

August 6, 2009

For Immediate Release

Advance Residence Investment Corporation

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Notice Concerning Signing of Letter of Intent for Merger of Asset Management Companies

Advance Residence Investment Corporation (ADR) and Nippon Residential Investment Corporation (NRIC) announced their asset management companies AD Investment Management Co., Ltd. (ADIM) and Pacific Residential Corporation (PRS), respectively, each held a meeting of its board of directors on August 6, 2009, at which such agreements as the merging of ADIM and PRS (hereafter, the “Merger of Asset Management Companies”) were reached and the decision to sign into a letter of intent for the Merger of Asset Management Companies was made.

1. Purpose of Merger

As announced in the “Notice Concerning Signing of Letter of Intent for Merger of Investment Corporations” issued today by ADR and ADIM as well as NRIC and PRS, ADR and NRIC have commenced discussions aimed at merging (hereafter, the “Merger of Investment Corporations”) and have deemed that carrying out the Merger of Asset Management Companies at the same time as the Merger of

Investment Corporations would be the optimal approach. Specifically, in conducting the asset management for the post-merger investment corporation (hereafter, the “New Investment Corporation”), the pursuit of efficient asset management by assuming PRS’ personnel, who have a good command of the features, status, etc. of NRIC properties, as well as assuming PRS’ systems, which are suited to NRIC properties, and such is thought to lead to increasing the New Investment Corporation’s unitholder value.

2. Issues on Conflicts of Interest

As announced in the “Notice Concerning Acquisition of Shares (Conversion into Subsidiary)” issued today by ADR and ADIM, ADIM will acquire PRS shares from Pacific Holdings, Inc., which has received a district court order of commencement of corporate reorganization proceedings. This will result in ADIM and PRS, the relationship of which will be a parent company and its subsidiary, each managing the assets of different investment corporations during the period until the Merger of Investment Corporations becomes effective, but measures will be taken to protect information and prevent other conflicts of interest between the two companies.

As the Merger of Investment Corporations is scheduled to be subsequently carried out at the same time as the Merger of Asset Management Companies, the understanding is that no conflicts of interest will arise between ADR and NRIC from the Merger of Asset Management Companies.

For the future investment policy and other details, please refer to “6. Future Outlook” below.

3. Outline of Merger

(1) Schedule of Merger

Signing of letter of intent for merger	August 6, 2009
Signing of merger agreement	September 2009 (scheduled to be on the same date as the signing of the merger agreement based on the letter of intent for the merger signed into today by ADR and NRIC)

(2) Merger Form

In the form of an absorption-type merger with ADIM as the surviving company and PRS will be dissolved as a result of the merger.

(3) Content of Allotment in Relation to Merger

The content of allotment in relation to the merger is yet to be determined at this stage and will be notified at a later date once it is determined.

