

For Immediate Release

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Notice Concerning Acquisition of Investment Assets
<<RESIDIA Minami-Shinagawa and 8 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 (hereafter, the “Acquisition”) in Japan as detailed below as part of ADR’s growth strategy.

1. Details of the Acquisition

ADIM decided on the following acquisitions 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 to-be-acquired asset (Note 1)	Type of asset(Note 2)	Proposed acquisition price (Note 3)
(1)	P-103	RESIDIA Minami-Shinagawa	Beneficiary interests in trust (planned)	¥1,177 million
(2)	P-104	Chester Court Ochanomizu	Beneficiary interests in trust	¥3,117 million
(3)	P-105	RESIDIA Kanda-Iwamotocho II (Chester House Iwamotocho)	Beneficiary interests in trust	¥1,280 million
(4)	P-106	RESIDIA Shinagawa (Chester House Shinagawa)	Beneficiary interests in trust	¥980 million
(5)	C-79	RESIDIA Akihabara (Chester House Akihabara)	Beneficiary interests in trust	¥977 million
(6)	C-80	RESIDIA Asakusa-Azumabashi (Chester House Azumabashi)	Beneficiary interests in trust	¥876 million
(7)	C-81	RESIDIA Oomori III (Artis Oomori-Kita)	Beneficiary interests in trust (planned)	¥1,395 million
(8)	C-82	RESIDIA Nihonbashi-Bakurocho II	Beneficiary interests in trust (planned)	¥1,975 million
(9)	C-83	RESIDIA Nihonbashi-Bakurocho III (Chester Court Asakusabashi)	Beneficiary interests in trust	¥1,833 million
Total of 9 properties				¥13,610 million

(Note 1) ADR is scheduled to change the property names after acquisition of the to-be-acquired assets. For the to-be-acquired assets that are scheduled to have their name changed, the name after the change is shown with the name as of today shown in parentheses.

(Note 2) The to-be acquired assets P-103) RESIDIA Minami-Shinagawa, C-81) RESIDIA Oomori III, C-82) RESIDIA Nihonbashi-Bakurocho II, are not placed in trust as of today, but it is scheduled to be placed in trust upon the acquisition by ADR.

(Note 3) “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.)

In the recent booming real estate market, we are witnessing increased number and types of players. This has amplified the continued difficulty in acquiring assets. The difficulty is especially acute for properties that have been recently built, located in city center of metropolise, and have a yield that will contribute in improving the existing ADR's portfolio yield. This is also because supply of newly developed rental residential properties has not been enough to alleviate the shortage.

In anticipation of such a situation, ADR sourced properties using its own sourcing network before the recent boom. The sourced properties were warehoused in a silent partnership where ADR acquired an equity interest in the partnership
(Note4) with an aim to acquire the underlining properties through the execution of the granted rights of first refusal.

The seller of the 6 properties of the Acquisition will be the operator of the partnership. ADR has decided today to exercise the rights of first refusal and acquire the underlining properties.

The seller of the 3 properties of the Acquisition will be ITOCHU Corporation which is the support line company of ADR and the main sponsor of ADIM.

Even though most of the properties are recently built and located in 23 wards of Tokyo, the average yield after depreciation of 4.5% (Note5) is higher than the average of 4.1% for the existing properties in the portfolio which are located in the same 23 wards, moreover it is higher than the yield after depreciation of 4.4% (Note5) for the existing portfolio at the end of July 2014.

Combined with the younger average age compared to existing properties in the portfolio, we believe that the acquisition will benefit unitholders' value.

Additionally, we will be acquiring the nine properties at around 8% discount to the total appraisal value.

(Note4) Please refer to the press release "Notice Concerning Acquisition of Investment Assets (Silent Partnership Equity Interests)" dated June 26, 2013.

(Note5) The yield after depreciation of the to-be-acquired assets are calculated by dividing the total annualized appraisal NOI at acquisition minus total depreciation, by the total acquisition price. Depreciation of the to-be-acquired assets are calculated using same straight-line method as the portfolio and expect total depreciation of 89,564 thousand yen per annum. The yield after depreciation for the existing portfolio at the end of July 2014 is calculated by dividing the total annualized actual NOI minus total depreciation of each portfolio property by the total fiscal-end book value. Both figures are rounded at the second decimal point.

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

No.	Name of property	Attribute of property
(1)	RESIDIA Minami-Shinagawa	It is a 3-minute walk from the property to Keikyu main Line Aomonoyokocho Station. From the station it is 4 minutes to Shinagawa Station and 20 minutes to Tokyo Station by train, giving tenants good access to commercial and business centers. There are many convenient facilities around property including the mini supermarket on the 1 st floor of the property. The housing unit plans for the property are mostly 1K and 1LDK. With good access to Yokohama Station and Haneda airport Station, demand can be expected from young single professionals and DINKS who value the traffic convenience.
(2)	Chester Court Ochanomizu	It is a 3-minute walk from the property to Toei Subway Shinjuku Line Ogawamachi Station and 5-minute walk from Tokyo Metro Marunouchi line Awajicho Station. From Awajicho Station it is 2 minutes to Otemachi Station by train, giving tenants traffic convenience. There is a convenience store within walking distance. The housing unit plans for the property are mostly 1K. Demand can be expected from young single professionals commuting to business centers.
(3)	RESIDIA Kanda-Iwamotocho II	It is a 3-minute walk from the property to Toei Subway Shinjuku Line Iwamotocho Station. From the station it is 10 minutes to Otemachi Station transferring at Jinbocho station by train, giving tenants traffic convenience. There is a supermarket within walking distance. The housing unit plans for the property are mostly 1LDK. Demand can be expected from young single professionals and DINKS commuting to business centers.
(4)	RESIDIA Shinagawa	It is a 7-minute walk from the property to Keikyu main Line Kita-Shinagawa Station and 8-minute walk from JR Yamanote Line Shinagawa Station. From the Shinagawa Station, it is 10 minutes to Tokyo Station by train giving tenants traffic convenience. There is a convenience store within walking distance. The housing unit plans for the property are 1K. Demand can be expected from young single professionals commuting to business centers.
(5)	RESIDIA Akihabara	It is a 5-minute walk from the property to JR Yamanote Line Okachimachi Station and 8-minute walk to Akihabara Station. From Okachimachi station, it is 6 minutes to Tokyo Station by train giving tenants traffic convenience. There are many convenient facilities such as a convenience stores and supermarkets within walking distance. The housing unit plans for the property are mostly 1LDK. Demand can be expected from young single professionals and DINKS commuting to business centers.
(6)	RESIDIA Asakusa-Azumabashi	It is a 3-minute walk from the property to Toei Subway Asakusa Line Honjoazumabashi Station. From the station, it is 20 minutes to Otemachi Station transferring at Nihonbashi station to Tokyo Metro Tozai Line by train, giving tenants traffic convenience. There is a convenience store within walking distance. The housing unit plans for the property are 1K. Demand can be expected from young single professionals commuting to business centers.
(7)	RESIDIA Oomori III	It is a 3-minute walk from the property to JR Keihintohoku Line Oomori Station. From the station, it is 6 minutes to Shinagawa Station and 20 minutes to Tokyo Station by train giving tenants traffic convenience. There are many convenient facilities such as a shopping arcade and hospitals around the property. The housing unit plans for the property are 1K and 1LDK. Demand can be expected from young single professionals and DINKS who value the traffic convenience.
(8)	RESIDIA Nihonbashi-Bakurocho II	It is a minute walk from the property to JR Sobu Line Bakurocho Station and 3-minute walk from Toei Subway Asakusa Line Asakusabashi Station. From the Bakurocho station, it is 5 minutes to Tokyo Station by train giving tenants traffic convenience. There are many convenient facilities such as a post office and banks around property. Moreover the first floor tenant of the property is a convenience store. The housing unit plans for the property are 1K, 1LDK and 2LDK. Demand can be expected from young single professionals and DINKS who value the traffic convenience.
(9)	RESIDIA Nihonbashi-Bakurocho III	It is a 4-minute walk from the property to JR Sobu Line Asakusabashi Station and JR Yokosuka Line and Sobu Line Bakurocho Station. Moreover There are other stations, Bakuroyokoyama Station, Higashi-Nihonbashi Station, Akihabara Station within walking distance. From Asakusabashi station, it is 10 minutes to Tokyo Station by train giving tenants traffic convenience. There is a Supermarket within walking distance. The housing unit plans for the property are 1LDK and 2LDK. Demand can be expected from young single professionals and DINKS commuting to business centers.

