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For Immediate Release

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Notice Concerning Acquisition of Investment Asset
(RESIDIA Miyakojima I • II)

Advance Residence Investment Corporation (ADR) announced its decision today to acquire asset in Japan as detailed below as part of its growth strategy.

1. Details of Acquisition

ADR decided on the following acquisition pursuant to the target and policy of asset management as stipulated in its Articles of Incorporation, under the objective of increasing 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-51	RESIDIA Miyakojima I • II (Glen Park Miyakojima I • II)	Real Estate	¥3,232 million

^(Note 1) ADR is scheduled to change the property name after acquisition of the to-be-acquired asset listed above. For the to-be-acquired asset that is scheduled to have their 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 real estate transaction agreements, which are exclusive of the various expenses required in the acquisition of the concerned properties (broker commission, taxes and public dues, etc.)

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

R-51) RESIDIA Miyakojima I • II

- The property is a minute walk from the closest bus stop Station “Kemacho Nichome”. From the station on the bus, it is 13~20-minute to “Osakaekimae” Station, giving tenants good access to business centers. Bus for Osakaekimae Station and Nakatsu Subway Station comes 8~14 times per hour during the day. Commuting is convenient because, the bus services everyone to four minute during the morning rush hour.
- There are daily product stores, medical facilities and other convenient facilities close by.
- The housing unit plans for the property are 3LDK and 4LDK. The property can expect demands from DINKS and families that commute to central Osaka due to its accessibility and convenience for living.

2. Acquisition Summary

(1) R-51) RESIDIA Miyakojima I • II

Name of property	RESIDIA Miyakojima I • II
Asset to be acquired	Real Estate
Proposed acquisition price	¥3,232million
Seller	Not Disclosed

Scheduled agreement date	March 22, 2013
Scheduled acquisition date	March 25, 2013
Acquisition financing	Debt and funds on hand
Payment method	Pay entire amount upon delivery

3. Summary of the To-be-Acquired Asset

(1) R-51) RESIDIA Miyakojima I • II

Type of specified asset	Real Estate	Scheduled acquisition date	March 25, 2013	Proposed acquisition price	¥3,232 million
Property Outline					
Location	Address	2-3-8 (Building I), 9(Building II) Kemacho, Miyakojima-ku, Osaka-shi Osaka			
Land	Type of ownership	Proprietary ownership	Zoning	Neighborhood commercial zone, Class 1 residential zone	
	Site area	4,245.29 m ²	FAR / Building coverage ratio	300%/80% 200%/80%	
Building	Type of ownership	Proprietary ownership	Breakdown of residential unit type	Units	
	Total floor area	13,477.82 m ²	Single type	-	
	Structure / Floors	SRC with flat roof /15F	Compact type	-	
	Use	Apartment	Family type	178	
	Construction completion date	September 2006	Large type	-	
	Confirmation inspection agency	K.K. Center of International Architectural Standard	Dormitory type	-	
	Building designer	Haseko Corporation	Other	-	
	Structural designer	Haseko Corporation	Trustee	-	
	Construction contractor	Haseko Corporation	Property Manager	HASEKO LIVENET, Inc. (planned)	
Previous titleholder	Not Disclosed	Master lessee	HASEKO LIVENET, Inc. (planned)		
Current titleholder	Not Disclosed	Master lease type	Pass-through (Planned)		
Summary of Real Estate Appraisal Report					
Real estate appraiser	Morii Appraisal & Investment Consulting Inc	Appraised date	February 1, 2013		
Real estate appraised value	¥3,510 million	Cap rate	5.7%		
Direct capitalization price	¥3,530 million	Discount rate	5.4%		
DCF PRICE	¥3,490 million	Terminal cap rate	6.0%		
Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: ¥ thousand)			Lease Conditions (as of February 28, 2013)		
Appraisal item		Appraised value	Total tenants	1	
(A) Total potential profit	Subtotal	301,269	Leasable units	178	
	Rent income	267,975	Leased units	160	
	Other income	33,294	Leasable floor area	12,723.43 m ²	
(B) Total effective profit	Subtotal	279,745	Leased floor area	11,449.83 m ²	
	Losses from vacancies, etc.	21,524	Monthly rent (including common service charges)	¥21,555 thousand	
	Bad debts losses	0	Deposits, guarantees, etc.	¥31,867 thousand	
(C) Expenses from rental business	Subtotal	69,257	Occupancy rate (based on floor area)	90.0%	
	Maintenance and management fees	8,460	Summary of Building Conditions Investigation Report		