4. Overview of Companies Involved in Merger

(1) Trade Name	AD Investment Management Co., Ltd. (company being merged into)	Pacific Residential Corporation (company merging into another)
(2) Description of Business	<p>i. Investment trust entrustment business (Note)</p> <p>ii. Investment corporation asset management business (Note)</p> <p>iii. Building lots and buildings transaction business directly related to i. or ii.</p> <p>iv. All work incidental or related to any preceding item</p> <p>(Note) The underlying laws and ordinances have changed in correlation with enactment of the Law for Amending the Securities and Exchange Law and Other Financial Laws (Law No. 65 of 2006), changing the name of the business to financial instruments business (investment management business).</p>	<p>i. Investment management business</p> <p>ii. Work on management of assets of investment corporations other than the preceding item</p> <p>iii. Entrustment with administration associated with operating investment corporations' organization and other general administration based on the Investment Trusts and Investment Corporations Law</p> <p>iv. Building lots and buildings transaction business</p> <p>v. Real estate management work</p> <p>vi. All work incidental or related to any preceding item</p>
(3) Date Established	February 2, 2005	June 21, 2001
(4) Head Office Location	3-12 Kioicho, Chiyoda-ku, Tokyo	1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo
(5) Representative	Kenji Kousaka	Takeshi Takano
(6) Paid-in Capital	300 million yen	320 million yen
(7) Total Number of Shares Issued and Outstanding	6,000 shares	6,400 shares
(8) Net Assets	381 million yen	861 million yen
(9) Total Assets	402 million yen	1,027 million yen
(10) End of Fiscal Year	March	March
(11) Number of Employees	21 employees	34 employees
(12) Shareholders and their Shareholdings (number of shares held as a percentage of total number of shares issued and outstanding)	<p>(as of March 31, 2009)</p> <p>ITOCHU Corporation 45%</p> <p>ITOCHU Property Development Co., Ltd. 20%</p> <p>Nippon Tochi-Tatemono Co., Ltd. 20%</p> <p>Aozora Bank, Ltd. 3%</p> <p>Orient Corporation 3%</p> <p>Sumitomo Trust & Banking Co., Ltd. 3%</p> <p>Century21 Real Estate of Japan Ltd. 3%</p> <p>Mizuho Trust & Banking Co., Ltd. 3%</p>	<p>(as of March 31, 2009)</p> <p>Pacific Holdings, Inc. 93.8%</p> <p>The Bank of Tokyo-Mitsubishi UFJ, Ltd. 3.1%</p> <p>Odakyu Real Estate Co., Ltd. 3.1%</p>
(13) Main Financing Bank(s)	Mizuho Bank, Ltd. Mizuho Corporate Bank, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(14) Relationship with Investment Corporation and Asset Management Company	<ul style="list-style-type: none"> • Kenji Kousaka concurrently serves as the president of ADIM and executive director of ADR, but this concurrent holding of positions has been reported to the Commissioner of the Financial Services Agency on March 5, 2008 pursuant to the provisions of Article 31-4, Paragraph 4 of the Financial Instruments and Exchange Law. • As of December 31, 2008, there are no capital ties between ADR and ADIM. 	<ul style="list-style-type: none"> • Takeshi Takano, who is president and chairman of the board of PRS, is a substitute chief executive officer of NRIC. • PRS holds 200 units (0.08%) of NRIC's investment units.

5. Post-Merger Status

- (1) Trade Name: AD Investment Management Co., Ltd. (planned)
- (2) Description of Business: Yet to be determined at this stage and will be notified once it is determined.
- (3) Head Office Location: Yet to be determined at this stage and will be notified once it is determined.
- (4) Representative: Yet to be determined at this stage and will be notified once it is determined.
- (5) Paid-in Capital: Yet to be determined at this stage and will be notified once it is determined.
- (6) Total Assets: Yet to be determined at this stage and will be notified once it is determined.
- (7) End of Fiscal Year: March

6. Future Outlook

- (1) Content of Change in Asset Management Agreement
Yet to be determined at this stage and will be notified once it is determined.
- (2) Content of Change in Structure
Yet to be determined at this stage and will be notified once it is determined.
- (3) Content of Change in Decision-Making Structure for Investment Management
Yet to be determined at this stage and will be notified once it is determined.
- (4) Content of Change in Rules for Compliance or Related Parties
Yet to be determined at this stage and will be notified once it is determined.
- (5) Content of Change in Investment Policy
Yet to be determined at this stage and will be notified once it is determined.
- (6) Content of Change in Agreement with Sponsors, Etc.
Yet to be determined at this stage and will be notified once it is determined.

Moreover, in compliance with the Financial Instruments and Exchange Law, Building Lots and Buildings Transaction Business Law and other applicable laws, ordinances and regulations, the required filing and other procedures will be performed in relation to this matter. Further notice will be made on the filing content and timing once they are determined.

* 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 for the two investment corporations:

Advance Residence Investment Corporation	http://www.adr-reit.com
Nippon Residential Investment Corporation	http://www.nric.co.jp

[Provisional Translation Only]

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