

April 28, 2011

**For Immediate Release**

Advance Residence Investment Corporation  
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Notice Concerning Acquisition of Investment Assets

Advance Residence Investment Corporation (ADR) announced its decision today to acquire assets in Japan as detailed below as part of its growth strategy.

1. Reason for the Acquisition

ADR decided on the acquisition pursuant to the target and policy of asset management as stipulated in its Articles of Incorporation, under the objective of increasing the asset under management of the portfolio that earns a stable income through diversified investment in all regions and in all apartment unit types.

Furthermore, we have confirmed that there are no residual effects on the building from the earthquake that occurred around 14:46 of March 11, 2011 and its aftershocks.

2. Acquisition Summary

	Name of to-be-acquired asset (Note 1)	Type of to-be-acquired asset (Note 2)	Proposed acquisition price (Note 3)
P-87	RESIDIA Ichigaya-Yakuoji (Artis Ichigaya-Yakuoji)	Beneficiary interests in trust (planned)	JPY 2,070 million

(Note 1) ADR is scheduled to change the property names after acquisition of the to-be-acquired asset listed above. For the to-be-acquired asset that is scheduled to have its name changed, the name after the change is shown with the name as of today shown in parentheses.

(Note 2) The to-be-acquired asset have not been placed in trust as of today, but plans are to place the assets in trust upon acquisition of the assets by ADR.

(Note 3) "Proposed acquisition price" indicates the amount exclusive of the various expenses required in the acquisition of the concerned real estate, etc. (broker commission, taxes and public dues, etc.) (the purchase price for real estate, etc. entered in real estate transaction agreement, and the trust beneficiary interests disposition contract). The amount is rounded down to the nearest million yen. The same hereafter.

P-86) RESIDIA Ichigaya-Yakuoji

Name of property	RESIDIA Ichigaya-Yakuoji
Asset to be acquired	Beneficiary interests in trust (planned)
Proposed acquisition price	JPY 2,070 million
Seller	ITOCU PROPERTY DEVELOPMENT, LTD
Scheduled agreement date	April 28, 2011
Scheduled acquisition date	May 11, 2011

Acquisition financing	Debt and funds on hand
Payment method	Pay entire amount upon delivery
Trustee	Mitsubishi UFJ Trust and Banking Corporation
Scheduled trust change agreement date	May 11, 2011
Scheduled trust expiration date	May 31, 2021

### 3. Summary of the To-be-Acquired Assets

#### P-86) RESIDIA Ichigaya-Yakuoji

Type of specified asset	Beneficiary interests in trust (planned)	Scheduled acquisition date	May 11, 2011	Proposed acquisition price	JPY 2,070million
<b>Property Characteristics</b>					
The property is 6 minutes walk two subway station, Toei Shinjuku Line Akebonobashi Subway Station and Toei OED Line Ushigomeyanagicho Subway Station. It is conveniently located with easy access to many parts of Tokyo as well as being near to the neighborhood shopping area.					
<b>Property Outline</b>					
Location	Residence indication	59 Yakuojimachi, Ichigaya, Shinjuku-ku, Tokyo			
Land	Type of ownership	Proprietary ownership (planned)	Use district	Commercial zone	
	Site area	458.05 m <sup>2</sup>	FAR / Building coverage ratio	500%/80%	
Building	Type of ownership	Proprietary ownership (planned)	Breakdown of residential unit type	Units	
	Total floor area	2,434.98 m <sup>2</sup>	Single type	90	
	Structure / Floors	RC with flat roof; 13F	Compact type	7	
	Use	Apartment, Stores	Family type	-	
	Construction completion date	August 2008	Large type	-	
	Confirmation inspection agency	CENTER OF INTERNATIONAL ARCHITECTURAL STANDARD	Dormitory type	-	
	Building designer	Maruun Kensetsu Co.,Ltd, 1st Class Qualified Architect Office.	Other	1	
	Structural designer	JTM. 1st Class Qualified Architect Office.	Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned)	
Construction contractor	Maruun Kensetsu Co.,Ltd,	Property manager	ITOCHU Urban Community Ltd. (planned)		
Previous titleholder	—	Master lessee	ITOCHU Urban Community Ltd. (planned)		
Current titleholder	ITOCHU PROPERTY DEVELOPMENT, LTD	Master lease type	Apartment, Stores : Guaranteed payment (planned) Parking space : Pass though (Planned)		
<b>Summary of Real Estate Appraisal Report</b>					
Real estate appraiser	Morii Appraisal & Investment Consulting Inc		Appraised date	April 11, 2011	
Real estate appraised value	JPY 2,230 million		Cap rate	5.2%	
Direct capitalization price	JPY 2,280 million		Discount rate	4.7%	
DCF price	JPY 2,180 million		Terminal cap rate	5.5%	
<b>Income/Expenditures Assumed in Calculating Direct Capitalization Price</b> (Monetary unit: JPY thousand)			<b>Lease Conditions</b> (as of March 31, 2011)		
Appraisal item		Appraised value	Total tenants	1	
(A) Total potential profit	Subtotal	147,953	Leasable units	98	
	Rent income	141,438	Leased units	90	
	Other income	6,515	Leasable floor area	2,169.57 m <sup>2</sup>	
(B) Total effective profit	Subtotal	140,335	Leased floor area	1,974.92 m <sup>2</sup>	
	Losses from vacancies, etc.	7,618	Monthly rent (incl. common service charges)	JPY 10,712 thousand	
	Bad debts losses	0	Deposits, guarantees, etc.	JPY 19,696 thousand	
(C) Expenses from rental business	Subtotal	20,887	Occupancy rate (based on floor area)	91.0%	
	Maintenance and management fees	4,800	<b>Summary of Building Conditions Investigation Report</b>		
	Utilities costs	1,338	Investigator	NKSJ Risk Management, Inc.	
	Management commission fees	3,698	Investigation date	March 2011	
	Taxes and public dues	4,070	Emergency repair costs	—	
	Non-life insurance premiums	185	Short-term repair costs (within 1 year)	—	
	Rental advertising costs	3,887	Long-term repair costs (next 12 years)	JPY 18,160 thousand	

