

August 6, 2009

For Immediate Release

Advance Residence Investment Corporation

Securities Code: 8978
3-12 Kioicho, Chiyoda-ku, Tokyo
Kenji Kousaka, Executive Director

Asset Management Company:
AD Investment Management Co., Ltd.
3-12 Kioicho, Chiyoda-ku, Tokyo
Kenji Kousaka, President

Inquiries:
Kazuhito Akamatsu, Director
TEL. +81-3-5216-1871

Nippon Residential Investment Corporation

Securities Code: 8962
1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo
Masaru Nishimura, Chief Executive Officer

Asset Management Company:
Pacific Residential Corporation
1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo
Takeshi Takano, President and Chairman of the Board

Inquiries:
Shigeki Hirayama, Director
TEL. +81-3-3518-0480

Notice Concerning Signing of Letter of Intent for Merger of Investment Corporations

Advance Residence Investment Corporation (ADR) and Nippon Residential Investment Corporation (NRIC) announced each held a meeting of its board of directors on August 6, 2009, at which the decision to sign into a letter of intent for the merging of ADR and NRIC, among other matters, was made.

1. Background and Purpose of Merger

(1) Background and Purpose of Merger

The J-REIT market, which was launched in 2001, has been growing steadily in terms of market size as well as the number of J-REITs and has been contributing largely to the development of the real estate market. The emergence of the subprime mortgage crisis two years ago, however, has triggered the market on the whole to take a downward turn and has also resulted in a state that caused the first case of a failure of a J-REIT last year. Under such circumstances, Pacific Holdings, Inc., which is the

sponsor of NRIC's asset management company Pacific Residential Corporation (PRS), applied for application of the Corporate Reorganization Law in March 2009 and NRIC has subsequently been advancing the selection of a new sponsor. Recently, ITOCHU Corporation (ITOCHU), which is a major shareholder of ADR's asset management company AD Investment Management Co., Ltd. (ADIM), and ADIM were selected as potential new sponsors. In correlation, ADR and NRIC have deemed that carrying out the merger of the two investment corporations (hereafter, the "Merger") would be the optimal approach for the pursuit of increasing both investment corporations' unitholder value.

The merged investment corporations (hereafter, the "New Investment Corporation") will have a fully-diversified portfolio and become one of Japan's largest residential REITs in terms of asset size, and it will aspire to become the front runner leading the J-REIT market. In addition, ADIM's major shareholder ITOCHU will continue to provide support to the New Investment Corporation.

(2) Prospect of Delisting and Reasons Thereof

As outlined in 3. (2) below, should the Merger in the form of an absorption-type merger with ADR as the surviving company take place, the prospect is that NRIC will dissolve pursuant to Article 143 of the Investment Trusts and Investment Corporations Law (Law No. 198 of 1951; including amendments thereto; hereafter, the "ITL") and the investment units issued by NRIC will be delisted in accordance with the Criteria for Delisting set forth by Tokyo Stock Exchange, Inc. The effective date of the Merger and the date of delisting are yet to be determined at this stage and will be notified at a later date at the time the merger agreement is signed into.

2. Impact on Dividend per Unit

Scheduled to be disclosed at the time the merger agreement is signed into.

3. Outline of Merger

(1) Schedule of Merger

The merger agreement is scheduled to be signed into in September 2009, but the effective date of the Merger is yet to be determined at this stage and will be notified at a later date at the time the merger agreement is signed into.

(2) Merger Form

An absorption-type merger with ADR as the corporation surviving the absorption-type merger and NRIC as the corporation dissolving in the absorption-type merger is planned. However, the merger structure may be subject to change in the future. In that case as well, the ratio of allotment shall be determined in accordance with the merger ratio set forth under "(3) Content of Allotment in Relation to Merger" below.

(3) Content of Allotment in Relation to Merger

Name of Investment Corporation	ADR	NRIC
Merger Ratio	1	0.66

(i) Ratio of Allotment of Investment Units

0.66 ADR investment units shall be allotted and delivered per 1 NRIC investment unit. The above merger ratio (ratio of allotment) may be subject to change through consultation between the two investment corporations in the event that material facts that impact the terms and conditions underlying the calculation are found or there are material changes in the terms and conditions. Accordingly, details on the basis of calculation are scheduled to be notified at a later date at the time the merger agreement is signed into.

