

September 10, 2013

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 Nakaochiai)

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	Type of to-be-acquired asset ^(Note 1)	Proposed acquisition price ^(Note 2)
P-96	RESIDIA Nakaochiai (Glen Park Nakaochiai)	Beneficiary interests in trust	¥3,656 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 trust beneficiary interests disposition contracts, and 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 asset’s attributes listed below in deciding to acquire the asset.

P-96) RESIDIA Nakaochiai

- The property is 4 minute walk from Seibu Shinjuku Line Shimo-Ochiai Station, 7 minute walk from Toei Oedo line Nakai Station, giving tenants good access business centers.
- There are many convenient facilities for living such as daily product stores, convenience stores, banks and parks in the surrounding area.
- The housing unit plans for the property are mostly 1R and 1K. The property can expect demands from singles that commute to the direction of Otemachi and Shinjuku due to its accessibility and convenience of living.

2. Acquisition Summary

Name of property	RESIDIA Nakaochiai
Asset to be acquired	Beneficiary interests in trust
Proposed acquisition price	¥3,656 million
Seller	G. K. Mileage One
Scheduled agreement date	September 13, 2013
Scheduled acquisition date	September 13, 2013
Acquisition financing	Debt and funds on hand
Payment method	Pay entire amount upon delivery

3. Summary of the To-be-Acquired Asset

(1) P-96) RESIDIA Nakaochiai

Type of specified asset	Beneficiary interests in trust	Scheduled acquisition date	September 13, 2013	Proposed acquisition price	¥3,656 million
Property Outline					
Location	Address	Building A : 1-5-5 Nakaochiai, Shinjuku-ku, Tokyo Building B : 1-5-3 Nakaochiai, Shinjuku-ku, Tokyo Building C : 1-5-2 Nakaochiai, Shinjuku-ku, Tokyo			
Land	Type of ownership	Proprietary ownership	Zoning	Quasi industrial zone	
	Site area	2,180.50 m ²	FAR / Building coverage ratio	300%/60%	
Building	Type of ownership	Proprietary ownership	Breakdown of residential unit type	Units	
	Total floor area	Building A : 1,995.47 m ² Building B : 2,941.67 m ² Building C : 2,083.01 m ²	Single type	165	
	Structure / Floors	SRC with flat roof /7F	Compact type	11	
	Use	Apartment	Family type	11	
	Construction completion date	March 2008	Large type	-	
	Confirmation inspection agency	K. K. Center Of International Architectural Standard	Dormitory type	-	
	Building designer	Tokyu Construction 1st Class Qualified Architect Office	Other	-	
	Structural designer	Tokyu Construction	Trustee	Mizuho Trust & Banking Co., Ltd.	
Construction contractor	Tokyu Construction	Property Manager	ITOCHU Urban Community Ltd. (planned)		
Previous titleholder	Not Disclosed	Master lessee	ITOCHU Urban Community Ltd. (planned)		
Current titleholder	G. K. Mileage One	Master lease type	Pass-through (Planned)		
Summary of Real Estate Appraisal Report					
Real estate appraiser	Japan Real Estate Institute	Appraised date	September 1, 2013		
Real estate appraised value	¥3,870 million	Cap rate	4.9%		
Direct capitalization price	¥3,910 million	Discount rate	4.7%		
DCF PRICE	¥3,820 million	Terminal cap rate	5.1%		
Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: ¥ thousand)		Lease Conditions (as of July 31, 2013)			

Appraisal item	Appraised value	Total tenants	1
(A) Total potential profit Subtotal	253,148	Leasable units	187
Rent income	242,696	Leased units	184
Other income	10,452	Leasable floor area	5,529.19 m ²
(B) Total effective profit Subtotal	240,507	Leased floor area	5,415.85 m ²
Losses from vacancies, etc.	12,641	Monthly rent (including common service charges)	¥19,813 thousand
Bad debts losses	0	Deposits, guarantees, etc.	¥24,966 thousand
(C) Expenses from rental business Subtotal	45,054	Occupancy rate (based on floor area)	98.0%
Maintenance and management fees	7,992	Summary of Building Conditions Investigation Report	
Utilities costs	3,328	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Management commission fees	5,764	Investigation date	August, 2013
Taxes and public dues	13,111	Emergency repair costs	—
Non-life insurance premiums	536	Short-term repair costs (within 1 year)	—
Rental advertising costs	9,970	Long-term repair costs (next 12 years)	¥62,344 thousand
Repair costs (including restoration fees)	3,231	Building replacement price	¥1,303,000 thousand
Other expenses	1,122	Summary of Earthquake PML Assessment Report	
(D) Profit or loss from rental business = (B) – (C)	195,453	PML	Building A : 2.9% Building B : 2.9% Building C : 3.0%
(E) Operating profit from deposits	478	Collateral	
(F) Capital expenditures	4,150	Not Scheduled	
(G) Net profit = (D) + (E) – (F)	191,781		
Special Notation			
N/A			

[Explanation of Entries in Foregoing Tables]

(i) Explanation of “Property Outline”

- In principle, the entries are based on July 31, 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)

*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 Japan Real Estate Institute 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 Japan Real Estate Institute.
- (iii) Explanation of “Lease Conditions”
- In principle, the entries are based on July 31, 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

