demand can be expected from single professionals commuting to business centers.
(2)	RESIDIA Kameido	It is a 3 minute walk from the property to JR Sobu Line Kameido Station and from the station, by transferring at Akihabara Station to JR Yamanote Line, it takes around 15 minutes to Tokyo Station, giving tenants good access to major business center. There is a convenience store on the first floor of the property and many convenient facilities such as shopping arcades and commercial facilities within walking distance. Demand can be expected from single professionals commuting to business centers.
(3)	RESIDIA Koenji	It is both a 9 minute walk from the property to JR Chuo Line Koenji Station and Tokyo Metro Marunouchi Line Higashi-koenji Station. It is also 6 minutes by train from Koenji Station to Shinjuku Station and from Higashi-koenji Station to Nishi-Shinjuku Station, giving tenants good access to major business areas. All essential and convenient facilities are within walking distance from the property. Demand can be expected from singles and DINKs commuting to business centers.

2. Acquisition Summary

Name of Property	RESIDIA Mishuku	RESIDIA Kameido
Asset To Be Acquired	Beneficiary interests in trust (planned)	Beneficiary interests in trust (planned)
Proposed Acquisition Price	1,159 million yen	2,988 million yen
Real Estate Appraised Value	1,240 million yen	3,190 million yen
Current Titleholder	ITOCHU Corporation	ITOCHU Corporation
Scheduled Contract Date	September 6, 2016	September 6, 2016
Scheduled Acquisition Date	October 3, 2016 or a date to be separately agreed upon with the seller (but no later than October 20, 2016)	March 29, 2017 or a date to be separately agreed upon with the seller (but no later than April 18, 2017)
Acquisition Financing	Proceeds from issuance of new investment units (planned)	Cash on hand (planned)
Payment Method	Full payment on delivery	Full payment on delivery
Collateral	None	None

Name of Property	RESIDIA Koenji
Asset To Be Acquired	Beneficiary interests in trust (planned)
Proposed Acquisition Price	1,380 million yen
Real Estate Appraised Value	1,480 million yen
Current Titleholder	ITOCHU Corporation
Scheduled Agreement Date	September 6, 2016
Scheduled Acquisition Date	March 29, 2017 or a date to be separately agreed upon with the seller (but no later than April 18, 2017)
Acquisition Financing	Cash on hand (planned)
Payment Method	Full payment on delivery
Collateral	None

3. Summary of The Assets-To-Be-Acquired

No.	(1)	(2)
Property Number	P-110	C-86
Name of the Asset-To-Be-Acquired	RESIDIA Mishuku	RESIDIA Kameido
Address	2-27-13 Shimouma, Setagaya-ku, Tokyo	5-14-8 Kameido, Koto-ku, Tokyo

Land		
Type of Ownership	Proprietary ownership	Proprietary ownership
Site Area	425.42m ²	623.73m ²
Zoning	Class I residential zone	Commercial zone
FAR / Building Coverage Ratio	300% / 60%	600% / 80%

Building		
Type of Ownership	Proprietary ownership	Proprietary ownership
Total Floor Area	1,302.63 m ²	4,266.16m ²
Structure / Floors	RC with flat roof / 12 floors	RC with flat roof / 14 floors
Use	Multi-family housing/Stores	Multi-family housing/Stores
Construction Completion Date	April, 2015	October, 2013
Building Inspector	Bureau Veritas Japan Co., Ltd.	Japan ERI Co., Ltd.
Building Designer	K.K. Matsuo Koumuten 1st Class Architect Office	Matsuo Kensetsu K.K. 1st Class Architect Office
Structural Engineer	Sheep Structural Engineering Laboratory Co., Ltd.	Matsuo Kensetsu K.K. 1st Class Architect Office
Construction Contractor	K.K. Matsuo Koumuten	Matsuo Kensetsu K.K.

