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For Immediate Release

Advance Residence Investment Corporation
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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. 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.

< 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.

1. Reason for the Disposition

For the purpose of 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 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 844 million yen of loss from sales (including 126 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.

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	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.)
NRI	P-71	RESIDIA Shibuya-Sakuragaoka	3,400	3,180	3,506	(326)
Former ADR	S-10	RESIDIA Kokuryo	821	735	949	(214)
NRI	R-22	Melody Heim Shin-Osaka	728	552	729	(177)
Total			4,949	4,467	5,185	(718)

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

(ii) Summary of the Disposition

(1) P-71 RESIDIA Shibuya-Sakuragaoka

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (10) below for the disposition method)
(2)	Name of asset	RESIDIA Shibuya-Sakuragaoka
(3)	Date of acquisition of asset	March 2, 2004 (date on which the asset was acquired by NRI)
(4)	Proposed Disposition price	3,180,000,000 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	3,506,684,715 yen (as at August 31, 2010)
(6)	Difference between proposed disposition price and book value	-326,684,715 yen (difference between (4) and (5) above)
(7)	Agreement date	January 24, 2011
(8)	Scheduled delivery date	January 25, 2011
(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) S-10 RESIDIA Kokuryo

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (10) below for the disposition method)
(2)	Name of asset	RESIDIA Kokuryo
(3)	Date of acquisition of asset	May 26, 2008 (date on which the asset was acquired by Former ADR)
(4)	Proposed Disposition price	735,000,000 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	949,249,730 yen

(6)	Difference between proposed disposition price and book value	-214,249,730 yen (difference between (4) and (5) above)
(7)	Agreement date	January 24, 2011
(8)	Scheduled delivery date	January 28, 2011
(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

(3) R-22 Melody Heim Shin-Osaka

(1)	Asset to be disposed	Real estate (please refer to (10) below for the disposition method)
(2)	Name of asset	Melody Heim Shin-Osaka
(3)	Date of acquisition of asset	November 11, 2005(date on which the asset was acquired by NRI)
(4)	Proposed Disposition price	552,710,000 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	729,793,965 yen
(6)	Difference between proposed disposition price and book value	-177,083,965 yen (difference between (4) and (5) above)
(7)	Agreement date	January 24, 2011
(8)	Scheduled delivery date	January 27, 2011
(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-71 RESIDIA Shibuya-Sakuragaoka

Name of asset	P-71 RESIDIA Shibuya-Sakuragaoka	
Type of qualified asset	Beneficiary interests in trust	
Location	22-6 Sakuragaoka-cho, Shibuya-ku, Tokyo	
Land	Type of ownership	Proprietary ownership(right of site interests: 100%)
	Zoning	Commercial zone
	Site area	963.03 m ² (Note)
	FAR / Building coverage ratio	500% / 80%
Building	Type of ownership	Sectional ownership (Note)
	Use	Residential
	Total floor area	4,931.09 m ²
	Construction completion date	April 2003
	Structure	SRC with flat roof; B2/12F
	No. of leasable units	66 units

Estimated value	3,400 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)	16,458 thousand yen
	Deposits, etc. (Note 3)	32,001 thousand yen
	Total leasable floor area (Note 4)	4,077.88 m ²
	Total leased floor area (Note 4)	3,729.39 m ²
	Occupancy rate(based on floor area) (Note 4)	91.5%(Note 5)

(Note) Site area includes areas that are used for free by Shibuya-ward as special ward road (8.19 m²) and the set-back portion (about 30 m²).

(Note) All sectional ownership in the building is included in the beneficiary interests in trust.

