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For Immediate Release

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Notice Concerning Acquisition of Investment Asset (RESIDIA Machiya)

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 stable income through diversified investment in all regions and in all apartment unit types.

Property number	Name of the to-be-acquired asset ^(Note 1)	Type of asset	Proposed acquisition price ^(Note 2)
C-72	RESIDIA Machiya (PARKNADE Machiya)	Beneficiary interests in trust (planned) ^(Note 3)	¥1,168 million

^(Note 1) ADR is scheduled to change the property name after acquisition of the to-be-acquired asset. The scheduled name is shown above 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 asset's attributes listed below in deciding to acquire the asset.

- The property is approximately 11-minute walk from Machiya Station on the Tokyo Metro Chiyoda Line, giving tenants good access to the major business district or to major commercial districts in central Tokyo.
- This property is also located in walking distance from convenient stores, super-markets and banks, making it convenient for daily living.
- The housing unit plans for the property are mostly 1LDK and 2LDK. The property can expect demands mainly from DINKs and Families that commute to central Tokyo 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 been recently built, and have an yield that will contribute in improving the existing portfolio's yield.

Under such an environment, by using ADIM's own sourcing network ADR has succeeded in acquiring a recently built property that has a yield after depreciation of 4.5%* which is able to maintain yield of the existing portfolio for the respective location of 4.5%* at the end of July 2014, at a price that is over 5% lower than the appraisal price.

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

2. Acquisition Summary

C-72) RESIDIA Machiya

Name of property	RESIDIA Machiya
Asset to be acquired	Beneficiary interests in trust (planned)
Proposed acquisition price	¥1,168 million
Seller	PanaHome Corporation
Scheduled agreement date	September 24, 2014
Scheduled acquisition date	September 29, 2014
Acquisition financing	Funds procured by borrowing or cash on hand.
Payment method	Pay entire amount upon delivery

3. Summary of the To-be-acquired Asset

C-72) RESIDIA Machiya

Type of specified asset	Beneficiary interests in trust (planned)	Scheduled acquisition date	September 29, 2014	Proposed acquisition price	¥1,168 million
Property Outline					
Location	Address	6-1-15 Machiya, Arakawa-ku, Tokyo			
Land	Type of ownership	Proprietary ownership (The ownership ratio is 264,034 out of 277,692)	Zoning	Neighborhood commercial Zone, Commercial zone, Quasi-industrial district	
	Site area	676.84 m ² (Total site area of ownership)	FAR / Building coverage ratio	400%/80%, 500%/80%, 300%/80%	
Building	Type of ownership	Proprietary ownership (The ownership ratio is 264,034 out of 277,692)	Breakdown of residential unit type	Units	
	Total floor area	3,358.03 m ² (for the whole building)	Single type	13	
	Structure / Floors	RC with flat roof /15F	Compact type	14	
	Use	Apartment	Family type	28	
	Construction completion date	August 2009	Large type	-	
	Confirmation inspection agency	JAPAN ERI CO.,LTD	Dormitory type	-	
	Building designer	Super Vision Co., LTD.	Other	-	
	Structural designer	Beams Design Consultant Co.,Ltd.	Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned)	
Construction contractor	TADA CORPORATION	Property Manager	ITOCHU Urban Community Ltd. (planned)		
Previous titleholder	-	Master lessee	ITOCHU Urban Community Ltd. (planned)		
Current titleholder	PanaHome Corporation	Master lease type	Pass-through (planned)		
Summary of Real Estate Appraisal Report					
Real estate appraiser	Morii Appraisal & Investment Consulting Inc	Appraised date	August 31, 2014		
Real estate appraised value	¥1,230 million	Cap rate	4.9%		
Direct capitalization price	¥1,240 million	Discount rate	4.7%		
DCF PRICE	¥1,210 million	Terminal cap rate	5.1%		
Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: ¥ thousand)			Lease Conditions (as of September 16, 2014)		
Appraisal item		Appraised value	Total tenants	1	
(A) Total potential profit	Subtotal	84,924	Leasable units	55	
	Rent income	81,744	Leased units	49	
	Other income	3,180	Leasable floor area	2,640.34 m ²	
(B) Total effective profit	Subtotal	80,837	Leased floor area	2,420.18 m ²	
	Losses from vacancies, etc.	4,087	Monthly rent (including common service charges)	¥5,934 thousand	
	Bad debts losses	0	Deposits, guarantees, etc.	¥5,547 thousand	
(C) Expenses from rental business	Subtotal	18,534	Occupancy rate (based on floor area)	91.7%	
	Maintenance and management fees	6,192	Summary of Building Conditions Investigation Report		
	Utilities costs	0	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
	Management commission fees	2,330	Investigation date	September 2014	
	Taxes and public dues	5,198	Emergency repair costs	-	
	Non-life insurance premiums	129	Short-term repair costs (within 1 year)	-	
	Rental advertising costs	1,986	Long-term repair costs (next 12 years)	¥33,023 thousand (for the whole building)	
	Repair costs (including restoration fees)	1,771	Building replacement price	¥ 669,000 thousand (for the whole building)	
	Other expenses	928	Summary of Earthquake PML Assessment Report		
(D) Profit or loss from rental business = (B) - (C)		62,303	PML	3.2%	
(E) Operating profit from deposits		121	Collateral		
(F) Capital expenditures		1,832	Not Scheduled		
(G) Net profit = (D) + (E) - (F)		60,592			
Special Notation					
N/A					