(ii) Number of New Investment Units to be Issued as a Result of Merger

Under the currently-planned ratio of allotment of investment units, there will be unitholders with fractions of less than 1 investment unit. As future considerations of measures to avoid producing unitholders with fractions of less than 1 investment unit are scheduled, the number of new investment units to be issued as a result of the Merger is yet to be determined at this stage and will be notified once the number of new investment units to be issued is determined in line with the measures.

(4) Basis of Calculation, Etc. for Content of Allotment in Relation to Merger

(i) Base for Calculating Merger Ratio

To ensure fairness and appropriateness, the merger ratio was agreed at the above ratio through consultation between the two investment corporations, making reference to calculation results found in third-party calculations of the merger ratio that ADR requested from Mizuho Securities Co., Ltd. and NRIC from Deutsche Securities Inc.

(ii) Method of Calculation and Basis of Calculation by Third-Party Organizations

Mizuho Securities Co., Ltd. calculated based on the market stock price reference method, comparable companies analysis, dividend discount model and net asset value approach for each of ADR and NRIC.

Deutsche Securities Inc. calculated the merger ratio by comprehensively taking into account the results of valuations based on the market stock price average method, comparable companies analysis, dividend discount model and net asset value approach for each of ADR and NRIC.

(iii) Relationship with Third-Party Organizations

Neither Mizuho Securities Co., Ltd. nor Deutsche Securities Inc. constitutes a related party as defined in Article 67, Paragraph 4 of the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006; including amendments thereto).

(5) Miscellaneous

The presence or absence and content of changes in ADR's articles of incorporation, investment policy, asset management agreement, agreement with sponsors, etc. and such as a result of the Merger will be determined later through consultation between the two investment corporations.

4. Overview of Investment Corporations Involved in Merger

(1) Name of Investment Corporation	Advance Residence Investment Corporation (corporation surviving the absorption-type merger)	Nippon Residential Investment Corporation (corporation dissolving in the absorption-type merger)																				
(2) Date Established	September 12, 2005	December 6, 2002																				
(3) Date Listed	November 22, 2005	March 2, 2004																				
(4) Head Office Location	3-12 Kioicho, Chiyoda-ku, Tokyo	1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo																				
(5) Executive Director	Kenji Kousaka	Masaru Nishimura																				
(6) Total Number of Investment Units Issued and Outstanding	76,000 investment units	247,153 investment units																				
(7) Unitholders' Equity	37,442 million yen	150,452 million yen																				
(8) Net Assets	37,442 million yen	150,308 million yen																				
(9) Total Assets	89,886 million yen	323,652 million yen																				
(10) End of Fiscal Periods	June and December	May and November																				
(11) Number of Properties in Portfolio	50 properties	137 properties																				
(12) Total Number of Leasable Units	4,924 units	9,273 units																				
(13) Main AUMs	Real estate beneficiary interests in trust	Real estate, and real estate beneficiary interests in trust																				
(14) Large Unitholders and their Unitholdings (number of investment units held as a percentage of total number of investment units issued and outstanding)	<table border="0"> <tr> <td>Japan Trustee Services Bank, Ltd. (trust account)</td> <td>12.7%</td> </tr> <tr> <td>NikkoCiti Trust and Banking Corporation (investment trust account)</td> <td>8.7%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (trust account)</td> <td>5.9%</td> </tr> <tr> <td>ITOCHU Corporation</td> <td>4.6%</td> </tr> <tr> <td>Trust & Custody Services Bank, Ltd. (securities investment trust account)</td> <td>3.8%</td> </tr> </table>	Japan Trustee Services Bank, Ltd. (trust account)	12.7%	NikkoCiti Trust and Banking Corporation (investment trust account)	8.7%	The Master Trust Bank of Japan, Ltd. (trust account)	5.9%	ITOCHU Corporation	4.6%	Trust & Custody Services Bank, Ltd. (securities investment trust account)	3.8%	<table border="0"> <tr> <td>Goldman Sachs International</td> <td>10.2%</td> </tr> <tr> <td>NikkoCiti Trust and Banking Corporation (investment trust account)</td> <td>7.8%</td> </tr> <tr> <td>State Street Bank and Trust Company</td> <td>5.9%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (trust account)</td> <td>4.5%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (trust account)</td> <td>4.1%</td> </tr> </table>	Goldman Sachs International	10.2%	NikkoCiti Trust and Banking Corporation (investment trust account)	7.8%	State Street Bank and Trust Company	5.9%	Japan Trustee Services Bank, Ltd. (trust account)	4.5%	The Master Trust Bank of Japan, Ltd. (trust account)	4.1%
Japan Trustee Services Bank, Ltd. (trust account)	12.7%																					
NikkoCiti Trust and Banking Corporation (investment trust account)	8.7%																					
The Master Trust Bank of Japan, Ltd. (trust account)	5.9%																					
ITOCHU Corporation	4.6%																					
Trust & Custody Services Bank, Ltd. (securities investment trust account)	3.8%																					
Goldman Sachs International	10.2%																					
NikkoCiti Trust and Banking Corporation (investment trust account)	7.8%																					
State Street Bank and Trust Company	5.9%																					
Japan Trustee Services Bank, Ltd. (trust account)	4.5%																					
The Master Trust Bank of Japan, Ltd. (trust account)	4.1%																					
(15) Main Financing Banks	The Sumitomo Trust & Banking Co., Ltd. Aozora Bank, Ltd. Mizuho Corporate Bank, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Mitsubishi UFJ Trust and Banking Corporation The Chuo Mitsui Trust and Banking Co., Ltd. The Sumitomo Trust & Banking Co., Ltd.																				
(16) Relationship, Etc. with Investment Corporation and Asset Management Company	Not applicable as there are no capital contributions, sending or seconding of directors or employees, transactions other than those based on the asset management agreement in the immediately preceding fiscal period, etc. between the investment corporation and the asset management company.	Not applicable as there are no capital contributions, sending or seconding of directors or employees, transactions other than those based on the asset management agreement in the immediately preceding fiscal period, etc. between the investment corporation and the asset management company.																				