Trustee	Sumitomo Mitsui Trust Banking Corporation (planned)	Mitsubishi UFJ Trust and Banking Corporation (planned)
Trust Contract Period	To be decided	To be decided
Property Manager	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master Lessee	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master Lease type	Pass-through	Pass-through

Summary of Building Conditions Investigation Report		
Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Investigation Date	June 30, 2016	June 30, 2016
Emergency Repair Costs	-	-
Short-term Repair Costs (within 1 year)	-	-
Long-term Repair Costs (next 12 years)	¥8,354 thousand	¥23,367 thousand
Building Replacement Price	¥300,000 thousand	¥924,000 thousand

Earthquake PML	4.1%	5.9%
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Lease Conditions		
Point in Time	as of July 31, 2016	as of July 31, 2016
Total Tenants	1	1
Leasable Units	42 (including 1 store)	129 (including 1 store)
Leased Units	41	127
Leasable Floor Area	1,196.75 m ²	3,493.15m ²
Leased Floor Area	1,171.61 m ²	3,440.69m ²
Occupancy Rate (based on floor area)	97.9%	98.5%
Monthly Rent (including common service charges)	¥5,423 thousand	¥13,949 thousand
Deposits, Guarantees, etc.	¥9,806 thousand	¥33,224 thousand

Breakdown of Residential Unit Type		
Single	41	128
Compact	-	-
Family	-	-
Large	-	-
Dormitory	-	-
Other	1	1

Special Notation		
	None	None

No.	(3)
Property Number	C-87
Name of The Asset-To-Be-Acquired	RESIDIA Koenji
Address	5-7-5 Koenji-minami, Suginami-ku, Tokyo

Land	
Type of Ownership	Proprietary ownership
Site Area	443.92m ²
Zoning	Neighborhood commercial zone
FAR / Building Coverage Ratio	400% / 80%

Building	
Type of Ownership	Proprietary ownership
Total Floor Area	2,114.11 m ²
Structure / Floors	RC with flat roof / 8 floors
Use	Multi-family housing
Construction Completion Date	March, 2015
Building Inspector	Japan ERI Co., Ltd.
Building Designer	Matsuo Kensetsu K.K. 1st Class Architect Office
Structural Engineer	Kanda Tetsuyoshi Design Studio 1st Class Architect Office
Construction Contractor	Matsuo Kensetsu K.K.

Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned)
Trust Contract Period	To be decided
Property Manager	ITOCHU Urban Community Ltd.
Master Lessee	ITOCHU Urban Community Ltd.
Master Lease type	Pass-through

Summary of Building Conditions Investigation Report	
Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Investigation Date	June 30, 2016
Emergency Repair Costs	-
Short-term Repair Costs (within 1 year)	-
Long-term Repair Costs (next 12 years)	¥ 11,321 thousand
Building Replacement Price	¥ 478,000 thousand

Earthquake PML	3.9%
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Lease Conditions	
Point in Time	as of July 31, 2016
Total Tenants	1
Leasable Units	58
Leased Units	55
Leasable Floor Area	1,768.19 m ²
Leased Floor Area	1,688.15 m ²
Occupancy Rate (based on floor area)	95.5%
Monthly Rent (including common service charges)	¥ 6,493 thousand
Deposits, Guarantees, etc.	¥6,408 thousand

Breakdown of Residential Unit Type	
Single	40
Compact	17
Family	1
Large	-
Dormitory	-
Other	-

Special Notation	
	None

* Please refer to “Notes and definitions on items on the tables in the press releases for asset acquisition” on ADR’s website for details on items on above table. (<http://www.adr-reit.com/en/financial/>)