(2) S-10 RESIDIA Kokuryo

Name of asset	S-10 RESIDIA Kokuryo	
Type of qualified asset	Beneficiary interests in trust	
Location	4-45-7 Kokuryo-cho, Chofu-shi, Tokyo	
Land	Type of ownership	Proprietary ownership
	Zoning	Neighborhood commercial zone; Class 1 medium- and high-rise residential zone
	Site area	801.61 m ²
	FAR / Building coverage ratio	300%/80%、200%/60%
Building	Type of ownership	Proprietary ownership
	Use	Apartment
	Total floor area	1,811.86 m ²
	Construction completion date	March 2008
	Structure	RC with flat roof; 6F
	No. of leasable units	62 units
Estimated value	821 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)	4,930 thousand yen
	Deposits, etc. (Note 3)	8,478 thousand yen
	Total leasable floor area (Note 4)	1,489.97 m ²
	Total leased floor area (Note 4)	1,414.48 m ²
	Occupancy rate(based on floor area) (Note 4)	94.9%(Note 5)

(3) R-22 Melody Heim Shin-Osaka

Name of asset	R-22 Melody Heim Shin-Osaka	
Type of qualified asset	Real estate	
Location	3-9-10 Nishiawaji, Higashiyodogawa-ku, Osaka	
Land	Type of ownership	Proprietary ownership
	Zoning	Class 1 residential zone
	Site area	985.49 m ²
	FAR / Building coverage ratio	400%/80%、300%/80%
Building	Type of ownership	Proprietary ownership
	Use	Apartment / Garage / Office
	Total floor area	3,286.30 m ²
	Construction completion date	April 1994
	Structure	SRC with flat roof; 10F
	No. of leasable units	70 units
Estimated value	728 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)	5,548 thousand yen
	Deposits, etc. (Note 3)	6,666 thousand yen
	Total leasable floor area (Note 4)	2,885.48 m ²
	Total leased floor area (Note 4)	2,798.16 m ²
	Occupancy rate(based on floor area) (Note 4)	97.0%(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 December 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 December 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 December 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 December 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.

4. Buyer Profile

S-10 RESIDIA Kokuryo

Trade Name	J-REX corporation
Head Office Address	6-12-1 Nishi-shinjyuku Shinjyuku-ku Tokyo
Representative	Representative Director Hideki Haruta
Capital	296,750,000 yen
Major Shareholders	Not disclosed as consent for disclosure has not been attained.
Business	Realestate ownership, dealing, swap, renting, management, appraisal, etc.
Relationship with ADR or its asset management company	NO vested interest in ADR or in its asset management company.

Remaining properties' buyers are a domestic corporation and a SPC. 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.

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	116,331,300 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.

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 the related-party transaction outlined in "5. Broker Profile" above.

7. 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
(P-71) RESIDIA Shibuya-Sakuragaoka	7.7 Years	4.7%	Due to the fact that, the actual NOI cap rate is relatively low compared to the entire portfolio's actual NOI cap rate and due to the age of building, we anticipate that the future earnings to weaken.
(S-10) RESIDIA Kokuryo	2.8 Years	4.9%	
(R-22) Melody Heim Shin-Osaka	16.7 Years	5.8%	

(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	18
Total acquisition price	10,467 million	18,837 million
Total deal value (a)	10,467 million	15,943 million
Appraisal (b) (Note 1)	11,475 million	17,731 million
Ratio (a) ÷ (b) × 100%	91.2 %	89.9 %
Weighted average NOI yield	6.4 % (Note 2)	5.2 % (Note 3)
Weighted average building age (Note 4)	1.5 yrs.	9.8 yrs.
Regious and unit types	Properties in Tokyo 23 wards and neighboring area. Properties that have mostly single type units.	Properties are compact type or family 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 annualized actual recent fiscal period NOI ÷ Total of the historical acquisition prices × 100

(Note 4) Weighted average building age is acquisition price weighted average as of the time of disposition.

■ Increase/Decrease in No. of Units as the Result of Replacement of Trades Since the Merger (as of Today)

	Singles	Compacts	Families	Large	Dormitories	Others	Total
Tokyo Central 7 Wards	12	(129)	(78)	(14)	0	0	(209)
Tokyo 23 Wards Exclusive of Central 7 Wards	317	42	(31)	5	0	(1)	332
Tokyo Metropolitan Area	(35)	(1)	0	0	91	1	56
Major Regional Cities	(105)	(164)	(91)	(21)	0	(17)	(398)
Total	189	(252)	(200)	(30)	91	(17)	(219)

■ Status of Portfolio After the Disposition

Asset size (based on acquisition price)	338.2 billion yen
No. of properties	176 buildings
No. of leasable units	14,017 units
Total leasable floor area	531,881 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]

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.