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For Immediate Release

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Notice Concerning the Conversion of Existing Floating Rate Loans to Fixed Rate Loans and Related Refinancing Activities

Advance Residence Investment Corporation (ADR) announced today its decisions regarding the refinancing activities relating to the existing floating rate loans as detailed below.

1 . Details of the Refinancing Activities Relating to the Existing Floating Rate Loans

ADR will refinance some of the floating rate loans made between February to April of 2016, with an aim to reduce the risk of future rate rise by amending the contract to convert the floating rate to fixed rate, partially refinance with new fixed rate loans and partially repay loans early using cash-on-hand.

(Note 1) Please refer to the “Notice Concerning Debt Financing and Repayment of Loan” dated February 23, 2016 and March 16, 2016 for details.

Building a Stable Financial Base by Reducing the Risk of Future Interest Rate Rise

Before the refinancing activities		After the refinancing activities (As of January 31, 2017)			Ref.
Existing Loans Subject to Refinancing	11,260 million yen	Contract Amendments (rate conversion & term extension)	8,670 million yen		Section 2
		Debt Financing (fixed rate loan)	2,000 million yen		Section 3
		Repayment by Cash-on-hand	590 million yen		
		Total	11,260 million yen		

	Before the refinancing activities (Note2)	After the refinancing activities (Note 2) (As of January 31, 2017)
Ratio of Fixed Interest Rate Debts	92.3%	97.3%
Weighted Average Remaining Duration	4.15 year	4.21 year

(Note 2) Figures are calculated using the interest rates and the repayment date, as of the date of this press release, for the 3.25 billion yen loans that are due on January 31, 2017 and which the refinancing details are not decided.

2 . Contract Amendments (rate conversion & term extension)

Loan Contracts Subject for Amendment: Loan Contracts dated February 25 and March 22 of 2016
 Amendment Contract Date: December 27, 2016
 Amendment Effective: January 31, 2017

Before the Amendment

No.	Lenders	Drawdown Date	Loan Balance (mm yen)	Interest Rate	Principal Repayment date	Remaining Duration (Note 3)	Principal Repayment	Collateral/ Guarantee
1	Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd.	February 29, 2016	2,070	Base Rate (JBA 1 month yen TIBOR) +0.36%	February 28, 2026	9.1 year	Pay in full on maturity	Unsecured Non-guaranteed
2	Mitsubishi UFJ Trust and Banking Corporation	February 29, 2016	2,500	Base Rate (JBA 1 month yen TIBOR) +0.31%	February 28, 2025	8.1 year		
3	Mizuho Bank, Ltd. Mizuho Trust & Banking	March 24, 2016	1,650	Base Rate (JBA 1 month yen TIBOR) +0.33%	March 24, 2026	9.1 year		
4	Resona Bank, Limited	March 24, 2016	900 (Note 5)	Base Rate (JBA 1 month yen TIBOR) +0.26%	March 24, 2025	8.1 year		
5	Mitsubishi UFJ Trust and Banking Corporation	March 24, 2016	1,150	Base Rate (JBA 1 month yen TIBOR) +0.22%	March 24, 2024	7.1 year		
6	Mizuho Bank, Ltd.	April 14, 2016	400	Base Rate (JBA 1 month yen TIBOR) +0.33%	March 24, 2026	9.1 year		
	Total or Weighted Average		8,670			8.5 year		

After the amendment (changes are underlined)