2. Acquisition Summary

No.	(1)	(2)	(3)
Name of property	RESIDIA Minami-Shinagawa	Chester Court Ochanomizu	RESIDIA Kanda-Iwamotocho II
Asset to be acquired	Beneficiary interests in trust (planned)	Beneficiary interests in trust	Beneficiary interests in trust
Proposed acquisition price	¥1,177 million	¥3,117 million	¥1,280 million
Real estate appraised value	¥1,230 million	¥3,510 million	¥1,430 million
Current titleholder	ITOCHU Corporation	G.K. RISING 4	
Previous titleholder	—	Not disclosed	
Scheduled agreement date	January 29, 2015		
Scheduled acquisition date	March 19, 2015	April 14, 2015	
Acquisition financing	Funds procured by borrowing ^(Note) or cash on hand.		
Payment method	Pay entire amount upon delivery		
Collateral	Not scheduled		

No.	(4)	(5)	(6)
Name of property	RESIDIA Shinagawa	RESIDIA Akihabara	RESIDIA Asakusa-Azumabashi
Asset to be acquired	Beneficiary interests in trust	Beneficiary interests in trust	Beneficiary interests in trust
Proposed acquisition price	¥980 million	¥977 million	¥876 million
Real estate appraised value	¥1,080 million	¥1,080 million	¥995 million
Current titleholder	G.K. RISING 4		
Previous titleholder	Not disclosed		
Scheduled agreement date	January 29, 2015		
Scheduled acquisition date	April 14, 2015		
Acquisition financing	Funds procured by borrowing ^(Note) or cash on hand.		
Payment method	Pay entire amount upon delivery		
Collateral	Not scheduled		

No.	(7)	(8)	(9)
Name of property	RESIDIA Oomori III	RESIDIA Nihonbashi-Bakurocho II	RESIDIA Nihonbashi-Bakurocho III
Asset to be acquired	Beneficiary interests in trust (planned)	Beneficiary interests in trust (planned)	Beneficiary interests in trust
Proposed acquisition price	¥1,395 million	¥1,975 million	¥1,833 million
Real estate appraised value	¥1,450 million	¥2,050 million	¥1,990 million
Current titleholder	ITOCHU Corporation	ITOCHU Corporation	G.K. RISING 4
Previous titleholder	Building : Century Tokyo Leasing Corporation	—	Not disclosed
Scheduled agreement date	January 29, 2015		
Scheduled acquisition date	April 14, 2015		
Acquisition financing	Funds procured by borrowing ^(Note) or cash on hand.		
Payment method	Pay entire amount upon delivery		
Collateral	Not scheduled		

(Note) Details of the borrowing will be disclosed separately when it is finalized.

3. Summary of the To-be-acquired Assets

No.	(1)	(2)	(3)
Property number	P-103	P-104	P-105
Name of the to-be-acquired asset	RESIDIA Minami-Shinagawa	Chester Court Ochanomizu	RESIDIA Kanda-Iwamotocho II
Address	3-6-53 Minami-shinagawa, Shinagawa-ku, Tokyo	3-2-66~ Kanda-ogawamachi Chiyoda-ku, Tokyo	2-12-6 Iwamotocho, Chiyoda-ku, Tokyo

Land			
Type of ownership	Proprietary ownership	Proprietary ownership *The ownership ratio is 375,636 out of 432,367	Proprietary ownership
Site area	856.51 m ²	691.64 m ² *Total site area of ownership	295.08 m ² *
Zoning	Neighborhood commercial zone, Quasi Industrial zone	Commercial zone	Commercial zone
FAR / Building coverage ratio	300%/80%、300%/60%	700%/80%、500%/80%	700%/80%、600%/80%

*Including portion of private road burden (approximately 16.67 m²)

Building			
Type of ownership	Proprietary ownership	Proprietary ownership *The ownership ratio is 375,636 out of 432,367	Proprietary ownership
Total floor area	1,998.67 m ²	5,669.17 m ² *for the whole building	2,189.90 m ²
Structure / Floors	RC with flat roof, 5F	SRC with flat roof, 14F/B1F	RC with flat roof, 13F/B1F
Use	Apartment, Stores	Apartment	Apartment
Construction completion date	October, 2013	March, 2007	April, 2007
Confirmation inspection agency	JAPAN ERI CO.,LTD.	Tokyo Metropolitan Center for Fire Prevention, Architecture, and Town Planning	Chiyoda-ku
Building designer	Uchino Kensetsu 1st Qualified Architect Office	Toshi Kankyo Architect Design Office, LLC	K.K. Yokomine Sekkei
Structural designer	K.K. Shibata Architect's Office	Sousekkei	K.K. Yokomine Sekkei
Construction contractor	Uchino Kensetsu Co., Ltd	KAWADA INDUSTRIES, Inc.	K.K. Shiraishi

Trustee	Mitsubishi UFJ Trust and Banking Corporation (Planned)	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited
Property Manager	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master lessee	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master Lease type	Pass-through	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.	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Investigation date	October 14, 2014	September 22, 2014	September 22, 2014
Emergency repair costs	-	-	-
Short-term repair costs (within 1 year)	-	-	-
Long-term repair costs (next 12 years)	¥ 18,441 thousand	¥ 60,399 thousand *The ownership ratio is 375,636 out of 432,367	¥ 26,780 thousand
Building replacement price	¥ 430,000 thousand	¥ 1,074,000 thousand *for the whole building	¥ 394,000 thousand

Earthquake PML	8.7%	2.4%	2.8%
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Lease Conditions			
Point in time	as of December 31, 2014	as of December 31, 2014	as of December 31, 2014
Total Tenants	1	1	1
Leasable units	50	118	48
Leased units	50	107	44
Leasable floor area	1,515.01 m ²	3,756.36 m ²	1,841.16 m ²
Leased floor area	1,515.01 m ²	3,337.80 m ²	1,672.52 m ²
Occupancy rate (based on floor area)	100%	88.9%	90.8%
Monthly rent (including common service charges)	¥ 5,959 thousand	¥ 15,278 thousand	¥ 6,354 thousand
Deposits, guarantees, etc.	¥ 7,008 thousand	¥ 24,301 thousand	¥ 9,769 thousand

