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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 based on the “1. Basic Policy” below.

1. Basic Policy

ADR seeks to maximize unitholder value by aiming to achieve stable earnings and growth of its portfolio assets over the medium and long term through investing primarily in residential real estate while taking into consideration the diversification of investment regions.

2. Reason for the Disposition

For the purpose of increasingly enhancing the revenue-generating potential of the portfolio and reducing interest-bearing liabilities in an aim to “achieve stable earnings over the medium and long term” as set forth in the basic policy above, 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 ADR and 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 Debt Financing Interest Rates” dated today, as well as the redemption of investment corporation bonds in September 2010.

The Disposition is expected to result in approximately 96 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.

3. 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	Appraisal value or 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.)
NRI	P-54	RESIDIA Shirokane-Takanawa (originally: Pacific Residence Takanawa)	1,370	1,124	1,127	△3
NRI	P-57	RESIDIA Meguro-Chojamaru (originally: Pacific Livew Chojamaru)	2,350	1,938	1,938	-
Total			3,720	3,062	3,065	△3

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

<Calculation method>

According to the accounting of business combination, the properties owned by NRI must be booked at fair value. The fair value is in principal, the appraisal value or the estimated value as of the time of the Merger, and if properties are sold within a certain time frame after the Merger, the fair value for the properties will be calculated based on the sales price. The above properties were owned by NRI and sold within the time frame therefore, the book value will be the sales price plus the registration and license taxes. Using the sales price as the basis of book value calculation keeps a lid on loss on sales on the one hand, but lowers the gain on negative goodwill on the other hand.

• The estimated value is shown for RESIDIA Shirokane-Takanawa, and the appraisal value is shown for RESIDIA Meguro-Chojamaru.

(ii) Summary of the Disposition

1) P-54 RESIDIA Shirokane-Takanawa (originally: Pacific Residence Takanawa)

(1)	Asset to be disposed	Real estate (please refer to (10) below for the disposition method)
(2)	Name of asset	RESIDIA Shirokane-Takanawa (originally: Pacific Residence Takanawa)
(3)	Date of acquisition of asset	March 30, 2005 (date on which the asset was acquired by NRI)
(4)	Proposed Disposition price	1,124,257,173 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	1,127,452,773yen (as at March 1, 2010)
(6)	Difference between proposed disposition price and book value	-3,195,600 yen (difference between (4) and (5) above)
(7)	Agreement date	August 26, 2010
(8)	Scheduled delivery date	August 26, 2010
(9)	Buyer	Please refer to “5. 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

2) P-57 RESIDIA Meguro-Chojamaru (originally: Pacific Livew Chojamaru)

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (10) below for the disposition method)
(2)	Name of asset	RESIDIA Meguro-Chojamaru (originally: Pacific Livew Chojamaru)
(3)	Date of acquisition of asset	August 12, 2005 (date on which the asset was acquired by NRI)
(4)	Proposed Disposition price	1,938,000,000 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	1,938,000,000 yen (as at March 1, 2010)
(6)	Difference between proposed disposition price and book value	0 yen (difference between (4) and (5) above)
(7)	Agreement date	August 26, 2010
(8)	Scheduled delivery date	August 31, 2010
(9)	Buyer	Please refer to "5. 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

4. Summary of the Assets to be Disposed

1) P-54 RESIDIA Shirokane-Takanawa (originally: Pacific Residence Takanawa)

Name of asset	P-54 RESIDIA Shirokane-Takanawa (originally: Pacific Residence Takanawa)	
Type of qualified asset	Real estate	
Location	1-22-5 Takanawa, Minato-ku, Tokyo	
Land	Type of ownership	Proprietary ownership
	Zoning	Neighborhood commercial zone; Class 1 residential zone
	Site area	691.20m ² (Note)
	FAR / Building coverage ratio	400%/80%,300%/60%
Building	Type of ownership	Proprietary ownership
	Use	Apartment and garage
	Total floor area	2,897.30m ²
	Construction completion date	January 2003
	Structure	SRC with flat roof; B2/8F
	No. of leasable units	32 units
Estimated value	1,370 million yen	(time of reference for the survey: February 28, 2010)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Tenant details	Total no. of tenants (Note 1)	1
	Monthly rent (Note 2)	6,065 thousand yen
	Deposits, etc. (Note 3)	9,513 thousand yen
	Total leasable floor area (Note 4)	1,997.59m ²
	Total leased floor area (Note 4)	1,644.74m ²
	Occupancy rate (based on floor area) (Note 4)	82.3% (Note 5)

(Note) Includes the setback portion (about 30m²)