No.	Lenders	Drawdown Date	Loan Balance (mm yen)	Interest Rate (Note 4) (Fixed Rate)	Principal Repayment date	Remaining Duration (Note 3)	Principal Repayment	Collateral/ Guarantee
1	Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd.	February 29, 2016	2,070	<u>Unfixed</u>	<u>January 29, 2027</u>	<u>10.0 year</u>	Pay in full on maturity	Unsecured Non-guaranteed
2	Mitsubishi UFJ Trust and Banking Corporation	February 29, 2016	2,500	<u>Unfixed</u>	<u>January 30, 2026</u>	<u>9.0 year</u>		
3	Mizuho Bank, Ltd. Mizuho Trust & Banking	March 24, 2016	1,650	<u>Unfixed</u>	<u>January 29, 2027</u>	<u>10.0 year</u>		
4	Resona Bank, Limited	March 24, 2016	900 (Note 5)	<u>Unfixed</u>	<u>January 30, 2026</u>	<u>9.0 year</u>		
5	Mitsubishi UFJ Trust and Banking Corporation	March 24, 2016	1,150	<u>Unfixed</u>	<u>January 31, 2025</u>	<u>8.0 year</u>		
6	Mizuho Bank, Ltd.	April 14, 2016	400	<u>Unfixed</u>	<u>January 29, 2027</u>	<u>10.0 year</u>		
	Total or Weighted Average		8,670			<u>9.3 year</u>		

(Note3) Remaining durations are calculated from the scheduled amendment date.

(Note4) The interest rate for the loan will be announced on a later date.

(Note5) The loan balance as of today is 1.15 billion yen. As mentioned in the following section "4. Details of Early Repayment of Loans" 250 million yen of the loan will be subject to early repayment on January 31, 2017, therefore the balance after the repayment is listed on the table.

3. Debt Financing (fixed rate)

(1) Details of the Debt Financing

No.	Lender	Planned Drawdown Date	Scheduled Amount (mm yen)	Interest Rate ^(Note6) (fixed rate)	Principal Repayment date	Repayment Period	Principal Repayment	Collateral/ Guarantee
1	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	January 31, 2017	1,000	Unfixed	January 29, 2027	10.0 year	Pay in full on maturity	Unsecured Non-guaranteed
2	Sumitomo Mitsui Trust Bank, Limited	January 31, 2017	1,000	Unfixed	January 29, 2027	10.0 year		
Total or Weighted Average			2,000			10.0 year		

(Note 6) The interest rate for the loans will be announced on a later date. The interest payment dates are, last business day of every January, April, July, October and the principal repayment date starting from April 2017.

(2) Purpose of the Debt Financing

The purpose of the debt financing is to repay early part of existing loans ^(Note7) on January 31, 2017 with the procured funds.

(Note 7) The 590 million yen difference between the January 31, 2017 early repayment amount of 2.59 billion yen as detailed on the following section "4. Details of Early Repayment of Loans", will be repaid using funds on hand.

(3) Contract Date of Debt Financing

December 27, 2016

4. Details of Early Repayments of Loans

Early Repayment Date : January 31, 2017

Initial Drawdown Date	Principal Repayment Deadline	Lender	Loan outstanding before repayment [A]	Early Repayment amount as of January 31, 2017 [B]	Loan outstanding after repayment [A]-[B]
February 29, 2016	February 29, 2024	Shinsei Bank	990	990	0
March 24, 2016	March 24, 2025	Resona Bank, Limited	1,150	250	900
March 24, 2016	March 24, 2024	Shinsei Bank	500	500	0
April 14, 2016	March 24, 2024	Shinsei Bank	350	350	0
April 28, 2016	April 28, 2024	The Kagawa Bank, Ltd.	500	500	0
		Total or Weighted Average	3,490	2,590	900

Reference Material: Debt Financing Balance (As of January 31, 2017) ^(Note 8)

(JPY: thousand)

	Before Refinancing	After Refinancing	Increase (Decrease)
Short-term Loans ^(Note 9)	0	0	-
Long-term Loans ^(Note 9)	190,864,329	190,274,329	(590,000)
Total Loans	190,864,329	190,274,329	(590,000)
Corporate Investment Bonds	33,500,000	33,500,000	-
Total interest-bearing debt	224,364,329	223,774,329	(590,000)

(Note8) The balance assumes that the existing loans totaling 4.5 billion yen that is maturing on January 31, 2017 will be fully refinanced as long-term loans and that there are no other changes in the amount of loans and bonds.

(Note9) Short-term loans are loans with repayment dates within one year from drawdown date and long-term loans are loans with repayment dates that are more than one year away.

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

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