

January 8, 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 Issuance of New Investment Units Through Public Offering and
Secondary Distribution of Investment Units**

Advance Residence Investment Corporation (ADR) announced the following resolution concerning the issuance of new investment units and secondary distribution of investment units passed at a meeting of its board of directors held today.

1. Primary Offering of New Investment Units (public offering)

- (1) Total number of investment units to be offered
135,000 units
- (2) Issue price (offering price)
To be determined
The issue price (offering price) for the primary offering, the indicative price range being the closing price of the investment units of ADR (hereafter, ADR investment units) at Tokyo Stock Exchange, Inc. (TSE) on one day between January 21, 2013 (Monday) and January 24, 2013 (Thursday) (hereafter, the "Issue Price Finalization Day") (when there is no closing price on that day, the closing price on the most recent day preceding that day), subtracting the forecast dividend of ¥4,500 per unit and multiplied by a factor between 0.90 and 1.00 (rounded down to the nearest ¥1), shall be determined after taking into consideration the demand conditions and other factors into account.
- (3) Paid-in amount (issue amount)
To be determined
(The paid-in amount (issue amount) shall be determined at a meeting of the board of directors to be held on the Issue Price Finalization Day. The paid-in amount (issue amount) is the amount per ADR investment unit that ADR is to receive from the underwriters indicated in (5) below as the payment for new investment units.)
- (4) Total of the paid-in amount (issue amount)
To be determined
- (5) Offering method
The offering shall be a public offering in which all ADR investment units subject to the primary offering shall be underwritten by the following companies (hereafter, collectively referred to as the "Underwriters"):

Mizuho Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
(above two companies are hereafter, collectively referred to as the "Joint Lead Managers")
SMBC Nikko Securities Inc.
Nomura Securities Co., Ltd.

Daiwa Securities Co., Ltd.
Okasan Securities Co., Ltd.
Tokai Tokyo Securities Co., Ltd.

- (6) Underwriting agreement details
The Underwriters shall pay ADR the total issue amount on the payment date indicated in (10) below, and the total difference between the issue price (offering price) and paid-in amount (issue amount) shall be the proceeds of the Underwriters. No underwriting fee shall be paid by ADR.
- (7) Book building period
From January 16, 2013 (Wednesday) to the Issue Price Finalization Day
- (8) Application unit
One unit or more in multiples of one unit
- (9) Application period
From January 25, 2013 (Friday) to January 28, 2013 (Monday)
The above application period may be moved up in consideration of the demand conditions and other factors. In that case, the earliest that the application period may be moved up shall be January 22, 2013 (Tuesday) to January 23, 2013 (Wednesday).
- (10) Payment deadline
February 1, 2013 (Friday)
- (11) Delivery deadline
February 4, 2013 (Monday)
- (12) The issue price (offering price), paid-in amount (issue amount) and other matters necessary for this issuance of new investment units shall be finalized at a future meeting of the board of directors of ADR. However, changes prior to official decisions shall be left to the discretion of the executive director.
- (13) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law takes effect.

2. Secondary Distribution of Investment Units (Secondary Distribution Via Over-Allotment)

- (1) Distributor
Mizuho Securities Co., Ltd.
- (2) Number of investment units to be distributed
5,000 units
The secondary distribution via over-allotment shall be a secondary distribution by Mizuho Securities Co., Ltd. implemented separate from the primary offering. The distribution shall take into consideration the demand conditions and other factors of the primary offering. The above number of investment units to be distributed indicates the maximum number of investment units that can be distributed through the secondary distribution via over-allotment. This number may be reduced or the secondary distribution via over-allotment itself may not take place at all as a result of demand conditions and other factors.
- (3) Distribution price
To be determined
(The distribution price shall be determined on the Issue Price Finalization Day. The distribution price shall be the same price as the issue price (offering price) of the primary offering.)
- (4) Total distribution amount
To be determined
- (5) Distribution method
Taking the demand conditions and other factors of the primary offering into consideration, Mizuho Securities Co., Ltd. will borrow from ADR unitholders (ITOCHU Corporation) maximum of 5,000 ADR investment units to implement a secondary distribution.
- (6) Application unit
One unit or more in multiples of one unit

- (7) Application period
The application period shall be the same as the application period of the primary offering.
- (8) Delivery deadline
February 4, 2013 (Monday)
- (9) The distribution price and other matters necessary for this secondary distribution of investment units shall be finalized at a future meeting of the board of directors of ADR. However, changes prior to official decisions shall be left to the discretion of the executive director.
- (10) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law takes effect.