Trade name	G. K. Mileage One
Head office location	Nihonbashi 1-chome Building, 1-4-1 Nihonbashi, Chuo-ku, Tokyo
Representative	Managing partner Mileage Holdings (General Incorporated Association) Administrator Takanori Mishina
Capital	¥300 thousand
Principal business	Acquisition, ownership and disposal of beneficiary rights for real estate in trust Acquisition, ownership, disposal, leasing and management of real estate Acquisition, ownership and disposal of credit All business incidental to the above
Relationship with ADR or its asset management company	Mizuho Trust & Banking Co., Ltd. who is a shareholder of ADR's asset management company, AD Investment Management Co., Ltd. (ADIM) has an equity interest in G.K. Mileage One (the seller) as well as being a manager of the seller's assets. Therefore the seller constitutes a related party as defined in the ADIM's bylaws (which includes <i>interested persons</i> as defined in the Investment Trusts and Investment Corporations Act; hereafter, "Related Party").

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

P-96) RESIDIA Nakaochiai

Property titleholders	Current titleholder	Previous titleholder
Name of company/individual	G. K. Mileage One	Not disclosed according to current titleholder's wish.
Relationship with party having particular vested interest	A related party as defined in the Asset Management Company's bylaws	N/A
Acquisition backgrounds	Acquired for the purpose of rental housing ownership	-
Acquisition price (including other expenses)	-	-
Delivery timing	-	-

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

- (1) The procedures have been completed as defined in the Asset Management Company's bylaws for transactions listed in above "5. Property Titleholders (* for transactions with interested parties)" section and in the below "8. Broker Profile" section.
- (2) ADR is scheduled to sign a master lease agreement and delegate property management services for the the asset to ITOCHU Urban Community Ltd., which constitutes a Related Party of the Asset Management Company. Accordingly, the procedures required in accordance with the bylaws are scheduled to be completed in concluding the building lease and management agreement with ITOCHU Urban Community.

7. Matters Concerning Earthquake Resistance

For the to-be-acquired asset the validity of structural calculation documents on the asset has been examined by a third-party agency. ADR has obtained the following investigation result 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.

P-96) RESIDIA Nakaochiai

Trade name	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Head office location	1-2-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	Ken Kamikouchi, President and Representative Director
Capital	¥100 million
Large shareholders	Tokio Marine Holdings, Inc.
Principal business	Researching, providing information, diagnosing, consulting, holding seminars, publishing, and providing training on security, disaster prevention, health, product safety and information management.
Relationship with ADR or its asset management company	None

8. Broker Profile

P-96) RESIDIA Nakaochiai

Trade name	Mizuho Trust & Banking Co., Ltd.
Head office location	1-2-1 Yaesu, Chuo-ku, Tokyo
Representative	Takeo Nakano, President & Chief Executive Officer
Commission	The broker wishes not to disclose the commission
Relationship with ADR or its asset management company	Mizuho Trust & Banking Co., Ltd. is a shareholder of AD Investment Management Co., Ltd. asset manager of ADR and is considered to related party under the Law Concerning Investment Trust and Investment Corporation (Investment Trust Law).

9. Future Outlook

The management performance forecasts for the fiscal period ending January 2014 (from August 1, 2013 to January 31, 2014) and ending July 2014 (from February 1, 2014 to July 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	Building Age (Note1)	NOI Yields (Note2)	Reason for the Acquisition
P-96) RESIDIA Nakaochiai	5.5 Years	5.3%	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 assets of Tokyo Central 7 wards.

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

(Note2) The "NOI Yield" is calculated using the figures in the acquisition appraisal of the to-be-acquired asset. The calculation is as follows, "direct capitalization method annualized NOI ÷ acquisition price × 100". The calculated yield is 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 asset)	Disposed assets
Number of properties	53	36
Total acquisition price	¥90,980 million	¥39,388 million
Total deal value (a)	¥90,980 million	¥33,996 million
Appraisal (b)	¥96,620 million	¥36,790million (note1)
Ratio (a) ÷ (b) × 100%	94.2%	92.4%
Weighted average NOI yield	6.0% (note2)	4.9% (note3)
Weighted average building age (Note 4)	3.9yrs.	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	361	-33	-42	-62	0	8	232
Tokyo 23 Wards Exclusive of Central 7 Wards	907	458	370	11	0	8	1,754
Tokyo Metropolitan Area	241	-18	-72	0	172	-2	321
Major Regional Cities	895	258	141	-6	0	-4	1,284
Total	2,404	665	397	-57	172	10	3,591

■ Status of Portfolio After the Disposition and the Acquisition

Asset size (based on acquisition price)	397.5 billion yen
No. of properties	205 buildings
No. of leasable units	17,827 units
Total leasable floor area	674,623.19 m ²

Area Diversification	Acquisition Price	Share of Investment
Total	397.5billion yen	100.0%
P (Tokyo Central 7 Wards)	180.5billion yen	45.4%
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	115.2billion yen	29.0%
S (Tokyo Metropolitan Area)	42.2billion yen	10.6%
R (Major Regional Cities)	59.4billion yen	15.0%

(Reference Material)

Photo of façade of the to-be-acquired asset
P-96) RESIDIA Nakaochiai