4. Summary of Appraisal Report (monetary unit: thousand yen)

Name of Property	RESIDIA Mishuku	Appraisal Date	July 1, 2016
Appraiser	Japan Real Estate Institute	Appraisal Value	1,240,000,000 yen
Appraisal Items		Appraised Value	Basis
Income Capitalization Approach Value		1,240,000	Income capitalization value is estimated using DCF method along with direct capitalization method for verification.
Direct Capitalization Price		1,250,000	
Total Potential Income		68,671	
Rent Income		66,632	Basing on tenant attributes, estimated tenable medium to long-term stabilized rents.
Other Income		2,039	Estimated key money and renewal fee income, basing on individual tenant contract term, and estimate on average tenant replacement rate and average turnover period.
Total Effective Income		65,421	
Losses from Vacancies, etc.		3,250	Referred to similar properties to estimate the medium to long-term stabilized vacancy rate.
Bad Debts Losses		0	Taking into account of tenant situation, no losses was assumed.
Expenses from Rental Business		11,180	
Maintenance and Management Fees		2,092	Estimated by referring to past fiscal year's figures and fees for similar properties.
Utilities Costs		500	Estimated by referring to past fiscal year's figures, cost of similar properties and taking into account of property's specific characteristics.
Management Commission Fees		1,159	Estimated by referring to planned contract fee terms, fees on similar properties and taking into account of property's specific characteristics.
Taxes and Public Dues		3,926	Estimated the property tax basing on FY2016 taxable value. Estimate on depreciable asset tax was based on submitted materials.
Non-life Insurance Premiums		68	Estimated basing on contract insurance premium for the property and referring to insurance premiums for similar properties.
Leasing Expenses		2,850	Administration fees on leasing, contract signing for new tenants and tenant renewals were estimated by referring to contract terms and fees in similar properties in the neighborhood. Leasing expenses were estimated by looking at how much is needed in leasing to new tenants and actual advertising cost for the past FY leasable. Renewal fees were estimated by looking at how much fee is paid at the time of renewal and considering the expected turnover rate and vacancy rate.
Repair Costs (including restoration fees)		585	Estimated repair costs by looking at the restitution cost per unit, percentage of cost borne by tenants, average expensing timing and level of restitution needed. Repair cost were estimated basing on actual figures for the past FY, cost in similar properties and referring to average annual repair and renewal costs listed in the engineering report.
Other Expenses		0	No other expenses were included.
Net Operating Income		54,241	
Earnings from Deposits		190	Assumed 2% per annum, by taking into consideration both investment yield and financing cost.
Capital Expenditures		487	Estimated by referring to the level of capital expenditures in similar properties, building age and annual average of restoration expense listed on the engineering report.
Net Cash Flow		53,944	
Cap Rate		4.3%	The cap rate is estimated by adding the yield spread determined by locality, specifications and age of the building to the base yield as well as referring to actual cap rates in deals for similar properties.
DCF Price		1,220,000	
Discount Rate		4.1%	The discount rate is estimated by comparing the discount rate used in actual deals for similar properties and reflecting the individual characteristics of the property.
Terminal Cap Rate		4.5%	Estimated by comprehensively considering future trends in investment yield, risk factors of the property as an investment, general forecast on economic growth and general price trend in the real estate market.
Cost approach value		1,100,000	
Land Ratio		72.6%	
Building Ratio		27.4%	
Other Matters of Consideration			
None			

