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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. Some of the sales proceeds from the Disposition will be used for early repayment of loans as announced in the “Notice Concerning Early Repayment of Loans” dated today.

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 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.

The Disposition is expected to result in 1,044 million yen of loss from sales (including 88 million 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 August 2010)	Proposed disposition price (A)	Book value (Note) (B)	Gain (Loss) on sales (A) – (B) (exclusive of sundry expenses, etc.)
Former ADR	C-14	Residence Oyama	1,220	1,083	1,640	△557
Former ADR	C-30	K2	286	322	284	37
NRI	S-9	RESIDIA Kawasaki-Motoki	563	521	681	△160
Former ADR	R-3	HAUT DOMICILE NANGOGAI	781	620	896	△276
Total			2,850	2,546	3,502	△956

(Note) The book values above show the book values as at the end of August 2010.

#### ( ii ) Summary of the Disposition

##### 1) C-14 Residence Oyama

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (10) below for the disposition method)
(2)	Name of asset	Residence Oyama
(3)	Date of acquisition of asset	May 31, 2007 (date on which the asset was acquired by Former ADR)
(4)	Proposed Disposition price	1,083,000,000yen (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	1,640,536,518yen (as at August 31, 2010)
(6)	Difference between proposed disposition price and book value	-557,536,518 yen (difference between (4) and (5) above)
(7)	Agreement date	December 21, 2010
(8)	Scheduled delivery date	December 22, 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

2) C-30 K2

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (10) below for the disposition method)
(2)	Name of asset	K2
(3)	Date of acquisition of asset	March 27, 2006 (date on which the asset was acquired by NRI)
(4)	Proposed Disposition price	322,000,000 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	284,127,664yen (as at August 31, 2010)
(6)	Difference between proposed disposition price and book value	37,872,336 yen (difference between (4) and (5) above)
(7)	Agreement date	December 21, 2010
(8)	Scheduled delivery date	December 24, 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

2) S-9 RESIDIA Kawasaki-Motoki

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (10) below for the disposition method)
(2)	Name of asset	RESIDIA Kawasaki-Motoki
(3)	Date of acquisition of asset	February 29, 2008 (date on which the asset was acquired by Former ADR)
(4)	Proposed Disposition price	521,000,000 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	681,448,410 yen (as at August 31, 2010)
(6)	Difference between proposed disposition price and book value	-160,448,410yen (difference between (4) and (5) above)
(7)	Agreement date	December 21, 2010
(8)	Scheduled delivery date	December 24, 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

## 2) R-3 HAUT DOMICILE NANGOGAI

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (10) below for the disposition method)
(2)	Name of asset	HAUT DOMICILE NANGOGAI
(3)	Date of acquisition of asset	November 22, 2005 (date on which the asset was acquired by Former ADR)
(4)	Proposed Disposition price	620,000,000 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	896,100,452 yen (as at August 31, 2010)
(6)	Difference between proposed disposition price and book value	-276,100,452 yen (difference between (4) and (5) above)
(7)	Agreement date	December 21, 2010
(8)	Scheduled delivery date	December 24, 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) C-14 Residence Oyama

Name of asset	C-14 Residence Oyama	
Type of qualified asset	Beneficiary interests in trust	
Location	45-2 Kumanochō, Itabashi-ku, Tokyo	
Land	Type of ownership	Proprietary ownership
	Zoning	Commercial zone; Quasi industrial zone
	Site area	1676.03m <sup>2</sup>
	FAR / Building coverage ratio	500%/80%,300%/60%
Building	Type of ownership	Proprietary ownership
	Use	Apartment
	Total floor area	3,690.91m <sup>2</sup>
	Construction completion date	September 1991
	Structure	SRC with flat roof; 11F
	No. of leasable units	59 units
Estimated value	1,220 million yen	(time of reference for the survey: August 31, 2010)
Appraiser	Japan Real Estate Institute	
Tenant details	Total no. of tenants (Note 1)	1
	Monthly rent (Note 2)	7,810 thousand yen
	Deposits, etc. (Note 3)	13,283 thousand yen
	Total leasable floor area (Note 4)	3,383.10m <sup>2</sup>
	Total leased floor area (Note 4)	2,921.82m <sup>2</sup>
	Occupancy rate (based on floor area) (Note 4)	86.4% (Note 5)