	Repair costs (incl. restoration fees)	1,519	Building replacement price	JPY 733 million
	Other expenses	1,390	<b>Summary of Earthquake PML Assessment Report</b>	
(D) Profit or loss from rental business = (B) – (C)		119,448	PML	6.76%
(E) Operating profit from deposits		0	<b>Collateral</b>	
(F) Capital expenditures		1,059	Not Scheduled	
(G) Net profit = (D) + (E) – (F)		118,389		
<b>Special Notation</b>				
N/A				

[Explanation of Entries in Foregoing Tables]

(i) Explanation of “Property Characteristics”

- “Property Characteristics” provides a description based on the entries in the real estate appraisal reports for the real estates in trust that were prepared by Morii Appraisal & Investment Consulting Inc.

(ii) Explanation of “Property Outline”

- In principle, the entries are based on that as of March 31, 2011.
- “Residence indication” for the location provides the residence indication. For real estate in trust in an area without a residence indication, the location of the land as indicated in the registry is provided.
- “Type of ownership” provides the kind of rights held or to be held by the trustee for the real estate in trust.
- “Site area” for the land provides the area of the land as indicated in the registry.
- “Use district” for the land provides the use district classification given in Article 8-1-1 of the City Planning Law.
- “FAR” for the land provides the ratio of the total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Law and is the numerical figure determined by city planning in accordance with the use district, etc.
- “Building coverage ratio” for the land provides the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Law and is the numerical figure determined by city planning in accordance with the use district, etc.
- “Total floor area,” “Structure / Floors,” “Use” and “Construction completion date” for the building are each pursuant to the entries indicated in the registry for the real estate in trust.
- “Use” for the building provides the primary use out of the types indicated in the registry for the real estate in trust.
- “Leasable floor area” provides the floor area of the portion of the real estate in trust to be acquired by ADR that is leasable as of the date of this document based on information received from the current titleholder.
- “Leasable units” provides the number of units of the real estate in trust that is leasable as of the date of this document based on information received from the current titleholder.
- “Breakdown of residential unit type” lists the types of residential units based on the following classification. Store, office and other uses aside from residential units are shown under “Other.”