Name of Property	RESIDIA Kameido		Appraisal Date	July 1, 2016
Appraiser	Japan Real Estate Institute		Appraisal Value	3,190,000,000 yen
Appraisal Items		Appraised Value	Basis	
Income Capitalization Approach Value		3,190,000	Income capitalization value is estimated using DCF method along with direct capitalization method for verification.	
	Direct Capitalization Price		3,230,000	
	Total Potential Income		176,221	
	Rent Income		171,966	Basing on tenant attributes, estimated tenable medium to long-term stabilized rents.
	Other Income		4,255	Estimated key money and renewal fee income, basing on individual tenant contract term, and estimate on average tenant replacement rate and average turnover period.
	Total Effective Income		167,594	
	Losses from Vacancies, etc.		8,627	Referred to similar properties to estimate the medium to long-term stabilized vacancy rate.
	Bad Debts Losses		0	Taking into account of tenant situation, no losses was assumed.
	Expenses from Rental Business		27,770	
	Maintenance and Management Fees		4,345	Estimated by referring to past fiscal year's figures and fees for similar properties.
	Utilities Costs		1,850	Estimated by referring to past fiscal year's figures, cost of similar properties and taking into account of property's specific characteristics.
	Management Commission Fees		3,061	Estimated by referring to planned contract fee terms, fees on similar properties and taking into account of property's specific characteristics.
	Taxes and Public Dues		9,914	Estimated the property tax basing on FY2016 taxable value. Estimate on depreciable asset tax was based on submitted materials.
	Non-life Insurance Premiums		203	Estimated basing on contract insurance premium for the property and referring to insurance premiums for similar properties.
	Leasing Expenses		6,327	Administration fees on leasing, contract signing for new tenants and tenant renewals were estimated by referring to contract terms and fees in similar properties in the neighborhood. Leasing expenses were estimated by looking at how much is needed in leasing to new tenants and actual advertising cost for the past FY leasable. Renewal fees were estimated by looking at how much fee is paid at the time of renewal and considering the expected turnover rate and vacancy rate.
	Repair Costs (including restoration fees)		1,790	Estimated repair costs by looking at the restitution cost per unit, percentage of cost borne by tenants, average expensing timing and level of restitution needed. Repair cost were estimated basing on actual figures for the past FY, cost in similar properties and referring to average annual repair and renewal costs listed in the engineering report.
	Other Expenses		280	No other expenses were included.
	Net Operating Income		139,824	
	Earnings from Deposits		640	Assumed 2% per annum, by taking into consideration both investment yield and financing cost.
	Capital Expenditures		1,363	Estimated by referring to the level of capital expenditures in similar properties, building age and annual average of restoration expense listed on the engineering report.
	Net Cash Flow		139,101	
Cap Rate		4.3%	The cap rate is estimated by adding the yield spread determined by locality, specifications and age of the building to the base yield as well as referring to actual cap rates in deals for similar properties.	
DCF Price		3,140,000		
Discount Rate		4.1%	The discount rate is estimated by comparing the discount rate used in actual deals for similar properties and reflecting the individual characteristics of the property.	
Terminal Cap Rate		4.5%	Estimated by comprehensively considering future trends in investment yield, risk factors of the property as an investment, general forecast on economic growth and general price trend in the real estate market.	
Cost approach value		3,140,000		
Land Ratio		72.4%		
Building Ratio		27.6%		
Other Matters of Consideration				
None				