*The status as of December 31, 2008 is shown for ADR, and the status as of May 31, 2009 is shown for NRIC.

5. Performance in Most Recent 3 Fiscal Periods

(Unit: million yen)

End of Fiscal Period	Advance Residence Investment Corporation (corporation surviving the absorption-type merger)			Nippon Residential Investment Corporation (corporation dissolving in the absorption-type merger)		
	Dec. 2007	June 2008	Dec. 2008	May 2008	Nov. 2008	May 2009
Operating Revenue	2,276	2,674	2,845	9,316	9,076	9,065
Operating Expenses	1,055	1,194	1,243	4,590	4,540	5,499
Operating Income	1,221	1,480	1,602	4,726	4,535	3,565
Ordinary Income	1,028	1,071	1,180	3,603	3,096	1,899
Net Income	1,027	1,070	1,179	3,602	769	2,034
Total Amount of Dividends	1,027	1,070	1,179	3,602	770	2,034
Net Income per Unit (yen)	13,522	14,087	15,514	14,577	3,115	8,231
Dividend per Unit (yen) (excluding dividend in excess of earnings)	13,523	14,087	15,515	14,577	3,116	8,231
Net Assets per Unit	490,666	491,230	492,658	615,249	603,165	608,160

6. Post-Merger Status

- (1) Trade Name: Yet to be determined at this stage and will be notified once it is determined.
- (2) Head Office Location: Yet to be determined at this stage and will be notified once it is determined.
- (3) Executive Director: Yet to be determined at this stage and will be notified once it is determined.
- (4) Unitholders' Capital: Yet to be determined at this stage and will be notified once it is determined.
- (5) Total Assets: Yet to be determined at this stage and will be notified once it is determined.
- (6) End of Fiscal Year: Yet to be determined at this stage and will be notified once it is determined.
- (7) Overview of Accounting:

The Merger constitutes an acquisition as provided in the Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21; revised on December 26, 2008) and is premised on application of the purchase method. Furthermore, negative goodwill is expected to result from the Merger, but the amount is yet to be determined at this stage.

- (8) Prospect of Impact on Investment Corporation's Asset Management:
Yet to be determined at this stage and will be notified once it is determined.
- (9) Status of Unitholders: Yet to be determined at this stage and will be notified once it is determined.
- (10) Presence or Absence and Content of Change in Asset Management Agreement:
Yet to be determined at this stage and will be notified once it is determined.
- (11) Presence or Absence and Content of Change in Investment Policy:
Yet to be determined at this stage and will be notified once it is 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
Nippon Residential Investment Corporation

<http://www.adr-reit.com>
<http://www.nric.co.jp>

[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.