Layout	Exclusive-use floor area							
	~30m <sup>2</sup>	~40m <sup>2</sup>	~50m <sup>2</sup>	~60m <sup>2</sup>	~70m <sup>2</sup>	~80m <sup>2</sup>	~90m <sup>2</sup>	Over 90m <sup>2</sup>
Studio	S	S	C	C	L	L	L	L
1 bedroom	S	C	C	C	L	L	L	L
2 bedroom		C	C	F	F	F	F	L
3 bedroom			F	F	F	F	F	L
4 bedroom					F	F	F	L

S: Single type	Primarily residential units designed for single-person households
C: Compact type	Primarily residential units designed for single-person households and small-family households (2 to 3 people)
F: Family type	Primarily residential units designed for family households
L: Large type	Primarily residential units designed for foreigners

Studio	1R, 1K or studio
1 bedroom	1DK or 1LDK
2 bedroom	2DK, 2LDK, 1LDK+S, etc.
3 bedroom	3DK, 3LDK, 2LDK+S, etc.
4 bedroom	4DK, 4LDK, 3LDK+S, etc., or those with 5 or more rooms that are in ongoing use for living, working, gathering, leisure or other similar purposes

Dormitory type	Residential units without bathrooms or facilities for installing washing machines within the units, but are covered for by making them available for use as shared facilities within the property (communal bathing, laundry, etc. spaces)
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- “Units” provides the leasable units of the real estate in trust categorized by the number of units of each type of residential unit that is leasable as of the date of this document based on information received from the current titleholder.
  - “Current titleholder” names the beneficiaries that hold the beneficiary interests in trust (assets to be acquired) as of the date of this document or the titleholder of the real estates in trust as of the date of this document. “Previous titleholder” names the party that transferred the beneficiary interests in trust (assets to be acquired) or real estates in trust to the current titleholder.
  - “Trustee” provides the trustee of the trust agreement as of the date of this document in relation to the real estate in trust. “Trustee” indicates “-” for real estate for which there is no trust agreement entered as of the date of this document.
  - “Master lessee” names the lessee that, as of the date of this document, is scheduled to enter into a master lease agreement with the titleholder of the real estate in trust.
  - “Master lease type” indicates “Pass-through” when the master lease agreement states that the master lessee is to pay the same amount of rent as the rent due to be paid to the master lessee by end-tenants and “Guaranteed payment” when the master lease agreement states that the master lessee is to pay a guaranteed amount of rent, as of the date of this document. However, “Master lease type” indicates “Guaranteed payment” even if a master lease agreement is a pass-through lease in the case that a sublessee to which the master lessee subleases all units is to pay a guaranteed amount of rent to the master lessee.
  - “Property manager” names the property manager that, as of the date of this document, is scheduled to be delegated to conduct property management services for the respective real estates in trust. Where property management services are re-delegated, the property manager re-delegated to conduct property management services is shown.
- (iii) Explanation of “Summary of Real Estate Appraisal Report”
- The entries in each field of “Summary of Real Estate Appraisal Report” are pursuant to the entries in the appraisal report prepared by Morii Appraisal & Investment Consulting Inc. for the respective real estates in trust.
  - The monetary amounts are rounded down to the nearest million yen.
- (iv) Explanation of “Income/Expenditures Assumed in Calculating Direct Capitalization Price”
- “Income/Expenditures Assumed in Calculating Direct Capitalization Price” provides monetary amounts according to the real estate appraisal report for the respective real estates in trust.
- (v) Explanation of “Special Notation”
- “Special Notation” presents matters recognized to be of importance in association with the rights, use, etc. of the assets to be acquired, as well as matters recognized to be of importance in the consideration of the degree of impact on the appraised value, profitability and appropriation of the assets to be acquired, including the following matters...
- Significant limitations or restrictions by laws, ordinances, rules and regulations
  - Significant burdens or limitations with regard to rights, etc.
  - Significant cases where there are architectural structures crossing the boundaries of the concerned real estate in trust, etc. and cases where there are issues with boundary confirmation, etc.; and related arrangements, etc.
  - Significant agreements, arrangements, etc. made with co-owners / sectional owners

#### 4. Seller Profile

##### P-87 RESIDIA Ichigaya-Yakuoji

Trade name	ITOCHU PROPERTY DEVELOPMENT, LTD
Head office location	2-9-11 Akasaka, Minato-ku, Tokyo
Representative	Shigeru Tsujimura, President and Chief Executive Officer
Capital	JPY 10,225 million
Large shareholders	ITOCHU Corporation
Principal business	Apartment and house development and Sales, Real estate management and consulting, etc.
Relationship with ADR or its asset management company	ITOCHU PROPERTY DEVELOPMENT, LTD is a stock company that holds 19.4% of the total number of shares issued and outstanding of ADR’s asset management company AD Investment Management Co., Ltd. (hereafter, the “Asset Management Company”), and is a support line company of ADR.