Name of Property	RESIDIA Koenji	Appraisal Date	July 1, 2016
Appraiser	Japan Real Estate Institute	Appraisal Value	1,480,000,000 yen
Appraisal Items		Appraised Value	Basis
Income Capitalization Approach Value		1,480,000	Income capitalization value is estimated using DCF method along with direct capitalization method for verification.
Direct Capitalization Price		1,500,000	
Total Potential Income		82,893	
Rent Income		79,862	Basing on tenant attributes, estimated tenable medium to long-term stabilized rents.
Other Income		3,031	Estimated key money and renewal fee income, basing on individual tenant contract term, and estimate on average tenant replacement rate and average turnover period.
Total Effective Income		79,534	
Losses from Vacancies, etc.		3,359	Referred to similar properties to estimate the medium to long-term stabilized vacancy rate.
Bad Debts Losses		0	Taking into account of tenant situation, no losses was assumed.
Expenses from Rental Business		14,536	
Maintenance and Management Fees		2,192	Estimated by referring to past fiscal year's figures and fees for similar properties.
Utilities Costs		700	Estimated by referring to past fiscal year's figures, cost of similar properties and taking into account of property's specific characteristics.
Management Commission Fees		1,532	Estimated by referring to planned contract fee terms, fees on similar properties and taking into account of property's specific characteristics.
Taxes and Public Dues		4,863	Estimated the property tax basing on FY2016 taxable value. Estimate on depreciable asset tax was based on submitted materials.
Non-life Insurance Premiums		107	Estimated basing on contract insurance premium for the property and referring to insurance premiums for similar properties.
Leasing Expenses		4,004	Administration fees on leasing, contract signing for new tenants and tenant renewals were estimated by referring to contract terms and fees in similar properties in the neighborhood. Leasing expenses were estimated by looking at how much is needed in leasing to new tenants and actual advertising cost for the past FY leasable. Renewal fees were estimated by looking at how much fee is paid at the time of renewal and considering the expected turnover rate and vacancy rate.
Repair Costs (including restoration fees)		1,138	Estimated repair costs by looking at the restitution cost per unit, percentage of cost borne by tenants, average expensing timing and level of restitution needed. Repair cost were estimated basing on actual figures for the past FY, cost in similar properties and referring to average annual repair and renewal costs listed in the engineering report.
Other Expenses		0	No other expenses were included.
Net Operating Income		64,998	
Earnings from Deposits		118	Assumed 2% per annum, by taking into consideration both investment yield and financing cost.
Capital Expenditures		660	Estimated by referring to the level of capital expenditures in similar properties, building age and annual average of restoration expense listed on the engineering report.
Net Cash Flow		64,456	
Cap Rate		4.3%	The cap rate is estimated by adding the yield spread determined by locality, specifications and age of the building to the base yield as well as referring to actual cap rates in deals for similar properties.
DCF Price		1,460,000	
Discount Rate		4.1%	The discount rate is estimated by comparing the discount rate used in actual deals for similar properties and reflecting the individual characteristics of the property.
Terminal Cap Rate		4.5%	Estimated by comprehensively considering future trends in investment yield, risk factors of the property as an investment, general forecast on economic growth and general price trend in the real estate market.
Cost approach value		1,450,000	
Land Ratio		69.8%	
Building Ratio		30.2%	
Other Matters of Consideration			
None			

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

The trust beneficiary conveyance agreement (hereafter, “the Agreement”) for the assets-to-be-acquired constitutes a forward commitment or similar agreement^(Note 3) by an investment corporation 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 provisions in the Agreement by ADR or the seller, the counterparty shall have the right to terminate the Agreement and claim an amount equivalent to 20% of the purchase price of the property as penalty.

However, under the Conveyance Agreement there is a condition precedent whereby ADR is required to procure funds for acquiring the assets-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 3) 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.

6. Seller Profile

Trade name	ITOCHU Corporation
Head Office location	3-1-3 Umeda, Kita-ku, Osaka-shi, Osaka
Representative	Masahiro Okafuji, President and Chief Executive Officer
Principal business	ITOCHU is involved in domestic trading, import / export, and overseas trading of various such as textile, machinery, metals, minerals, energy, chemicals, food, general product, realty, information and communications technology, and finance, as well as business investment in Japan and overseas.
Capital	253,448 million yen
Date of the establishment	December 1, 1949
Total Assets	7,664,525 million yen (as of June, 2016)
Net Assets	2,088,270 million yen (as of June, 2016)
Large shareholder	Japan Trustee Services Bank, Ltd. (Tr.Acc.) (As of March, 2016)
Relationship with ADR or ADIM	
Equity relations	As of July 2016, the seller held 2.7% of the outstanding investment units of ADR. It is also a shareholder of ADIM and thus constitutes an interested party under The Act on investment Trusts and Investment Corporations.
Personal relations	As of July 2016, there is an ADIM personnel that are seconded from the seller.
Business relations	Amount of assets dealt during the fiscal period ending July 2016 is as below. Purchase 8,247 million yen / Sale 0 yen
Related parties status	The seller is a parent company of ADIM as such it falls under the category of a related party of ADIM.

