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**Notice Concerning Merger of Major Master Lessees**

Advance Residence Investment Corporation (ADR) announced major master lessees of its portfolio properties merged today. ITOCHU Urban Community Ltd. (IUC) merged its subsidiary Touchstone Residential Management Corporation (TRM) into IUC in the form of an absorption-type merger.

[Overview of the Change]

Master Lessee / Property Manager	Before the merger		After the merger	
	IUC (company surviving the merger)	TRM (company dissolving in the merger)	IUC	As a percentage of the entire portfolio
Number of buildings (units) under management	31 buildings (3,237 units)	49 buildings (2,918 units)	80 buildings (6,155 units)	43.7% (42.7%)

\*The figures are as of the end of August 2010.

\*The “Number of buildings (units) under management” is the number of buildings (units) in the ADR portfolio for which ADR entrusts the property management to the master lessee.

The merger will consolidate the major property managers into one. As a result, ADR anticipates greater operational efficiency. In addition, ADR believes, together with the IUC’s reorganization, the creation of a new rental condominium website, the renewal of the exclusive website for brokers, and other enhancement on the IUC’s “Residential Operations Business” will serve to further increase the asset value of ADR properties under IUC’s management.

ADR intends to continue to build a robust collaborative structure through consolidation of property managers, and thereby promoting greater operational management efficiency and stronger leasing capability, and leading to better revenue-generating capacity.



- \* 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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