Breakdown of residential unit type			
Single	42	96	12
Compact	6	11	36
Family	1	11	-
Large	-	-	-
Dormitory	-	-	-
Other	1	-	-

Special Notation			
	None	The northeastern borderlines between the property and 2-28, 2-60, 2-61, 2-62 lands are not determined.	None

No.	(4)	(5)	(6)
Property number	P-106	C-79	C-80
Name of the to-be-acquired asset	RESIDIA Shinagawa	RESIDIA Akihabara	RESIDIA Asakusa-Azumabashi
Address	1-13-2, Kita-Shinagawa, Shinagawa-ku, Tokyo	5-3-6, Ueno, Taito-ku, Tokyo	1-7-6, Azumabashi, Sumida-ku, Tokyo

Land			
Type of ownership	Proprietary ownership	Proprietary ownership	Surface rights
Site area	325.30 m ²	287.71 m ²	280.94 m ²
Zoning	Quasi Industrial zone	Commercial zone	Commercial zone Neighborhood commercial zone
FAR / Building coverage ratio	400%/60%	600%/80%	500%/80%、300%/80%

Building			
Type of ownership	Proprietary ownership	Proprietary ownership	Proprietary ownership
Total floor area	1,461.08 m ²	1,604.40 m ²	1,441.35 m ²
Structure / Floors	RC with flat roof, 11F	RC with flat roof, 11F	RC with flat roof, 11F
Use	Apartment	Apartment	Apartment, Parking space, Garbage
Construction completion date	June, 2007	April, 2007	September, 2007
Confirmation inspection agency	Shinagawa-ku	JAPAN ERI CO.,LTD	Jyutaku Kinyu Fukyu Kyokai
Building designer	Toshi Kankyo Architect Design Office, LLC	K.K. Yokomine Sekkei	Lakan Design Institute, Ltd.
Structural designer	Takamura Architect Design Office	K.K. Yokomine Sekkei	TN structural design inc.
Construction contractor	Nakano-fudo Construction Co., Ltd.	Matsui Kensetsu K.K.	GODA KOUMUTEN Co., Ltd.

Trsutee	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited
Property Manager	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master lessee	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master Lease type	Pass-through	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.	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Investigation date	September 25, 2014	September 22, 2014	September 25, 2014
Emergency repair costs	-	-	-
Short-term repair costs (within 1 year)	-	-	-
Long-term repair costs (next 12 years)	¥ 19,443 thousand	¥ 20,500 thousand	¥ 20,074 thousand
Building replacement price	¥ 287,000 thousand	¥ 319,000 thousand	¥ 294,000 thousand

Earthquake PML	4.0%	5.1%	3.5%
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Lease Conditions			
Point in time	as of December 31, 2014	as of December 31, 2014	as of December 31, 2014
Total Tenants	1	1	1
Leasable units	36	40	60
Leased units	35	37	59
Leasable floor area	1,224.18 m ²	1,415.80 m ²	1,323.50 m ²
Leased floor area	1,181.52 m ²	1,303.22 m ²	1,301.66 m ²
Occupancy rate (based on floor area)	96.5%	92.0%	98.3%
Monthly rent (including common service charges)	¥ 4,976 thousand	¥ 5,127 thousand	¥ 5,095 thousand
Deposits, guarantees, etc.	¥ 7,799 thousand	¥ 7,248 thousand	¥ 7,290 thousand

Breakdown of residential unit type			
Single	14	-	60
Compact	22	40	-
Family	-	-	-
Large	-	-	-
Dormitory	-	-	-
Other	-	-	-

Special Notation			
	None	Surface right of part of the property for about 61.72 m ² is granted rent free to Metropolitan Intercity Railway Company to install railway related facilities.	The whole of the land of the property is owned by Joju Temple. The land usage right is obtained by surface right agreement. (1)Contract period: from November 15, 2005 (portion of the land is from May 23, 2006) to November 15, 2067 (2)Monthly rent: 75,700 yen* *Monthly rent will be renegotiated to reflect the changes in taxes and duties; changes in the property price or other economic environment; or if there is a significant diversion from neighboring comparable rent.

No.	(7)	(8)	(9)
Property number	C-81	C-82	C-83
Name of the to-be-acquired asset	RESIDIA Oomori III	RESIDIA Nihonbashi-Bakurocho II	RESIDIA Nihonbashi-Bakurocho III
Address	1-8-1, Oomori-Kita, Ota-ku, Tokyo	2-6-14, Nihonbashibakurocho, Chuo-ku, Tokyo	2-4-11, Nihonbashibakurocho, Chuo-ku, Tokyo

Land			
Type of ownership	Proprietary ownership	Proprietary ownership	Proprietary ownership
Site area	287.45 m ²	384.60 m ²	597.85 m ² *
Zoning	Commercial zone	Commercial zone	Commercial zone
FAR / Building coverage ratio	600%/80%	500%/80%, 700%/80%	500%/80%

*Including portion of private road burden (approximately 115.2 m²) and a setback portion (approximately 12.6 m²).

Building			
Type of ownership	Proprietary ownership	Proprietary ownership	Proprietary ownership
Total floor area	1,808.59 m ²	2,704.62 m ²	3,317.63 m ²
Structure / Floors	RC with flat roof, 14F	RC with flat roof, 14F	RC with flat roof, 12F
Use	Apartment, Bike Parking Space	Apartment, Bike Parking Space, Stores, Parking Space	Apartment
Construction completion date	December, 2012	April, 2014	March, 2008
Confirmation inspection agency	K.K. UHEC	K.K. UHEC	Chuo-ku
Building designer	Muramoto Kensetsu 1st Qualified Architect Office	Kiuchi Kensetsu 1st Qualified Architect Office	K.K. MAU Kenchiku Sekkei Kobo
Structural designer	Muramoto Kensetsu 1st Qualified Architect Office	Kiuchi Kensetsu 1st Qualified Architect Office	Esdict 1st Class Qualified Architect Office, LLC
Construction contractor	Muramoto Corporation	Kiuchi Kensetsu K.K.	Maeda Corporation

Trustee	Mitsubishi UFJ Trust and Banking Corporation (Planned)	Mitsubishi UFJ Trust and Banking Corporation (Planned)	Mizuho Trust & Banking Co., Ltd.
Property Manager	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master lessee	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.	ITOCHU Urban Community Ltd.
Master Lease type	Pass-through	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.	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Investigation date	October 14, 2014	October 14, 2014	September 25, 2014
Emergency repair costs	-	-	-
Short-term repair costs (within 1 year)	-	-	-
Long-term repair costs (next 12 years)	¥ 17,251 thousand	¥ 22,721 thousand	¥ 41,576 thousand
Building replacement price	¥ 376,000 thousand	¥ 516,000 thousand	¥ 613,000 thousand