3. Issuance of New Investment Units to be Offered by Way of Third-Party Allotment

- (1) Number of investment units to be offered
5,000 units
- (2) Allottee and number of units to be allotted
Mizuho Securities Co., Ltd.
5,000 units
- (3) Paid-in amount (issue amount)
To be determined
(To be determined on the Issue Price Finalization Day. Furthermore, the paid-in amount (issue amount) shall be the same as the paid-in amount (issue amount) of the primary offering.)
- (4) Total paid-in amount (issue amount)
To be determined
- (5) Application unit
One unit or more in multiples of one unit
- (6) Application period (application deadline)
February 26, 2013 (Tuesday)
- (7) Payment deadline
February 27, 2013 (Wednesday)
- (8) If there are no applications for all or a part of the investment units to be issued on or before the application period (by the application deadline) indicated in (6) above, the issue of such units shall be canceled.
- (9) The paid-in amount (issue amount) and other matters necessary for this issuance of new investment units by way of third-party allotment shall be finalized at a future meeting of the board of directors of ADR.
- (10) When the primary offering is canceled, this issuance of new investment units by way of third-party allotment shall also be canceled.
- (11) Each of the items above shall be subject to the condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law takes effect.

<Reference>

1. About Secondary Distribution via Over-Allotment, etc.

- (1) Upon the primary offering, Mizuho Securities Co., Ltd. may implement a secondary distribution of ADR investment units (a maximum of 5,000 units) that it shall borrow from ADR unitholder (ITOCHU Corporation) (hereafter, the “secondary distribution via over-allotment”). The number of investment units to be distributed through the secondary distribution via over-allotment indicates the maximum number of investment units that can be distributed. This number may be reduced or the secondary distribution via over-allotment itself may not take place at all as a result of demand conditions and other factors.

Upon the secondary distribution via over-allotment, ADR’s board of directors passed a resolution at a meeting held on January 8, 2013 (Tuesday) to issue ADR investment units totaling 5,000 units through a third-party allotment with Mizuho Securities Co., Ltd. as the allottee (hereafter, the “third-party allotment”) and February 27, 2013 (Wednesday) as the payment deadline for the purpose of Mizuho

Securities Co., Ltd. acquiring the ADR investment units it requires to return the above-mentioned ADR investment units it has borrowed from ADR unitholder (ITOCHU Corporation) (hereafter, the “borrowed investment units”).

The third-party allotment is an option ADR grants to Mizuho Securities Co., Ltd. (hereafter, the “green shoe option”) with February 22, 2013 (Friday) set as the deadline for exercising the green shoe option.

- (2) During the period from the day after the end date of the application period for the primary offering and secondary distribution via over-allotment to February 22, 2013 (Friday) (hereafter, the “syndicate cover transaction period”), there are instances where Mizuho Securities Co., Ltd. may acquire ADR investment units on the Tokyo Stock Exchange up to the number of investment units distributed through the secondary distribution via over-allotment (hereafter, the “syndicate cover transaction”) for the purpose of returning the borrowed investment units. The ADR investment units that Mizuho Securities Co., Ltd. acquires in the syndicate cover transaction will all be allocated to returning the borrowed investment units. There may be cases during the syndicate cover transaction period where, at the discretion of Mizuho Securities Co., Ltd., no syndicate cover transaction is performed whatsoever or the syndicate cover transaction is ended even if the number of investment units acquired is less than the number of investment units of the secondary distribution via over-allotment.
- (3) Mizuho Securities Co., Ltd. may conduct stabilizing transactions in correlation with the primary offering and secondary distribution via over-allotment. All or some of the ADR investment units acquired through said stabilizing transactions may be allocated to returning the borrowed investment units.