7. Property Titleholder (for transactions with parties with special relations)

P-110 RESIDIA Mishuku, C-86 RESIDIA Kameido, C-87 RESIDIA Koenji

Properties titleholders	Current Titleholder	Previous Titleholder
Name of company/individual	ITOCHU Corporation	-
Relationship with party having particular vested interest	A related party as defined in the ADIM's bylaws	-
Acquisition background, reason, etc.	To develop rental housing	-
Acquisition price	-	-
Delivery timing	-	-

8. Disclosures on ADIM's Vested Interest in the Assets-to-be-acquired

- (1) Upon transaction with parties with vested interest, who are listed in the above section, "Property Titleholders (for transactions with parties with special relations)," transaction approval procedures stipulated in ADIM's bylaws on "Rules Regarding Related Party Transaction" have been performed.
- (2) ADR is scheduled to sign a master lease agreement and delegate property management services regarding the assets-to-be-acquired to ITOCHU Urban Community Ltd. (IUC). IUC is a related party of ADIM. Accordingly, the transaction approval procedures stipulated in ADIM's bylaws on "Rules Regarding Related Party Transaction" will be performed.

9. Matters Concerning Earthquake Resistance

The validity of structural calculation document on the assets have been examined by a third-party inspector. ADR has obtained the following inspection results stating that no intentional manipulations, falsifications or other corruptions in the structural calculation document were found and that the structural calculation is deemed to have been performed in accordance with the law.

ADR received the notification of structural engineering inspection for the assets to-be-acquired from the designated structural inspection institute following "*the Building Standard Act*" enforced on June 2007.

10. Broker Profile

ADR did not utilize a broker for the acquisition.

11. Future Outlook

Future Outlook is as presented in the "*Notice Concerning the Revision of Management Performance Forecast for 13th Fiscal Period Ending January 2017 and the Management Performance Forecast for 14th Fiscal Period Ending July 2017*" dated today.

<Attachments>

[Supplementary Materials]

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

[Reference Materials]

1. Photo and Maps of the Assets-To-Be-Acquired
- * 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, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications.
 - * URL of Advance Residence Investment Corporation's website: <http://www.adr-reit.com/en/>

[Provisional Translation Only]

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

If there are any discrepancies between the translation and the Japanese original, the latter shall prevail.

[Supplementary Materials]

1. Supplementary Materials on the Assets-To-Be-Acquired

■ The Assets-To-Be-Acquired

No.	Property	Acquisition Price (million)	Building Age (Note1)	NOI Yield (Note2)	Yield after Depreciation (Note3)	The Reason for the Acquisition
(1)	RESIDIA Mishuku	¥ 1,159	1.4 year	4.7%	4.1%	Because we can acquire assets located in Tokyo 23 Wards with an average building age of 2.3 years.
(2)	RESIDIA Kameido	¥ 2,988	2.9year	4.7%	4.1%	
(3)	RESIDIA Koenji	¥ 1,380	1.5year	4.7%	4.0%	
Total or Weighted Average		¥5,527	2.3year	4.7%	4.1%	

(Note1) The building age is the age of the building as of today, rounded at the second decimal point.

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

(Note3) The “Yield after depreciation” is calculated using the figures in the acquisition appraisal of asset-to-be-acquired. The calculation is as follows;
“(Annualized NOI listed on the appraisal at the time of acquisition – depreciation) ÷ acquisition price × 100”.

The calculated yield is rounded at the second decimal point. Depreciation of the asset-to-be-acquired asset is calculated using same straight-line method as the portfolio and expect depreciation of 35,037 thousand yen per annum.

2. Replacement of Properties since the Merger (as of today)

	Acquired Assets (including the assets-to-be-acquired)	Disposed Assets
Number of Properties	115	43
Total Acquisition Price	¥166,377 million	¥69,607 million
Total Deal Value (a)	¥166,377 million	¥64,196 million
Appraisal Value (b)	¥179,249 million	¥61,944 million ^(note 1)
Ratio (a) ÷ (b) × 100%	92.8 %	103.6 %
Weighted Average NOI yield	5.8 % ^(note 2)	4.6 % ^(note 3)
Weighted Average Building Age ^(Note 4)	4.8 year	13.3 year

(Note 1) "Appraisal Value" 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 dates. The dates of the acquisition used in this calculation for the two assets-to-be-acquired are as follows.

