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For Immediate Release

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Notice Concerning Disposition of Investment Assets

Advance Residence Investment Corporation (ADR) announced its decision today to dispose assets (hereafter, the “Disposition”) as follows as part of its growth strategy.

1. Reason for the Disposition

For the purpose of increasingly enhancing the revenue-generating potential of the portfolio and reducing interest-bearing liabilities, ADR intends to replace assets on an ongoing basis by making use of the gain on negative goodwill expected from the merger of the former Advance Residence Investment Corporation (hereafter, the “Former ADR”) and Nippon Residential Investment Corporation (NRI) (hereafter, the “Merger”).

As part of such efforts, ADR decided on the Disposition after comprehensive consideration of the real estate market trends, earnings forecasts, changes in asset value and its projections, portfolio composition and other factors, and have concluded that the disposition timing, proposed disposition price and other terms and conditions are appropriate.

Plans are to use the sales proceeds from the Disposition to fund the early repayment of loans with respect to some interest-bearing liabilities as announced in the “Notice Concerning Partial Early Repayment of Loans and Partial Cancellation of Interest Rate Swap Agreement” dated today, as well as to cover the expenses of new property acquisitions in the future. Through such future reinvestments into assets, ADR will strive to boost investment efficiency and revenue-generating potential.

The Disposition is expected to result in approximately 407 million yen of loss from sales (including sundry

expenses, etc.). ADR will offset the impact of such loss on sales on its distributions by making use of the gain on negative goodwill.

2. Summary of the Disposition

(i) List of Assets to be Disposed

(Unit: rounded down to the nearest million yen)

| Titleholder before the Merger | Property no. | Property name | Estimated value (as at end of February 2010) | Proposed disposition price (A) | Book value (Note) (B) | Gain (Loss) on sales (A) – (B) (exclusive of sundry expenses, etc.) |
|-------------------------------|--------------|-------------------------|--|--------------------------------|-----------------------|---|
| Former ADR | P-8 | Artis Shimoochiai | 1,280 | 1,081 | 1,427 | (346) |
| NRI | P-46 | Pacific Livew Nagatacho | 661 | 700 | 702 | (2) |
| Total | | | 1,941 | 1,781 | 2,130 | (349) |

(Note) The book values above show the book values as at March 1, 2010 calculated based on the following thinking and calculation method. However, these are unaudited values and thus are subject to change.

<Thinking and calculation method>

In the accounting for the Merger, as the properties owned by NRI are accounted to be accepted at fair value, the book values at the time of the Merger are calculated. While the basis of calculation of the fair value for the properties owned by NRI is the appraisal value or estimated value in principle, the basis of calculation for the properties that are to be sold within a certain period of time after the Merger is the actual sales amount. The book values above for the properties owned by NRI are calculated using the sales amount as the basis of calculation and adding the registration and license tax.

Accordingly, as the sales amount exceeds the estimated value for Pacific Livew Nagatacho, the gain on negative goodwill will increase compared to when the estimated value above is used as the basis of calculation.

(ii) Summary of the Disposition

1) P-8 Artis Shimoochiai

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| (1) | Asset to be disposed | Beneficiary interests in trust (please refer to (10) below for the disposition method) |
| (2) | Name of asset | Artis Shimoochiai |
| (3) | Date of acquisition of asset | November 25, 2005 (date on which the asset was acquired by the Former ADR) |
| (4) | Proposed disposition price | 1,081,000,000 yen (exclusive of the amount of reimbursement of the pro rata portion of the amount equivalent to real property tax and urban planning tax, as well as consumption tax and local consumption tax) |
| (5) | Book value | 1,427,475,079 yen (as at March 1, 2010) |
| (6) | Difference between proposed disposition price and book value | -346,475,079 yen (difference between (4) and (5) above) |
| (7) | Agreement date | May 21, 2010 |
| (8) | Scheduled delivery date | The date shall be May 27, 2010 (hereafter, the “Disposition Execution Date”). |
| (9) | Buyer | Please refer to “4. Buyer Profile” below. |
| (10) | Disposition method | Disposition of the concerned beneficiary interests in trust to the buyer indicated in (9) above at the same time that the proceeds are paid on the Disposition Execution Date |

2) P-46 Pacific Livew Nagatacho

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|------|--|---|
| (1) | Asset to be disposed | Real estate (please refer to (10) below for the disposition method) |
| (2) | Name of asset | Pacific Livew Nagatacho |
| (3) | Date of acquisition of asset | June 24, 2004 (date on which the asset was acquired by NRI) |
| (4) | Proposed disposition price | 700,000,000 yen (exclusive of the amount of reimbursement of the pro rata portion of the amount equivalent to real property tax and urban planning tax, as well as consumption tax and local consumption tax) |
| (5) | Book value | 702,803,600 yen (as at March 1, 2010) |
| (6) | Difference between proposed disposition price and book value | -2,803,600 yen (difference between (4) and (5) above) |
| (7) | Agreement date | May 21, 2010 |
| (8) | Scheduled delivery date | The date shall be May 26, 2010 (hereafter, the "Disposition Execution Date"). However, the Disposition Execution Date shall be able to be changed to a date separately agreed to in writing that is no later than May 28, 2010. |
| (9) | Buyer | Please refer to "4. Buyer Profile" below. |
| (10) | Disposition method | Disposition of the proprietary ownership of the concerned real estate to the buyer indicated in (9) above at the same time that the proceeds are paid on the Disposition Execution Date |