Earthquake PML	3.1%	3.8%	3.7%
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Lease Conditions			
Point in time	as of December 31, 2014	as of December 31, 2014	as of December 31, 2014
Total Tenants	1	1	1
Leasable units	65	77	55
Leased units	63	77	55
Leasable floor area	1,586.48 m ²	2,412.99 m ²	2,735.04 m ²
Leased floor area	1,511.30 m ²	2,412.99 m ²	2,735.04 m ²
Occupancy rate (based on floor area)	95.3%	100%	100%
Monthly rent (including common service charges)	¥ 6,565 thousand	¥ 9,777 thousand	¥ 9,949 thousand
Deposits, guarantees, etc.	¥ 6,660 thousand	¥ 20,784 thousand	¥ 13,883 thousand

Breakdown of residential unit type			
Single	52	57	-
Compact	13	11	44
Family	-	8	11
Large	-	-	-
Dormitory	-	-	-
Other	-	1	-

Special Notation			
	None	None	None

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

4. Summary of the appraisal report (Monetary unit: ¥ thousand)

(1) P-103) RESIDIA Minami-Shinagawa

as of December 1, 2014

Real estate Appraiser	Japan Real Estate Institute		Real estate appraised value	¥1,230 million
Appraisal item		Appraised value	Basis	
Income Capitalization Approach value		1,230,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.	
Direct capitalization price		1,240,000		
Total potential profit		75,872		
Rent income		72,804	Estimation of mid to long-term stabilized rent from leasable units and parking spaces and others.	
Other income		3,068	Income from key money and renewal fee.	
Total effective profit		72,343		
Losses from vacancies, etc.		3,529	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.	
Bad debts losses		0	Not applicable. Secured through guarantee deposit.	
Expenses from rental business		13,194		
Maintenance and management fees		2,534	Estimated by referring to the cost of comparable property.	
Utilities costs		800	Estimated using historical figures and by referring to the cost of comparable property.	
Management commission fees		1,306	Estimated by referring to the current contract terms, terms on comparable property and adjusted for specific characteristics of the property.	
Taxes and public dues		4,456	Estimated using 2014 tax base.	
Non-life insurance premiums		88	Estimated by referring to premium estimate and premiums for comparable properties.	
Leasing Expenses		2,733	Estimated by referring to the applied terms in the property's current management contract and leasing terms for comparable property in the same neighborhood for new tenants recruitment and fees on contract renewal and assuming the leasing fee as half of monthly rent, used the historical figure for advertisement expense and estimated the renewal administration fee as half of renewal fee revenue and by using the average annual tenant turnover rate and occupancy rate.	
Repair costs (including restoration fees)		856	Estimated from engineering report, the cost for comparable property, historical cost and historical turnover rate.	
Other expenses		421	Added external parking fees and neighborhood association fees.	
Net Operating Income		59,149		
Operating profit from deposits		134	Assuming 2% per annum yield on deposits.	
Capital expenditures		1,076	Estimated by referring to the level of capital expenditures in comparable properties, building age and annual average of restoration expense listed on the engineering report.	
Net Cash Flow		58,207		
Cap rate		4.7%	Estimated by taking account of market trend, locality and specific feature of the property.	
DCF Price		1,210,000		
Discount rate		4.5%	Estimated by taking account of market trend, locality and specific feature of the property.	
Terminal cap rate		4.9%	Risk adjusted direct cap rate.	
Cost approach value		1,190,000		
Land ratio		68.5%		
Building ratio		31.5%		
Other matters of consideration				
None				

Real estate Appraiser	Japan Real Estate Institute		Real estate appraised value	¥3,510 million
Appraisal item		Appraised value	Basis	
Income Capitalization Approach value		3,510,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.	
Direct capitalization price		3,540,000		
Total potential profit		212,125		
Rent income		206,016	Estimation of mid to long-term stabilized rent from leasable units.	
Other income		6,109	Income from renewal fee.	
Total effective profit		201,519		
Losses from vacancies, etc.		10,606	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.	
Bad debts losses		0	No losses was assumed due to tenants' profile.	
Expenses from rental business		38,707		
Maintenance and management fees		6,700	Estimated using historical figures and by referring to the cost of comparable property.	
Utilities costs		0	No costs were assumed because utility costs are paid from the homeowners association fee.	
Management commission fees		5,871	Estimated by referring to the cost of comparable property.	
Taxes and public dues		13,481	Assesed using historical figures adjusted for depreciation.	
Non-life insurance premiums		182	Estimated by referring to premium estimate and premiums for comparable properties.	
Leasing Expenses		8,684	Estimated by referring to the applied terms in the property's current management contract and leasing terms for comparable property in the same neighborhood for new tenants recruitment and fees on contract renewal and assuming the leasing fee as half of monthly rent, used the historical figure for advertisement expense and estimated the renewal administration fee as half of renewal fee revenue and by using the average annual tenant turnover rate and occupancy rate.	
Repair costs (including restoration fees)		1,989	Estimated from engineering report, the cost for comparable property, historical cost and historical turnover rate.	
Other expenses		1,800	Homeowners association fee is assumed.	
Net Operating Income		162,812		
Operating profit from deposits		487	Assuming 2% per annum yield on deposits.	
Capital expenditures		666	Estimated by referring to the level of capital expenditures in comparable properties, building age and annual average of restoration expense listed on the engineering report and allowances were made regarding the car, motorcycle and bicycle parking fee revenue.	
Net Cash Flow		162,633		
Cap rate		4.6%	Estimated by taking account of market trend, locality and specific feature of the property.	
DCF Price		3,470,000		
Discount rate		4.3%	Estimated by taking account of market trend, locality and specific feature of the property.	
Terminal cap rate		4.8%	Risk adjusted direct cap rate.	
Cost approach value		3,290,000		
Land ratio		84.0%		
Building ratio		16.1%		
Other matters of consideration				
Evaluating it in consideration of building with partial building.				

Real estate Appraiser	Japan Real Estate Institute		Real estate appraised value	¥1,430 million
Appraisal item		Appraised value	Basis	
Income Capitalization Approach value		1,430,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.	
Direct capitalization price		1,440,000		
Total potential profit		87,419		
Rent income		84,918	Estimation of mid to long-term stabilized rent from leasable units and parking spaces.	
Other income		2,501	Income from key renewal fee and other fees.	
Total effective profit		83,468		
Losses from vacancies, etc.		3,951	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.	
Bad debts losses		0	No losses was assumed due to tenants' profile.	
Expenses from rental business		15,680		
Maintenance and management fees		1,447	Estimated by referring to historical figures, scheduled contract terms, terms on comparable property and adjusted for specific characteristics of the property.	
Utilities costs		1,100	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.	
Management commission fees		2,432	Estimated by referring to the cost of comparable property and adjusted for specific characteristics of the property.	
Taxes and public dues		4,451	Estimated using 2014 tax base.	
Non-life insurance premiums		86	Estimated by referring to the cost of comparable property.	
Leasing Expenses		3,537	Estimated by referring to the applied terms in the property's current management contract and leasing terms for comparable property in the same neighborhood for new tenants recruitment and fees on contract renewal and assuming the leasing fee as half of monthly rent, used the historical figure for advertisement expense and estimated the renewal administration fee as half of renewal fee revenue and by using the average annual tenant turnover rate and occupancy rate.	
Repair costs (including restoration fees)		1,227	Estimated from engineering report, the cost for comparable property, historical cost and historical turnover rate.	
Other expenses		1,400	Internet service fees, CATV and other costs.	
Net Operating Income		67,788		
Operating profit from deposits		214	Assuming 2% per annum yield on deposits.	
Capital expenditures		1,562	70% of flattened capital expenditure estimated in the engineering report.	
Net Cash Flow		66,440		
Cap rate		4.6%	Estimated by taking account of market trend, locality and specific feature of the property.	
DCF Price		1,410,000		
Discount rate		4.4%	Estimated by taking account of market trend, locality and specific feature of the property.	
Terminal cap rate		4.8%	Risk adjusted direct cap rate.	
Cost approach value		1,080,000		
Land ratio		73.1%		
Building ratio		26.9%		
Other matters of consideration				
None				