	Utilities costs	8,776	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Management commission fees	8,077	Investigation date	February 18, 2013
	Taxes and public dues	19,055	Emergency repair costs	—
	Non-life insurance premiums	1,628	Short-term repair costs (within 1 year)	—
	Rental advertising costs	10,275	Long-term repair costs (next 12 years)	¥167,791 thousand
	Repair costs (including restoration fees)	12,663	Building replacement price	¥2,614 million
	Other expenses	323	Summary of Earthquake PML Assessment Report	
(D)	Profit or loss from rental business = (B) – (C)	210,488	PML	13.74%
(E)	Operating profit from deposits	408	Collateral	
(F)	Capital expenditures	9,788	Not Scheduled	
(G)	Net profit = (D) + (E) – (F)	201,108		
Special Notation				
N/A				

[Explanation of Entries in Foregoing Tables]

(i) Explanation of “Property Outline”

- In principle, the entries are based on February 28, 2013
- “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)

- “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 Morii Appraisal & Investment Consulting Inc. 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 Morii Appraisal & Investment Consulting Inc.
- (iii) Explanation of “Lease Conditions”
- In principle, the entries are based on February 28, 2013.
 - 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 passthrough 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. Seller Profiles

The seller of the property is a domestic corporation whose names and detail are not disclosed according to their wishes. The sellers do not constitute parties having particular vested interest in ADR or in its asset management company.

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

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

6. Matters Concerning Earthquake Resistance

For the to be acquired asset, the validity of structural calculation documents on each of the assets has been investigated by a third-party agency. ADR has obtained the following investigation results stating that no intentional manipulation, falsification or other corruption in the structural calculation documents were found and that the structural calculation is deemed to have been performed in accordance with law.

(1) Investigator Investigation Agency

R-51) RESIDIA Miyakojima I • II

Trade name	K.K. Hai Kokusai Consultant
Head office location	2-19-17 Takanawa, Minato-ku, Tokyo
Representative	Nobuki Kato, Representative Director
Capital	¥10 million
Large shareholders	Nobuki Kato and others.
Principal business	Civil engineering, construction contractor, construction consulting, etc.
Relationship with ADR or its asset management company	None

(1) Content of Investigation Verification of structural calculation documents and structural drawings

(2) Investigation Results It is deemed that the requirements of earthquake resistance performance pursuant to the Building Standards Law at the time of design were satisfied, on condition that the construction was properly conducted based on the structural drawings, confirming with the content of the structural calculation documents.

7. Broker Profile

No party acted as a broker.

8. Future Outlook

The management performance forecasts for the fiscal period ending July 2013 (from February 1, 2013 to July 31, 2013) and ending January 2014 (from August 1, 2013 to January 31, 2014) remain unchanged.

[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	Years (Note1)	NOI Yields (Note2)	Reason for the Acquisition
R-51) RESIDIA Miyakojima I・II	6.6 Years	6.5%	Determined that the asset will contribute in improving the portfolio's earnings potential, as the to-be-acquired assets' NOI yield is expected to mostly exceed the actual NOI yield of the entire portfolio.

(Note1) Building ages are calculated as of today and rounded at the second decimal point.

(Note2) The "NOI Yields" are calculated using the figures in the acquisition appraisal of to-be-acquired assets. The calculations are as follows, "direct capitalization method annualized NOI ÷ acquisition price × 100". The weighted average yield is calculated as follows, "total direct capitalization method annualized NOI ÷ total 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	51	36
Total acquisition price	¥86,274 million	¥39,388 million
Total deal value (a)	¥86,274 million	¥33,996 million
Appraisal (b)	¥91,660 million	¥36,790million (note1)
Ratio (a) ÷ (b) × 100%	94.1%	92.4%
Weighted average NOI yield	6.0% (note2)	4.9% (note3)
Weighted average building age (Note 4)	3.8yrs.	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	196	-44	-53	-62	0	8	45
Tokyo 23 Wards Exclusive of Central 7 Wards	907	458	370	11	0	8	1,754
Tokyo Metropolitan Area	241	-18	-72	0	91	-6	236
Major Regional Cities	895	258	141	-6	0	-4	1,284
Total	2,239	654	386	-57	91	6	3,319

■ Status of Portfolio After the Disposition and the Acquisition

Asset size (based on acquisition price)	392.8 billion yen
No. of properties	203 buildings
No. of leasable units	17,555 units
Total leasable floor area	663,845.42 m ²

Area Diversification	Acquisition Price	Share of Investment
Total	392.8billion yen	100.0%
P (Tokyo Central 7 Wards)	176.8billion yen	45.0%
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	115.2billion yen	29.3%
S (Tokyo Metropolitan Area)	41.2billion yen	10.5%
R (Major Regional Cities)	59.4billion yen	15.1%

(Reference Material)

Photo of façade of the to-be-acquired asset
R-51) RESIDIA Miyakojima I・II