P-110 RESIDIA Mishuku	October 20, 2016
C-86 RESIDIA Kameido	April 18, 2017
C-87 RESIDIA Koenji	April 18, 2017
R-72 RESIDIA Senri-Fujishirodai	March 29, 2017
R-73 RESIDIA Senri-Banpakukoen	November 30, 2016

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

	Singles	Compacts	Families	Large	Dormitories	Others	Total
Tokyo Central 7 Wards	858	1	-37	-170	0	-1	651
Tokyo 23 Wards Exclusive of Central 7 Wards	1,893	721	431	13	0	13	3,071
Tokyo 23 Wards	2,751	722	394	-157	0	12	3,722
Tokyo Metropolitan Area	440	10	-105	0	-748	-4	-407
Major Regional Cities	1,807	1,098	323	63	0	0	3,291
Other Regions	2,247	1,108	218	63	-748	-4	2,884
Total	4,998	1,830	612	-94	-748	8	6,606

■ Status of the Portfolio After the Replacements (including the assets-to-be-acquired)

Asset Size (based on acquisition price)	442.7 billion yen
No. of Properties	260 properties
No. of Leasable Units	20,842 units
Total Leasable Floor Area	781,760.64 m ²

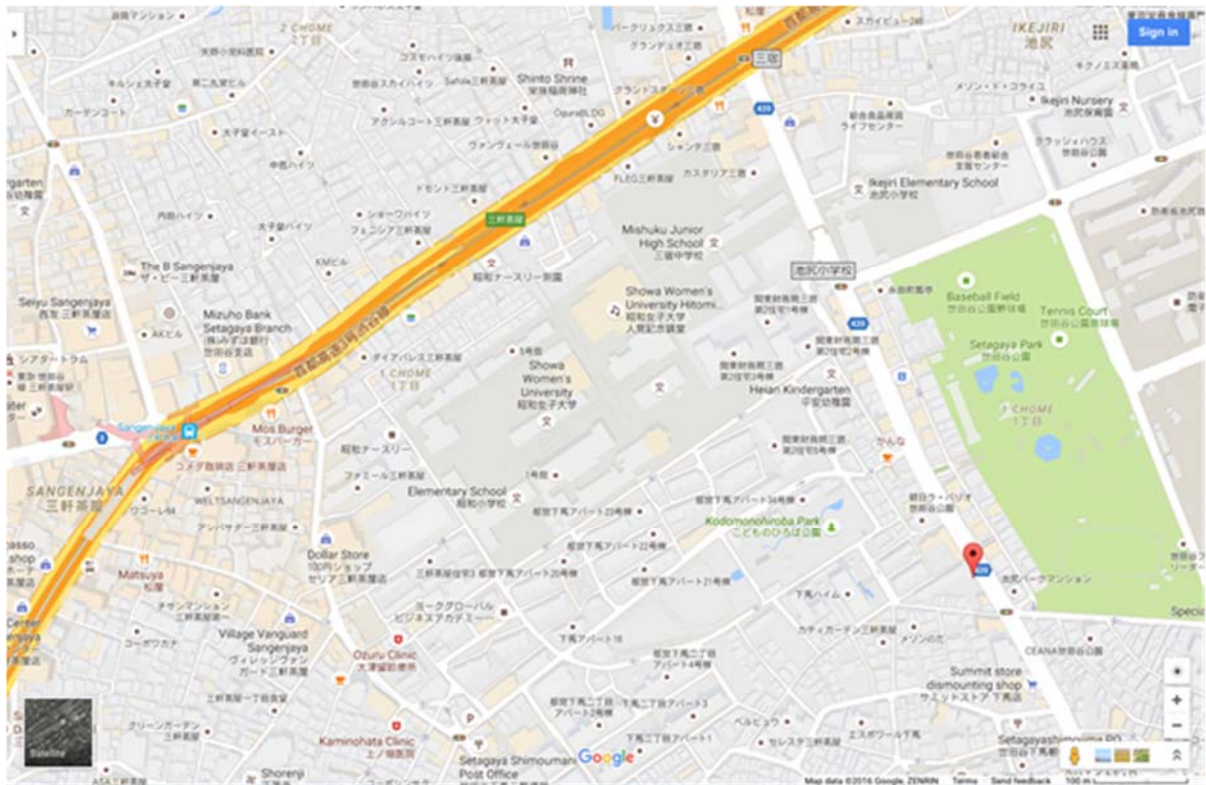
Area Diversification	Acquisition Price	Share of Investment
P (Tokyo Central 7 Wards)	172.0 billion yen	38.9 %
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	144.1 billion yen	32.6 %
Tokyo 23 Wards	316.1 billion yen	71.4 %
S (Tokyo Metropolitan Area)	40.9 billion yen	9.3 %
R (Major Regional Cities)	85.5 billion yen	19.3 %
Other Regions	126.5 billion yen	28.6 %
Total	442.7 billion yen	100.0 %