Real estate Appraiser	Japan Real Estate Institute	Real estate appraised value	¥1,080 million
Appraisal item		Appraised value	Basis
Income Capitalization Approach value		1,080,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.
Direct capitalization price		1,090,000	
Total potential profit		66,241	
Rent income		63,786	Estimation of mid to long-term stabilized rent from leasable units and parking spaces and others.
Other income		2,455	Income from key money and renewal fee and other fees.
Total effective profit		62,552	
Losses from vacancies, etc.		3,689	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.
Bad debts losses		0	No losses was assumed due to tenants' profile.
Expenses from rental business		11,548	
Maintenance and management fees		1,504	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Utilities costs		700	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Management commission fees		1,807	Estimated by referring to the cost of comparable property and adjusted for specific characteristics of the property..
Taxes and public dues		3,590	Estimated using 2014 tax base.
Non-life insurance premiums		64	Estimated by referring to premium estimate and premiums for comparable properties.
Leasing Expenses		2,594	Estimated by referring to the applied terms in the property's current management contract and leasing terms for comparable property in the same neighborhood for new tenants recruitment and fees on contract renewal and assuming the leasing fee as half of monthly rent, used the historical figure for advertisement expense and estimated the renewal administration fee as half of renewal fee revenue and by using the average annual tenant turnover rate and occupancy rate.
Repair costs (including restoration fees)		1,042	Estimated from engineering report, the cost for comparable property, historical cost and historical turnover rate.
Other expenses		247	town block association expense and CATV cost.
Net Operating Income		51,004	
Operating profit from deposits		112	Assuming 2% per annum yield on deposits.
Capital expenditures		1,134	Estimated by referring to the level of capital expenditures in comparable properties, building age and annual average of restoration expense listed on the engineering report.
Net Cash Flow		49,982	
Cap rate		4.6%	Estimated by taking account of market trend, locality and specific feature of the property.
DCF Price		1,060,000	
Discount rate		4.4%	Estimated by taking account of market trend, locality and specific feature of the property.
Terminal cap rate		4.8%	Risk adjusted direct cap rate.
Cost approach value		744,000	
Land ratio		69.4%	
Building ratio		30.6%	
Other matters of consideration			
None			

Real estate Appraiser	Morii Appraisal & Investment Consulting Inc.	Real estate appraised value	¥1,080 million
Appraisal item		Appraised value	Basis
Income Capitalization Approach value		1,080,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.
Direct capitalization price		1,100,000	
Total potential profit		69,749	
Rent income		68,319	Estimation of mid to long-term stabilized rent from leasable units and parking spaces.
Other income		1,430	Income from renewal fee and other fees.
Total effective profit		65,973	
Losses from vacancies, etc.		3,776	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.
Bad debts losses		0	Not applicable. Secured through guarantee deposit.
Expenses from rental business		12,184	
Maintenance and management fees		2,302	Estimated using historical figures and by referring to the cost of comparable property.
Utilities costs		976	Estimated using historical figures and by referring to the cost of comparable property.
Management commission fees		1,936	Estimated by referring to the cost of comparable property.
Taxes and public dues		2,744	Assesed using historical figures adjusted for depreciation.
Non-life insurance premiums		79	0.02% of replacement cost
Leasing Expences		2,700	Estimated as 1.5 month worth of new monthly rent.
Repair costs (including restoration fees)		1,351	Repair fees are estimated as 30% of repair fees assumed in the engineering report. Restoration fees are estimated using historical figures and turnover rated and referring to the level of expenditures in comparable properties.
Other expenses		96	CATV cost
Net Operating Income		53,789	
Operating profit from deposits		153	Assuming 2% per annum yield on deposits.
Capital expenditures		1,196	70% of flattened capital expenditure estimated in the engineering report.
Net Cash Flow		52,746	
Cap rate		4.8%	Discount rate adjusted by risk on changes in future net income and principal value.
DCF Price		1,060,000	
Discount rate		4.6%	Estimated by taking account of market trend, locality and specific feature of the property.
Terminal cap rate		5.0%	Risk adjusted direct cap rate.
Cost approach value		603,000	
Land ratio		71.3%	
Building ratio		28.7%	
Other matters of consideration			
None			

Real estate Appraiser	Japan Real Estate Institute	Real estate appraised value	¥995 million
Appraisal item		Appraised value	Basis
Income Capitalization Approach value		995,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.
Direct capitalization price		1,000,000	
Total potential profit		65,124	
Rent income		62,706	Estimation of mid to long-term stabilized rent from leasable units and parking spaces and others.
Other income		2,418	Income from key money and renewal fee and other fees.
Total effective profit		62,452	
Losses from vacancies, etc.		2,672	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.
Bad debts losses		0	Not applicable. Secured through guarantee deposit.
Expenses from rental business		12,187	
Maintenance and management fees		1,715	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Utilities costs		1,050	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Management commission fees		1,804	Estimated by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Taxes and public dues		2,600	Estimated using 2014 tax base (No land taxes are assumed).
Non-life insurance premiums		65	Estimated by referring to premium estimate and premiums for comparable properties.
Leasing Expenses		2,582	Estimated by referring to the applied terms in the property's current management contract and leasing terms for comparable property in the same neighborhood for new tenants recruitment and fees on contract renewal and assuming the leasing fee as half of monthly rent, used the historical figure for advertisement expense and estimated the renewal administration fee as half of renewal fee revenue and by using the average annual tenant turnover rate and occupancy rate.
Repair costs (including restoration fees)		1,103	Estimated from engineering report, the cost for comparable property, historical cost and historical turnover rate.
Other expenses		1,268	Ground rent and CATV
Net Operating Income		50,265	
Operating profit from deposits		138	Assuming 2% per annum yield on deposits.
Capital expenditures		1,171	Estimated by referring to the level of capital expenditures in comparable properties, building age and annual average of restoration expense listed on the engineering report.
Net Cash Flow		49,232	
Cap rate		4.9%	Estimated by taking account of market trend, locality and specific feature of the property.
DCF Price		989,000	
Discount rate		4.6%	Estimated by taking account of market trend, locality and specific feature of the property.
Terminal cap rate		5.1%	Risk adjusted direct cap rate.
Cost approach value		553,000	Careful consideration was made on the specific characteristic of the leasehold of the property in estimating the holding ratio of the leasehold.
Land ratio		60.7%	
Building ratio		39.3%	
Other matters of consideration			
None			