Mizuho Securities Co., Ltd. plans to agree to the third-party allotment by exercising the green shoe option to acquire ADR investment units for the number of investment units arrived at when the number of investment units from the syndicate cover transaction and stabilizing transactions to be allocated to returning borrowed investment units is subtracted from the number of investments units distributed in the secondary distribution via over-allotment. Accordingly, there are instances where an application will not be filed for all or part of the number of investment units issued in the third-party allotment, which would cause the number of investment units ultimately issued through the third-party allotment to decrease depending on the number of units for which there are applications or the issue itself to not take place at all as a result of the forfeiture.

Whether or not the secondary distribution via over-allotment will take place and the number of investment units to be distributed in the case that the secondary distribution via over-allotment takes place is determined on the Issue Price Finalization Day. If no secondary distribution via over-allotment is to take place, the above mentioned borrowing of ADR investment units from ADR unitholders by Mizuho Securities Co., Ltd. will not take place. Accordingly, no green shoe option will be granted to Mizuho Securities Co., Ltd., it will not agree to the third-party allotment and there will be no applications, which will mean there will be no issuance of new investment units by way of the third-party allotment at all as a result of the forfeiture. No syndicate cover transaction will be performed on the TSE either.

- (4) Mizuho Securities Co., Ltd. shall consult with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd, regarding the transaction described above before it conducts the transaction.

2. Changes in Total Number of Investment Units Issued and Outstanding Due to This Issuance of New Investment Units

Total number of investment units issued and outstanding at present 1,100,000 units

Increase in number of investment units due to issuance of new investment units through primary offering 135,000 units

Total number of investment units issued and outstanding after issuance of new investment units through primary offering 1,235,000 units

Increase in number of investment units due to issuance of new investment units by way of third-party allotment 5,000 units ^(Note)

Total number of investment units issued and outstanding after issuance of new investment units by way of third-party allotment 1,240,000 units ^(Note)

^(Note) When all new investment units by way of the third-party allotment are issued.

3. Purpose and Reason for Issuance

Considerations made, while also paying heed to ADR's LTV level (the ratio of interest-bearing liabilities), levels of net income per investment unit, dividend per unit level and other factors, led to the decision to issue new investment units for the purpose of enhancing the revenue-generating capacity of the portfolio through new acquisition of specified assets (refers to the assets listed in Article 2, Paragraph 1 of the Investment Trusts and Investment Corporations Law; the same hereafter).

4. Amount, Use and Schedule of Expenditure of Procured Funds

(1) Amount of Procured Funds (Estimated Net Proceeds)

¥ 22,152,900,000 (at maximum)

(Note 1) The sum total amount of ¥21,361,725,000 in estimated proceeds from the primary offering and ¥791,175,000 in estimated maximum proceeds from the issuance of new investment units by way of the third-party allotment is shown.

(Note 2) The above amount is the estimated amount calculated based on the closing price on the TSE as of December 19, 2012 (Wednesday).

(2) Specific Use and Schedule of Expenditure of Procured Funds

The procured funds will be used to fund the acquisition of the specified assets that ADR is scheduled to acquire (details are outlined in the "Notice Concerning Acquisition of Investment Assets (RESIDIA Meguro III and 11 other properties)" dated today.)

5. Designation of Distribution Recipients

Not applicable.

6. Future Prospects

Future prospects are as presented in the "Notice Concerning Revision of Management Performance Forecasts for Sixth Fiscal Period and Management Performance Forecasts for Seventh Fiscal Period" dated today.

7. Management Performance and Equity Financing Over Past Two Fiscal Periods

(1) Management Performance Over Past Three Fiscal Periods

	Fiscal period ended July 2011	Fiscal period ended January 2012	Fiscal period ended July 2012
Earnings per share	¥ 1,433	¥ 4,079	¥ 4,198
Dividend per unit	¥ 4,500	¥ 4,500	¥ 4,724
Payout ratio	313.9%	110.3%	112.7%
Net assets per unit	¥ 161,048	¥ 160,640	¥ 157,413