2) C-30 K2

Name of asset	C-30 K2	
Type of qualified asset	Beneficiary interests in trust	
Location	4-1-21 Sendagi, Bunkyo-ku, Tokyo	
Land	Type of ownership	Proprietary ownership
	Zoning	Commercial zone
	Site area	177.71m <sup>2</sup> (Note)
	FAR / Building coverage ratio	600%/80%
Building	Type of ownership	Proprietary ownership
	Use	Apartment / Parking Space
	Total floor area	1,107.00m <sup>2</sup>
	Construction completion date	September 1992
	Structure	SRC with flat roof; B1/11F
	No. of leasable units	25 units
Estimated value	286 million yen	(time of reference for the survey: August 31, 2010)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Tenant details	Total no. of tenants (Note 1)	1
	Monthly rent (Note 2)	2,468 thousand yen
	Deposits, etc. (Note 3)	4,629 thousand yen
	Total leasable floor area (Note 4)	773.30m <sup>2</sup>
	Total leased floor area (Note 4)	746.88m <sup>2</sup>
	Occupancy rate (based on floor area) (Note 4)	96.6% (Note 5)

(Note) Includes the setback portion (about 12m<sup>2</sup>)

2) S-9 RESIDIA Kawasaki-Motoki

Name of asset	RESIDIA Kawasaki-Motoki	
Type of qualified asset	Beneficiary interests in trust	
Location	2-3-24 Motogi, Kawasaki Kawasaki-ku, Kanagawa	
Land	Type of ownership	Proprietary ownership
	Zoning	Commercial zone
	Site area	219.16m <sup>2</sup>
	FAR / Building coverage ratio	500%/80%
Building	Type of ownership	Proprietary ownership
	Use	Apartment
	Total floor area	1,169.41m <sup>2</sup>
	Construction completion date	March 2007
	Structure	RC with flat roof; 11F
	No. of leasable units	49 units
Appraisal value	563 million yen	(time of reference for the survey: August 31, 2010)
Appraiser	Japan Real Estate Institute	
Tenant details	Total no. of tenants (Note 1)	1
	Monthly rent (Note 2)	3,675 thousand yen
	Deposits, etc. (Note 3)	3,675 thousand yen
	Total leasable floor area (Note 4)	1,012.98m <sup>2</sup>
	Total leased floor area (Note 4)	1,012.98m <sup>2</sup>
	Occupancy rate (based on floor area) (Note 4)	100.0% (Note 5)

## 2) R-3 HAUT DOMICILE NANGOGAI

Name of asset	HAUT DOMICILE NANGOGAI	
Type of qualified asset	Beneficiary interests in trust	
Location	2-2-1 Nangodori(kita), Sapporo Shiroishi-ku, Hokkaido	
Land	Type of ownership	Proprietary ownership
	Zoning	Neighborhood commercial zone
	Site area	3,033.37m <sup>2</sup>
	FAR / Building coverage ratio	300%/80%
Building	Type of ownership	Proprietary ownership
	Use	Apartment and Stores
	Total floor area	6,010.50m <sup>2</sup>
	Construction completion date	December 1986
	Structure	SRC · RC with flat roof; B1/10F
	No. of leasable units	68 units
Appraisal value	781 million yen	(time of reference for the survey: August 31, 2010)
Appraiser	Chuo Real Estate Appraisal Co., Ltd	
Tenant details	Total no. of tenants (Note 1)	1
	Monthly rent (Note 2)	5,460 thousand yen
	Deposits, etc. (Note 3)	0
	Total leasable floor area (Note 4)	4,535.26m <sup>2</sup>
	Total leased floor area (Note 4)	4,535.26m <sup>2</sup>
	Occupancy rate (based on floor area) (Note 4)	100.0% (Note 5)