[Explanation of Entries in Foregoing Tables]

(i) Explanation of “Property Outline”

- In principle, the entries are based on August 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 “Pass-through” 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 pass-through 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 September 16, 2014.
 - If there is or scheduled to be a lease 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. Seller Profiles

Trade name	PanaHome Corporation
Head office location	1-1-4 Shinsenrinishi-machi, Toyonaka-shi, Osaka
Representative	Yasuteru Fujii, President and Director
Principal business	i) Building and Contracting Division Building and contracting of single family house, multi-family housings and remodeling works. ii) Real Estate Division Sales of land, buildings and condominiums, brokerage & rental management iii) Housing Parts Sales Division Manufacturing and sales of housing parts for “PanaHome” industrialized house.
Capital	28.4 billion yen (as of March 31, 2014)
Date of the establishment	July 1, 1963
Total Assets	245.9 billion yen (as of March 31, 2014)
Net Assets	129.1 billion yen (as of March 31, 2014)
Major Stock Holder	Panasonic Corporation
Relationship with ADR or its asset management company	None

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

None

6. Disclosures on Asset Management Company’s Vested Interest in the To-be-acquired asset

ADR is scheduled to sign a master lease agreement and delegate property management services of to-be-acquired asset to ITOCHU Urban Community Ltd., constitutes a Related Party of the Asset Management Company.

Therefore, the procedures required in the bylaws are scheduled to be completed in concluding the building lease and management agreement with ITOCHU Urban Community Ltd.

7. Matters Concerning Earthquake Resistance

The 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 in force from June 2007 to the Building Standards Law.

8. Broker Profile

No party acted as a broker.

9. Future Outlook

The effect of the signing of the agreement to the management performance forecasts announced on September 8, 2014 in the 8th Fiscal Period *Tanshin* preliminary financial report ending January 2015 and the fiscal period ending July 2015 is negligible. Therefore the forecasts remain unchanged.

<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 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)	Yield after depreciation (Note3)	Reason for the Acquisition
C-72) RESIDIA Machiya	5.1 Years	5.3%	4.5%	Determined that the asset will contribute in improving the portfolio's earnings potential by its relatively young building age, and that yield after depreciation is expected to maintain or exceed the actual average yield for the property in the existing portfolio.

(Note1) Building ages are calculated as of the 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.

(Note3) The "Yield after depreciation" are calculated using the figures in the acquisition appraisal of to-be-acquired asset. The calculation is as follows, "(Annualized NOI listed on the appraisal at the time of acquisition minus depreciation) ÷ acquisition price × 100". The calculated yields are rounded at the second decimal point.

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

	Acquired assets (including the to-be-acquired assets)	Disposed assets
Number of properties	71	36
Total acquisition price	¥114,891 million	¥39,388 million
Total deal value (a)	¥114,891 million	¥33,996 million
Appraisal (b)	¥123,212 million	¥36,790 million (note1)
Ratio (a) ÷ (b) × 100%	93.2%	92.4%
Weighted average NOI yield	6.0%(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	1,378	528	370	11	0	8	2,295
Tokyo Metropolitan Area	241	-18	-72	0	172	-2	321
Major Regional Cities	1,390	522	236	55	0	-2	2,201
Total	3,493	1,018	502	14	172	13	5,212

■ Status of the Portfolio After the Acquisition

Asset size (based on acquisition price)	421.4 billion yen
No. of properties	223 properties
No. of leasable units	19,341 units
Total leasable floor area	727,779.40 m ²

Area Diversification	Acquisition Price	Share of Investment
Total	421.4 billion yen	100.0%
P (Tokyo Central 7 Wards)	185.4 billion yen	44.0%
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	121.4 billion yen	28.8%
S (Tokyo Metropolitan Area)	42.2 billion yen	10.0%
R (Major Regional Cities)	72.3 billion yen	17.2%

(Reference Material)

Photo of the to-be-acquired asset
C-72) RESIDIA Machiya