[Reference Material]

Photos and Maps of the Assets-To-Be-Acquired

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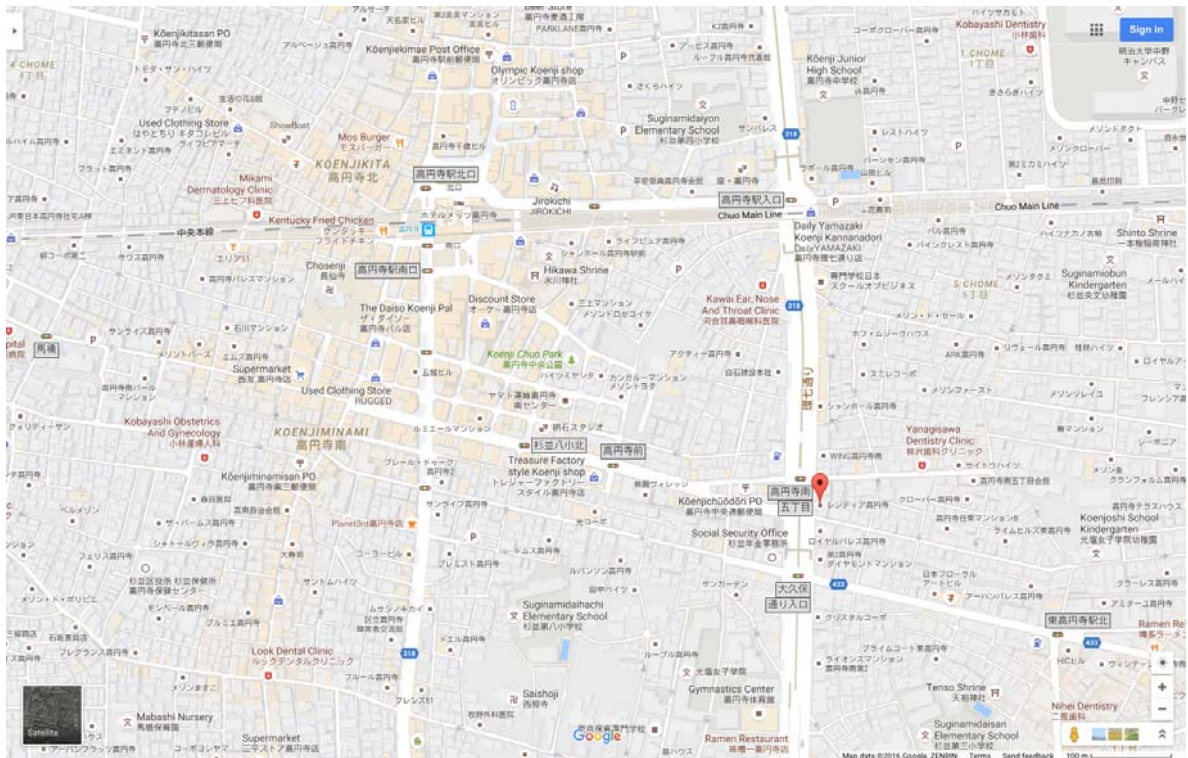
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