(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 November 30, 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 November 30, 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 November 30, 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 November 30, 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

### C-14 Residence Oyama

Trade Name	Tokyu Livable, Inc
Head Office Address	1-9-5 Dogenzaka, Shibuya-ku, Tokyo
Representative	Representative Director Yasuo Sodeyama
Capital	1,396,300,000 yen
Major Shareholders	TOKYU LAND CORPORATION. 他
Business	<ol style="list-style-type: none"> <li>1. Real Estate Brokerage</li> <li>2. Real Estate Agent</li> <li>3. Real Estate Leasing</li> <li>4. Real Estate Dealing</li> </ol>

Relationship with ADR or its asset management company	NO vested interest in ADR or in its asset management company.
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#### C-30 K2

Trade Name	RUF Co.,Ltd
Head Office Address	2-25-2 Nihonbashihamacho,Chuo-ku,Tokyo
Representative	Representative Director Takeshi Kimura
Capital	20,000,000 yen
Major Shareholders	Takeshi Kimura
Business	Real Estate Brokerage, Leasing, Property managemanet
Relationship with ADR or its asset management company	NO vested interest in ADR or in its asset management company.

Remaining properties' buyers 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	75,965,000 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) and July 2011 (from February 1, 2011 to July 31, 2011) remain unchanged from the forecast of August 31, 2010.

[Supplementary Materials]

■ Properties to be Disposed

Property	Years	Actual NOI yield (Note)	Reason for the Disposition
(C-14) Residence Oyama	19.2Years	5.5%	Although the actual NOI cap rate is relatively high compared to the entire portfolio's actual NOI cap rate, we anticipate that the future earnings to be weak, due to the leasing contract terms and the building age.
(C-30) K2	18.3Years	7.8%	
(S-9) RESIDIA Kawasaki-Motoki	3.8Years	5.8%	
(R-3) HAUT DOMICILE NANGOGAI	24.0Years	7.7%	

(Note) Actual NOI yield = Annualized actual NOI ÷ Acquisition price × 100

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

	Acquired assets	Disposed assets (scheduled)
Number of properties	6	15
Deal value (a)	JPY 10,467 million	JPY 13,653 million
Appraisal (b) (Note 1)	JPY 11,475 million	JPY 11,476 million
Ratio (a) ÷ (b) × 100%	91.2 %	89.7 %
Weighted average NOI yield	6.4 % (Note 2)	5.3 % (Note 3)
Weighted average building age (Note 4)	1.5 yrs.	10.5 yrs.
Regions and unit types	Properties in Tokyo 23 wards and neighboring area. Properties that have mostly single type units.	Properties are compact type units or Aging in Tokyo Central 7 Wards or major regional cities.

(Note 1) "Appraisal" is the sum of the last appraisal value of each properties at the time of sale.

(Note 2) Weighted average NOI yield of acquisitions = Total annual NOI as entered on the appraisal of acquisitions ÷ Total of the acquisition prices × 100%

(Note 3) Weighted average NOI yield of dispositions = Total actual annual NOI ÷ Total of the historical acquisition prices × 100

(Note 4) 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	332
Tokyo Metropolitan Area	27	(1)	0	0	91	(1)	167
Major Regional Cities	(105)	(95)	(91)	(21)	0	(16)	(260)
Total	263	(173)	(160)	(26)	91	(16)	180

■ Status of Portfolio After the Disposition

Asset size (based on acquisition price)	343.4 billion yen
No. of properties	179 buildings
No. of leasable units	14,215 units
Total leasable floor area	540,334 m <sup>2</sup>

\* 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]

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.