3. Summary of the Assets to be Disposed

1) P-8 Artis Shimoochiai

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|-------------------------|--|--|
| Name of asset | Artis Shimoochiai | |
| Type of specified asset | Beneficiary interests in trust | |
| Location | 2-7-10 Naka-ochiai, Shinjuku-ku, Tokyo | |
| Land | Type of ownership | Proprietary ownership |
| | Use district | Category 1 residential district; Category 1 low-rise exclusive residential district |
| | Site area | 1,253.12m ² |
| | FAR / Building coverage ratio | 400% / 60% 150% / 60% |
| Building | Type of ownership | Proprietary ownership |
| | Use | Apartment |
| | Total floor area | 2,726.15m ² |
| | Construction completion date | March 2005 |
| | Structure | RC with flat roof; 5F |
| | No. of leasable units | 44 units |
| Estimated value | 1,280 million yen | (time of reference for the survey: February 28, 2010) |
| Appraiser | Japan Real Estate Institute | |
| Tenant details | Total no. of tenants (Note 1) | 1 |
| | Monthly rent (Note 2) | 7,706 thousand yen |
| | Deposits, etc. (Note 3) | 14,812 thousand yen |
| | Total leasable floor area (Note 4) | 2,430.20m ² |
| | Total leased floor area (Note 4) | 2,385.27m ² |

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|--|--|----------------|
| | Occupancy rate (based on floor area) (Note 4) | 98.2% (Note 5) |
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(Note 1) “Total no. of tenants” indicates the number of tenants as 1 if there is a master lease agreement executed with the master lessee. The same hereafter.

(Note 2) “Monthly rent” indicates, in principle, the sum total amount of monthly rent (inclusive of common service charges (except for properties with guaranteed amount of rent where common service charges are not a fixed amount), but exclusive of the monthly use fees for parking space, trunk room and other ancillary facilities) entered in lease contracts, etc. executed as of March 31, 2010. The amount is rounded down to the nearest thousand yen. In addition, the amount is exclusive of consumption tax, etc. The same hereafter.

(Note 3) “Deposits, etc.” when the master lease type is pass-through indicates, in principle, the sum total of the March 31, 2010 balance of deposits, guarantees, etc. of each of the end tenants based on lease contracts executed between master lessees or titleholders of the respective real estate and real estate in trust and end tenants as of March 31, 2010. The amount is rounded down to the nearest thousand yen. However, when there is a portion that need not be returned as a result of covenants on deductions from deposits, non-refundable deposits, etc. in the respective lease contracts, the amount after subtraction of that amount is shown. “Deposits, etc.” when the master lease type is guaranteed rent indicates the March 31, 2010 balance of deposits, guarantees, etc. based on lease contracts with guaranteed amount of rent executed between master lessees and titleholders of the respective real estate and real estate in trust or based on sublease contracts with guaranteed amount of rent executed between master lessees and sublessors that are subleasing in its entirety from master lessees as of March 31, 2010. The amount is rounded down to the nearest thousand yen. The same hereafter.

(Note 4) “Total leasable floor area” and “Total leased floor area” and “Occupancy rate” indicate the figures as at March 31, 2010. The same hereafter.

(Note 5) “Occupancy rate” is based on the formula: “Total leased floor area” ÷ “Total leasable floor area”. The percentage is rounded to one decimal place. The same hereafter.

2) P-46 Pacific Livew Nagatacho

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|-------------------------|---|--|
| Name of asset | Pacific Livew Nagatacho | |
| Type of specified asset | Real estate | |
| Location | 2-17-3 Nagata-cho, Chiyoda-ku, Tokyo | |
| Land | Type of ownership | Proprietary ownership (right of site interests: 100%) |
| | Use district | Commercial district |
| | Site area | 367.70m ² (Note 6) |
| | FAR / Building coverage ratio | 500% / 80% |
| Building | Type of ownership | Sectional ownership (Note 7) |
| | Use | Residential |
| | Total floor area | 1,272.70m ² |
| | Construction completion date | January 2003 |
| | Structure | RC with flat roof; 10F |
| | No. of leasable units | 23 units |
| Estimated value | 661 million yen | (time of reference for the survey: February 28, 2010) |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. | |
| Tenant details | Total no. of tenants | 1 |
| | Monthly rent | 4,118 thousand yen |
| | Deposits, etc. | 5,753 thousand yen |
| | Total leasable floor area | 1,056.09m ² |
| | Total leased floor area | 1,019.48m ² |
| | Occupancy rate (based on floor area) | 96.5% |

(Note 6) Including setback portion (approximately 3.68m²).

(Note 7) All sectional ownership in the building is included in the real estate.



4. Buyer Profile

The buyers of the assets above are Japanese general business companies. Their details are not disclosed as a duty of confidentiality is set forth in the purchase and sales agreements. The buyers do not constitute a party having particular vested interest in ADR or its asset management company.

5. Broker Profile

| | |
|---|---|
| Trade name | ITOCHU Corporation |
| Head office location | 4-1-3 Kyutaro-machi, Chuo-ku, Osaka-shi, Osaka |
| Representative | Masahiro Okafuji, President and Chief Executive Officer |
| Commission | 50,727,500 yen (exclusive of consumption tax and local consumption tax) |
| Relationship with ADR or its asset management company | ITOCHU Corporation is a shareholder of ADR's asset management company AD Investment Management Co., Ltd. and thus constitutes an interested person, etc. of the asset management company as defined in the Investment Trusts and Investment Corporations Law. |

6. Related-Party Transactions

The procedures required in accordance with the provisions of the asset management company's bylaws "Related-Party Transaction Rules" have been performed for related-party transactions.

7. Future Outlook

The management performance forecasts for the fiscal period ending January 2011 (from March 1, 2010 to January 31, 2011) remain unchanged from that announced in the "Notice Concerning Management Performance Forecasts for First Fiscal Period" dated March 2, 2010.

- * 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>

[Provisional Translation Only]

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