Real estate Appraiser	Japan Real Estate Institute	Real estate appraised value	¥1,450 million
Appraisal item		Appraised value	Basis
Income Capitalization Approach value		1,450,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.
Direct capitalization price		1,470,000	
Total potential profit		87,212	
Rent income		84,121	Estimation of mid to long-term stabilized rent from leasable units and parking spaces and others.
Other income		3,091	Income from key money and renewal fee and other fees.
Total effective profit		83,534	
Losses from vacancies, etc.		3,678	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.
Bad debts losses		0	No losses was assumed due to tenants' profile.
Expenses from rental business		14,951	
Maintenance and management fees		2,520	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Utilities costs		1,000	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Management commission fees		1,611	Estimated by referring to the cost of comparable property and adjusted for specific characteristics of the property.
Taxes and public dues		4,648	Estimated using 2014 tax base
Non-life insurance premiums		78	Estimated by referring to premium estimate and premiums for comparable properties.
Leasing Expenses		4,183	Estimated by referring to the applied terms in the property's current management contract and leasing terms for comparable property in the same neighborhood for new tenants recruitment and fees on contract renewal and assuming the leasing fee as half of monthly rent, used the historical figure for advertisement expense and estimated the renewal administration fee as half of renewal fee revenue and by using the average annual tenant turnover rate and occupancy rate.
Repair costs (including restoration fees)		911	Estimated from engineering report, the cost for comparable property, historical cost and historical turnover rate.
Other expenses		0	Not applicable.
Net Operating Income		68,583	
Operating profit from deposits		123	Assuming 2% per annum yield on deposits.
Capital expenditures		1,007	70% of flattened capital expenditure estimated in the engineering report.
Net Cash Flow		67,699	
Cap rate		4.6%	Estimated by taking account of market trend, locality and specific feature of the property.
DCF Price		1,430,000	
Discount rate		4.4%	Estimated by taking account of market trend, locality and specific feature of the property.
Terminal cap rate		4.8%	Risk adjusted direct cap rate.
Cost approach value		1,370,000	
Land ratio		70.9%	
Building ratio		29.1%	
Other matters of consideration			
None			

Real estate Appraiser	Japan Real Estate Institute		Real estate appraised value	¥2,050 million
Appraisal item		Appraised value	Basis	
Income Capitalization Approach value		2,050,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.	
Direct capitalization price		2,080,000		
Total potential profit		121,610		
Rent income		118,585	Estimation of mid to long-term stabilized rent from leasable units and parking spaces.	
Other income		3,025	Income from renewal fee.	
Total effective profit		116,671		
Losses from vacancies, etc.		4,939	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.	
Bad debts losses		0	No losses was assumed due to tenants' profile.	
Expenses from rental business		20,264		
Maintenance and management fees		3,498	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.	
Utilities costs		1,200	Estimated using historical figures and by referring to the cost of comparable property and adjusted for specific characteristics of the property.	
Management commission fees		2,152	Estimated by referring to the cost of comparable property and adjusted for specific characteristics of the property.	
Taxes and public dues		6,337	Exemptions on small-scale residence was assumed for land tax. Tax bases was estimated using the replacement cost for the building and provided estimates for depreciable assets.	
Non-life insurance premiums		103	Estimated by referring to premium estimate and premiums for comparable properties.	
Leasing Expenses		4,481	Estimated by referring to the applied terms in the property's current management contract and leasing terms for comparable property in the same neighborhood for new tenants recruitment and fees on contract renewal and assuming the leasing fee as half of monthly rent, used the historical figure for advertisement expense and estimated the renewal administration fee as half of renewal fee revenue and by using the average annual tenant turnover rate and occupancy rate.	
Repair costs (including restoration fees)		1,393	Assumed as 70% of the annual average of the capital expenditure on the engineering report.	
Other expenses		1,100	CATV and other costs.	
Net Operating Income		96,407		
Operating profit from deposits		404	Assuming 2% per annum yield on deposits.	
Capital expenditures		1,325	Estimated by referring to the level of capital expenditures in comparable properties, building age and annual average of restoration expense listed on the engineering report.	
Net Cash Flow		95,486		
Cap rate		4.6%	Estimated by taking account of market trend, locality and specific feature of the property.	
DCF Price		2,020,000		
Discount rate		4.4%	Estimated by taking account of market trend, locality and specific feature of the property.	
Terminal cap rate		4.8%	Risk adjusted direct cap rate.	
Cost approach value		1,900,000		
Land ratio		71.3%		
Building ratio		28.7%		
Other matters of consideration				
None				

Real estate Appraiser	Morii Appraisal & Investment Consulting Inc.	Real estate appraised value	¥1,990 million
Appraisal item		Appraised value	Basis
Income Capitalization Approach value		1,990,000	Income capitalization approach value was appraised using both DCF method and direct capitalization method.
Direct capitalization price		2,020,000	
Total potential profit		124,406	
Rent income		121,582	Estimation of mid to long-term stabilized rent from leasable units and parking spaces and others.
Other income		2,823	Income from renewal fee.
Total effective profit		117,387	
Losses from vacancies, etc.		7,019	Estimated using standard vacancy rate but adjusted for specific characteristics of the property.
Bad debts losses		0	Not applicable. Secured through guarantee deposit.
Expenses from rental business		20,216	
Maintenance and management fees		2,196	Estimated using historical figures and by referring to the cost of comparable property.
Utilities costs		1,588	Estimated using historical figures and by referring to the cost of comparable property.
Management commission fees		3,437	Estimated by referring to the cost of comparable property.
Taxes and public dues		5,519	Assesed using historical figures adjusted for depreciation.
Non-life insurance premiums		148	0.02% of replacement cost
Leasing Expences		4,201	Estimated as 1.5 month worth of new monthly rent.
Repair costs (including restoration fees)		2,427	Repair fees are estimated as 30% of repair fees assumed in the engineering report. Restoration fees are estimated using historical figures and turnover rated and referring to the level of expenditures in comparable properties.
Other expenses		700	Internet service fees
Net Operating Income		97,171	
Operating profit from deposits		269	Assuming 2% per annum yield on deposits.
Capital expenditures		2,425	70% of flattened capital expenditure estimated in the engineering report.
Net Cash Flow		95,015	
Cap rate		4.7%	Discount rate adjusted by risk on changes in future net income and principal value.
DCF Price		1,960,000	
Discount rate		4.5%	Estimated by taking account of market trend, locality and specific feature of the property.
Terminal cap rate		4.9%	Risk adjusted direct cap rate.
Cost approach value		1,190,000	
Land ratio		69.6%	
Building ratio		30.4%	
Other matters of consideration			
None			

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

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

The trust beneficiary conveyance agreements for the 9 assets-to-be-acquired (hereafter, the “Conveyance Agreements”) constitute a forward commitment or similar agreement ^(Note) 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 the provisions of the Conveyance Agreements by ADR or the seller, the other party shall have the right to terminate the Conveyance Agreement and claim an amount equivalent to 20% of the purchase price of the property as penalty for the agreement termination except for the following 6 properties. For the following 6 properties, the penalty amount is not specified in the Conveyance Agreement.

P-104) Chester Court Ochanomizu, P-105) RESIDIA Kanda-Iwamotocho II, P-106) RESIDIA Shinagawa, C-79) RESIDIA Akihabara, C-80) RESIDIA Asakusa-Azumabashi, C-83) RESIDIA Nihonbashi-Bakurocho III

However, under the Conveyance Agreement there is a special cancellation provision whereby ADR is obliged to procure funds for acquiring the assets-to-be-acquired for the provision to be annulled. Therefore, if ADR fails to procure the acquisition fund the Conveyance Agreement will be cancelled determinably or can be terminated by ADR notifying the seller. In this case, where the cancellation or termination of the Conveyance Agreement is not found to be attributable to ADR, ADR is not obliged to pay the penalty.