2) P-57 RESIDIA Meguro-Chojamaru (originally: Pacific Livew Chojamaru)

Name of asset	RESIDIA Meguro-Chojamaru (originally: Pacific Livew Chojamaru)	
Type of qualified asset	Beneficiary interests in trust	
Location	2-6-25 Kamiosaki, Shinagawa-ku, Tokyo	
Land	Type of ownership	Proprietary ownership
	Zoning	Category 1 low-rise exclusive residential district
	Site area	1,826.45m ² (Note)
	FAR / Building coverage ratio	150%/60%
Building	Type of ownership	Proprietary ownership
	Use	Apartment and parking space
	Total floor area	3,720.52m ²
	Construction completion date	March 2005
	Structure	RC with flat roof; B2/3F
	No. of leasable units	71 units
Appraisal value	2,350 million yen	(time of reference for the survey: February 28, 2010)
Appraiser	Morii Appraisal & Investment Consulting Inc.	
Tenant details	Total no. of tenants (Note 1)	1
	Monthly rent (Note 2)	10,460 thousand yen
	Deposits, etc. (Note 3)	12,961 thousand yen
	Total leasable floor area (Note 4)	2,889.43m ²
	Total leased floor area (Note 4)	2,421.15m ²
	Occupancy rate (based on floor area) (Note 4)	83.8% (Note 5)

(Note) Includes the private road portion (28.55m²).

(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.

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

(Note 3) When the master lease type is “pass-through”, “Deposits, etc.” in principle, is the sum of the July 31, 2010 balance of deposits, and guarantees of each 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 July 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, and non-refundable deposits, in the respective lease contracts, the portion is deducted from the amount.

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

(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.

5. Buyer Profile

The buyers of the assets are two domestic corporations. According to the wishes of the buyers, their details are not disclosed. The buyers do not constitute a party having particular vested interest in ADR or in its asset management company.

6. 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	86,556,429 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 party, etc. of the asset management company as defined in the Investment Trusts and Investment Corporations Law.

7. 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 the related-party transaction outlined in "6. Broker Profile" above.

8. 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 June 4, 2010.

[Supplementary Materials]

■ Properties to be Disposed

	Actual NOI yield (Note)	Reason for the Disposition
(P-54) RESIDIA Shirokane-Takanawa	4.4%	The actual NOI cap rate is relatively low compared to the entire portfolio's actual NOI cap rate, and the assumption drawn from earnings forecasts is that improvements in earnings would be difficult.
(P-57) RESIDIA Meguro-Chojamaru	3.9%	

(Note) Actual NOI yield = Annualized actual NOI ÷ Acquisition price × 100
For properties owned by NRI, annualized figures are calculated based on the actual NOI for the 12th fiscal period and 13th fiscal period (total: 9 months).
Annualized figures are calculated based on months (12 months).

■ Status of Replacement of Properties Since the Merger (as of Today)

	Acquired assets	Disposed assets (scheduled)
Number of properties	6	11
Deal value (a)	JPY 10,467 million	JPY 8,931 million
Appraisal (b)	JPY 11,475 million	JPY 9,932 million
Ratio (a) ÷ (b) × 100%	91.2 %	89.9 %
Weighted average NOI yield	6.4 % (Note 1)	5.0 % (Note 2)
Weighted average building age (Note 3)	1.5 yrs.	8.5 yrs.
Regions and unit types	Properties in Tokyo 23 wards and neighboring area. Properties that have mostly single type units.	Properties with Compact type units in Tokyo Central 7 Wards. Aging properties and properties in major regional cities.

(Note 1) Weighted average NOI yield of acquisitions = Total annual NOI as entered on the appraisal of acquisitions ÷ Total of the acquisition prices × 100%

(Note 2) Weighted average NOI yield of dispositions = Total actual annual NOI ÷ Total of the historical acquisition prices × 100

(Note 3) Building ages are price weighted average as of July 31, 2010.

■ Increase/Decrease in No. of Units as the Result of Replacement of Trades

	Singles	Compacts	Families	Large	Dormitories	Others	Total
Tokyo Central 7 Wards	24	(119)	(38)	(10)	0	0	(143)
Tokyo 23 Wards Exclusive of Central 7 Wards	337	47	26	6	0	0	416
Tokyo Metropolitan Area	76	(1)	0	0	91	1	167
Major Regional Cities	(105)	(95)	(29)	(21)	0	(10)	(260)
Total	332	(168)	(41)	(25)	91	(9)	180

■ Status of Portfolio After the Disposition

Asset size (based on acquisition price)	346.7 billion yen
No. of properties	183 buildings
No. of leasable units	14,416 units
Total leasable floor area	550,039 m ²

* 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.