(Note) Earnings per share = Net Income ÷ weighted average No. of units

(2) Recent Investment Unit Prices

(i) Over Past Three Fiscal Periods

	Fiscal period ended July 2011	Fiscal period ended January 2012	Fiscal period ended July 2012
Starting price	¥ 172,900	¥ 163,300	¥ 137,700
Highest price	¥ 173,500	¥ 163,500	¥ 159,900
Lowest price	¥ 110,100	¥ 133,800	¥ 135,000
Closing price	¥ 162,200	¥ 137,500	¥ 152,900

(ii) Over Past Six Months

	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013
Starting price	¥ 152,500	¥ 159,000	¥ 163,200	¥ 174,800	¥ 171,600	¥ 181,800
Highest price	¥ 159,500	¥ 166,300	¥ 174,900	¥ 176,500	¥ 178,900	¥ 182,800
Lowest price	¥ 149,800	¥ 154,200	¥ 160,100	¥ 163,000	¥ 168,800	¥ 179,300
Closing price	¥ 157,700	¥ 164,200	¥ 173,000	¥ 172,900	¥ 177,100	¥ 182,300

(Note) The investment unit prices for January 2013 show the prices as of January 7, 2013.

(iii) Investment Unit Prices on Business Day Preceding Issuance Resolution Date

	January 7, 2013
Starting price	¥ 181,400
Highest price	¥ 182,800
Lowest price	¥ 181,100
Closing price	¥ 182,300

(3) Equity Financing Over Past Three Fiscal Periods

【Capital Increase through Public Offering】

Issue date	February 1, 2012
Amount of procured funds	¥ 14,231,690,000
Issue price	¥ 129,379
Total number of investment units issued and outstanding upon offering	980,000 units
Number of investment units issued through the public offering	110,000 units
Number of investment units issued and outstanding after the public offering	1,090,000 units
Initial use of procured funds at the time of issuance	To fund the acquisition of new properties.
Schedule of expenditure at the time of issuance	After February 2012
Status of expenditure to date	The entire amount of the procured funds has been allocated for the initial use.

【Capital Increase by Way of Third-Party Allotment】

Issue date	February 29, 2012
Amount of procured funds	¥ 1,293,790,000
Issue price	¥ 129,379
Total number of investment units issued and outstanding upon offering	1,090,000 units
Number of investment units issued through the third-party allotment	10,000 units
Number of investment units issued and outstanding after the third-party allotment	1,100,000 units
Initial use of procured funds at the time of issuance	To fund the acquisition of new properties.
Schedule of expenditure at the time of issuance	After February 2012
Status of expenditure to date	The entire amount of the procured funds has been allocated for the initial use.

8. Other (Restrictions on Sale or Additional Issuance)

(1) Restrictions on Sale

ITOCHU Corporation is a unitholder of ADR holding 34,800 units of ADR investment units as of today. ITOCHU Corporation has reached an agreement with the Joint Lead Managers concerning the primary offering to not sell, grant collateral, lend, etc. the ADR investment units held from prior to the primary offering or to be obtained through the primary offering (except for lending them to Mizuho Securities

Co., Ltd. for the Secondary Distribution via Over-Allotment) for the period up to the date that marks six months from the payment deadline for the primary offering without prior written approval of the Joint Lead Managers.

ITOCHU Property Development, Ltd., Nippon Tochi-Tatemono Co., Ltd., and AD Investment Management Co., Ltd. are unitholders of ADR holding 4,500 units, 4,500 units, and 400 units, respectively, of ADR investment units as of today. ITOCHU Property Development, Ltd., Nippon Tochi-Tatemono Co., Ltd., and AD Investment Management Co., Ltd. have reached an agreement with the Joint Lead Managers concerning the primary offering to not sell, grant collateral, lend, etc. the ADR investment units held from prior to the primary offering for the period up to the date that marks six months from the payment deadline for the primary offering without prior written approval of the Joint Lead Managers.

(2) Restrictions on Additional Issuance

ADR has reached an agreement with the Joint Lead Managers concerning the primary offering that ADR will not engage in an issuance of new investment units (provided, however, that such restriction shall not apply to the issuance of new investment units through the primary offering, the third-party allotment or splits of investment units) for the period up to the date that marks three months from the payment deadline for the primary offering without prior written approval of the Joint Lead Managers.

In either of the cases (1) or (2) above, the Joint Lead Managers possess the discretion to cancel or relax all or part of the concerned restrictions.