(Note) 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

P-104) Chester Court Ochanomizu, P-105) RESIDIA Kanda-Iwamotocho II, P-106) RESIDIA Shinagawa, C-79) RESIDIA Akihabara, C-80) RESIDIA Asakusa-Azumabashi, C-83) RESIDIA Nihonbashi-Bakurocho III

Trade name	G. K. RISING4
Head office location	3-1-1 Marunouchi, Chiyoda-ku, Tokyo, c/o Tokyo Kyodo Accounting Office
Representative	Managing partner General incorporated association RISING Administrator Hisayoshi Kitagawa
Principal business	1. Acquisition, ownership, disposal, leasing and management of real estate 2. Acquisition, ownership and disposal of beneficiary rights for real estate in trust 3. All business incidental to the above
Capital	100,000 yen
Date of the establishment	April 30, 2013
Total Assets	¥9,318 million (As of September 30, 2014)
Net Assets	¥40 million (As of September 30, 2014)
Relationship with ADR or its asset management company	
Equity relations Personal relations Business relations	There are no equity relations, personal relations or business relations required to be stated between G. K. RISING4 and ADR or the Asset Management Company
Applicability to related parties	The company and its related persons or companies do not apply as a related party to ADR or to ADIM.

* ADR is a partner holding 10.0% silent partnership interest in G.K.RISING4 through the investment of 254 million yen. The asset acquisitions were made possible by exercising the right of first refusal which was obtained through the investment in the partnership. Please refer to the press release “Notice Concerning Acquisition of Investment Assets (Silent Partnership Equity Interests)” dated June 26, 2013.

* When the amount of dividend paid to the partners exceed the earnings distributable to the partners, the net asset is decreased by the amount exceeded. The figures in the above tables do not reflect decrease in net asset, therefore, the figures are not actual current amounts.

P-103) RESIDIA Minami-Shinagawa, C-81) RESIDIA Oomori III, C-82) RESIDIA Nihonbashi-Bakurocho II

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	Wholesale, etc.
Capital	253,448 million yen
Date of the establishment	December 1, 1949
Total Assets	8,338,992 million yen (As of September 30,2014)
Net Assets	2,699,078 million yen (As of September 30,2014)
Large shareholder	Japan Trustee Services Bank, Ltd (Tr.Acc.) (As of September 30,2014)
Relationship with ADR or its asset management company	
Equity relations	As of July 2014, The company 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 Law concerning on Investment Trusts and Investment Corporatons.
Personal relations	As of July 2014, there are two ADIM personnel that are seconded from the company.
Business relations	There are no equity relations required to be Stated on the fiscal period ending July 2014.
Applicability to related parties	The company is a parent company of ADIM as such it applies as a related party.

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

P-103) RESIDIA Minami-Shinagawa

Property 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 Asset Management Company's by laws	-
Acquisition background, reason, etc.	Acquired for the purpose of rental housing development	-
Acquisition price	-	-
Delivery timing	-	-

C-81) RESIDIA Omori III

Property titleholders	Current titleholder	Previous titleholder
Name of company/individual	ITOCHU Corporation	Building : Century Tokyo Leasing Corporation
Relationship with party having particular vested interest	A related party as defined in the Asset Management Company's by laws	-
Acquisition background, reason, etc.	Land : Acquired for the purpose of rental housing development	-
Acquisition price	514 million yen	-
Delivery timing	Building : April 14, 2015 (Planned)	-

※The property was co-developed by ITOCHU Corporation and Century Tokyo Leasing Corporation.

※No cost related to transactions between the current titleholder and the previous titleholder have been borne by ADR.

C-82) RESIDIA Nihonbashi-Bakurocho II

Property 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 Asset Management Company's by laws	-
Acquisition background, reason, etc.	Acquired for the purpose of rental housing development	-
Acquisition price	-	-
Delivery timing	-	-

8. 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 with parties with vested interest listed in above "Property Titleholders (*for transactions with interested parties)" section.
- (2) Of the to-be-acquired assets listed above, ADR is scheduled to sign a master lease agreement and delegate property management services for 9 assets, 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.

9. Matters Concerning Earthquake Resistance

Of the to-be-acquired assets, P-103) RESIDIA Minami-Shinagawa, C-81) RESIDIA Oomori III, C-82) RESIDIA Nihonbashi-Bakurocho II have received notice of structural calculation conformity from the designated institution for the determination of structural calculation conformity based on the revisions to the Building Standards Law enforced in June 2007. For the other 6 to-be-acquired assets the validity of structural calculation documents on each of the assets has been examined by a third-party agency. ADR has obtained the following inspection 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 the law.

P-104) Chester Court Ochanomizu, P-105) RESIDIA Kanda-Iwamotocho II, P-106) RESIDIA Shinagawa, C-79) RESIDIA Akihabara, C-80) RESIDIA Asakusa-Azumabashi, C-83) RESIDIA Nihonbashi-Bakurocho III

Trade name	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Head office location	1-2-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	Nariki Yasuda, President and Representative Director
Principal business	Investigation, research and consulting on safety, disaster prevention, hygiene, product liability and real estate
Date of the establishment	August 1, 1996
Total Assets	Not disclosed according their wishes.
Net Assets	Not disclosed according their wishes.
Capital	100 million yen
Large shareholders	Tokio Marine Holdings, Inc.
Relationship with ADR or ADIM	None

10. Broker Profile

No Broker

11. Future Outlook

The effect on the management performance and dividend per unit forecast announced on November 28, 2014 for fiscal period ending January 2015 will be negligible. Therefore the forecast remains unchanged. The forecast for fiscal period ending July 2015 announced on September 8, 2014 in the Tanshin preliminary fiscal report for fiscal period ending July 2014 will also be unchanged at this time

<Attachments>

[Supplementary Materials]

1. Supplementary Materials after acquisition
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 assets

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

[Provisional Translation Only]

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

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

[Supplementary Materials]

(1) Supplementary Materials after acquisition

■ To-be-Acquired Asset

No.	Property number	Property	Acquisition price	Building ages (Note1)	NOI Yield (Note2)	Yield after depreciation (Note3)
(1)	P-103	RESIDIA Minami-Shinagawa	¥1,177 million	1.4 Years	5.0%	4.3%
(2)	P-104	Chester Court Ochanomizu	¥3,117 million	8.1 Years	5.2%	4.9%
(3)	P-105	RESIDIA Kanda-Iwamotocho II	¥1,280 million	8.0 Years	5.3%	4.7%
(4)	P-106	RESIDIA Shinagawa	¥980 million	7.8 Years	5.2%	4.5%
(5)	C-79	RESIDIA Akihabara	¥977 million	8.0 Years	5.5%	4.6%
(6)	C-80	RESIDIA Asakusa-Azumabashi	¥876 million	7.6 Years	5.7%	4.7%
(7)	C-81	RESIDIA Oomori III	¥1,395 million	2.3 Years	4.9%	4.3%
(8)	C-82	RESIDIA Nihonbashi-Bakurocho II	¥1,975 million	1.0 Years	4.9%	4.3%
(9)	C-83	RESIDIA Nihonbashi-Bakurocho III	¥1,833 million	7.1 Years	5.3%	4.4%
Weighted average of the 9 properties			¥13,610 million	5.7 Years	5.2%	4.5%

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

(Note2) The “NOI Yield” are calculated using the figures in the acquisition appraisal of to-be-acquired assets. The calculation are as follows; “Total annualized NOI ÷ Total 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 assets. The calculation is as follows; “(Total Annualized NOI listed on the appraisal at the time of acquisition – Total depreciation) ÷ Total acquisition price × 100”. The calculated yields are rounded at the second decimal point. Depreciation of the to-be-acquired assets are calculated using same straight-line method as the portfolio and expect total depreciation of 89,564 thousand yen per annum

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

	Acquired assets (including the to-be-acquired assets)	Disposed assets
Number of properties	103	42
Total acquisition price	¥146,925 million	¥68,725 million (note1)
Total deal value (a)	¥146,925 million	¥63,356 million
Appraisal (b)	¥158,311 million	¥61,122 million (note2)
Ratio (a) ÷ (b) × 100%	92.8%	103.7%
Weighted average NOI yield	6.0%(note3)	4.6%(note4)
Weighted average building age (Note 5)	4.9 yrs.	13.1 yrs.

(Note 1) The February 2010 appraisal price is used for the acquisition prices for properties originally held by Nippon Residential Investment Corporation.

(Note 2) “Appraisal” is the sum of the last appraisal value of each properties at the time of sale.

(Note 3) Weighted average NOI yield of acquisitions = Total annual NOI as entered on the appraisal of acquisitions ÷ Total of the acquisition prices × 100

(Note 4) Weighted average NOI yield of dispositions = Total actual annual NOI ÷ Total of the historical acquisition prices × 100

(Note 5) 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	733	(14)	(40)	(170)	0	(3)	506
Tokyo 23 Wards Exclusive of Central 7 Wards	1,636	658	418	13	0	10	2,735
Tokyo Metropolitan Area	398	10	(72)	0	(748)	0	(412)
Major Regional Cities	1,734	1,004	263	55	0	0	3,056
Total	4,501	1,658	569	(102)	(748)	7	5,885

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

Asset size (based on acquisition price)	424.1 billion yen
No. of properties	249 properties
No. of leasable units	20,121 units
Total leasable floor area	757,831 m ²

Area Diversification	Acquisition Price	Share of Investment
Total	424.1 billion yen	100.0 %
P (Tokyo Central 7 Wards)	168.2 billion yen	39.7 %
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	133.4 billion yen	31.5 %
S (Tokyo Metropolitan Area)	41.2 billion yen	9.7 %
R (Major Regional Cities)	81.1 billion yen	19.1 %

[Reference Material]

Photo of the to-be-acquired assets

(1) P-103) RESIDIA Minami-Shinagawa



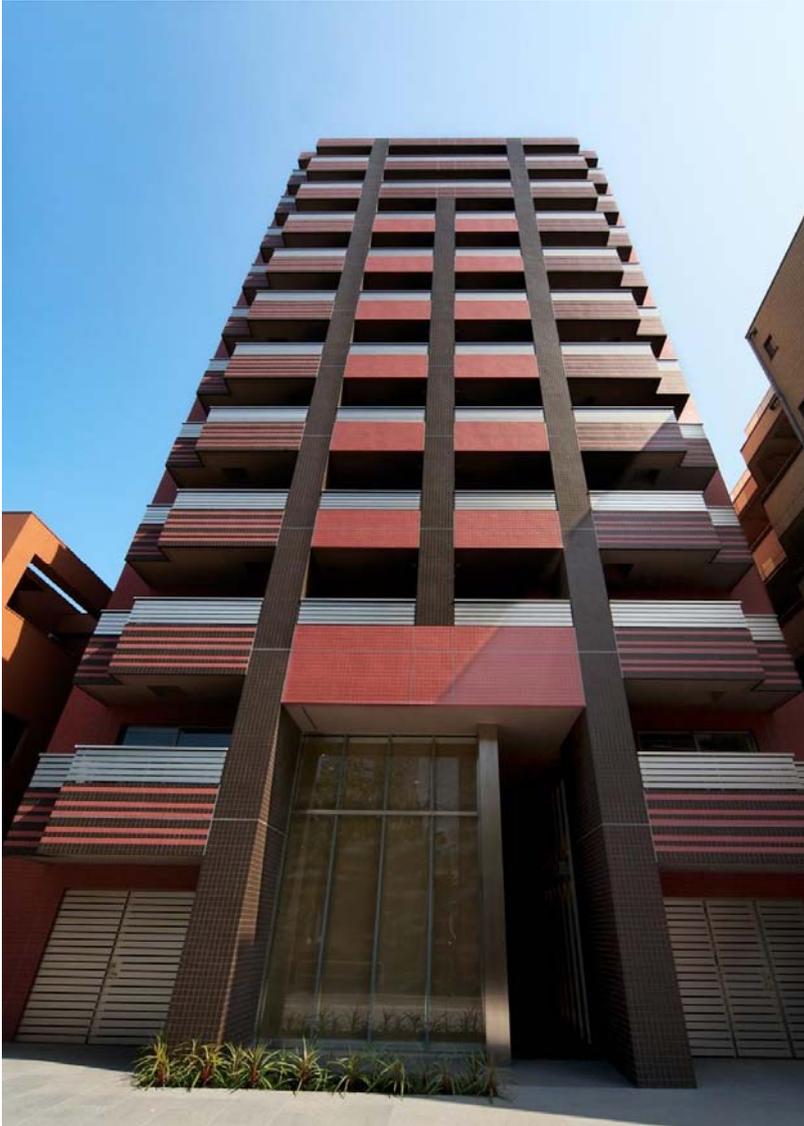
(2) P-104) Chester Court Ochanomizu



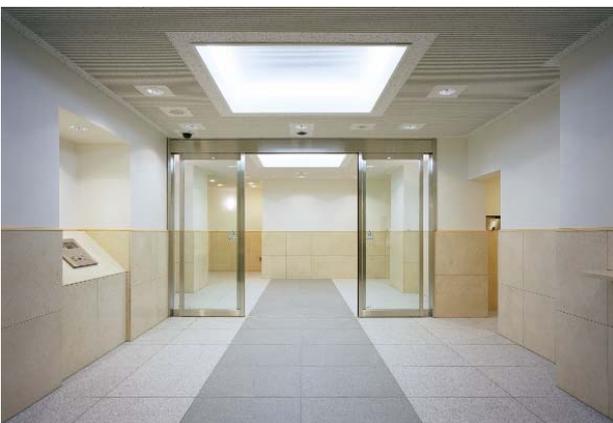
(3) P-105) RESIDIA Kanda-Iwamotocho II



(4) P-106) RESIDIA Shinagawa



(5) C-79) RESIDIA Akihabara



(6) C-80) RESIDIA Asakusa-Azumabashi



(7) C-81) RESIDIA Oomori III



(8) C-82) RESIDIA Nihonbashi-Bakurocho II



(9) C-83) RESIDIA Nihonbashi-Bakurocho III