5. Property Buyers, etc.

P-87 RESIDIA Ichigaya-Yakuoji

Property titleholders, etc.	Current titleholder	Previous titleholder
Name of company/individual	ITOCHU PROPERTY DEVELOPMENT, LTD	—
Relationship with party having particular vested interest	A related party as defined in the Asset Management Company's bylaws	—
Acquisition background, reason, etc.	Acquired for the purpose of rental housing development	—
Acquisition price (including other expenses)	—	—
Delivery timing	—	—

6. Asset Management Company's Vested Interest in the To-be-Acquired Assets

(1) Of the to-be-acquired asset listed above, the seller of RESIDIA Ichigaya-Yakuoji, which is ITOCHU PROPERTY DEVELOPMENT, LTD, constitutes a related party as defined in the Asset Management Company's bylaws (encompasses an interested person as defined in the Investment Trusts and Investment Corporations Law; hereafter, "Related Party"). Accordingly, the procedures required in accordance with the bylaws have been completed in concluding the trust beneficiary interests disposition agreement.

(2) Of the to-be-acquired asset listed above, ADR is scheduled to sign a master lease agreement and delegate property management services for RESIDIA Ichigaya-Yakuoji to ITOCHU Urban Community Ltd., which constitutes a Related Party of the Asset Management Company. Accordingly, the procedures required in accordance with the bylaws are scheduled to be completed in concluding the building lease and management agreement with ITOCHU Urban Community.

7. Matters Concerning Earthquake Resistance, etc.

For the to-be-acquired asset, the validity of structural calculation documents on each of the assets has been investigated by a third-party agency. ADR has obtained the following investigation results stating that no intentional manipulation, falsification or other corruption of the structural calculation documents, etc. were found and that the structural calculation is deemed to have been performed in accordance with law.

P-87 RESIDIA Ichigaya-Yakuoji

(i) Investigation Agency

Trade name	Hai kokusai consultant K.K
Head office location	2-19-7 Takanawa, Minato-ku, Tokyo
Representative	Kato Nobuki, Representative Director
Capital	JPY 10 million
Large shareholders	Nobuki Kato and others.
Principal business	Civil engineering, Construction contractor, Construction consulting, etc.
Relationship with ADR or its asset management company	N/A

(ii) Content of Investigation

Verification of structural calculation documents and structural drawings

(iii) Investigation Results

No intentional illegal manipulation or other falsification of structural calculation documents by the designer was found. In addition, no particular issues that cast doubt on the earthquake resistance performance pursuant to the Building Standards Law were found at the time of application for confirmation.

8. Broker Profile

For the to-be-acquired assets, no party acted as broker.

9. Other

ADR plans to disclose information on the asset acquisition again at a later date upon delivery of the properties.

<Attachments>

[Supplementary Materials]

① To be acquired Asset

② Status of Replacement of properties since the Merger (as of today)

※② “Status of Replacement of Properties since the Merger” includes “Residia Bunkyo-Honkomagome” which the acquisition has been postponed.

Please refer to the “Notice Concerning Asset Acquisition Postponement due to the Tohoku and Pacific Region Earthquake” dated March 25, 2011 for details

Reference Material: Photo of façade of the to-be-acquired assets

\* 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.*

[Supplementary Materials]

■ To be acquired Asset

Property	Years	Appraisal NOI yield (Note)	Reason for the Acquisition
P-87 RESIDIA Ichigaya-Yakuoji	2.7 Years	5.8%	Determined that the assets will contribute in improving the portfolio's earnings potential though the relatively high NOI cap rate and the relatively young building age.

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

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

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

	Acquired assets (scheduled)	Disposed assets (scheduled)
Number of properties	14	19
Total acquisition price	21,181 million	23,767 million
Total deal value (a)	21,181 million	20,123 million
Appraisal (b) (Note 1)	22,921 million	21,821 million
Ratio (a) ÷ (b) × 100%	92.4 %	92.2 %
Weighted average NOI yield	6.2 % (Note 2)	4.9 % (Note 2)
Weighted average building age (Note 4)	1.9 yrs.	9.1 yrs.
Regious and unit types	Properties in Tokyo 23 wards and major regional cities. 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 actual annual 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

	Singles	Compacts	Families	Large	Dormitorie s	Others	Total
Tokyo Central 7 Wards	33	(87)	(66)	(36)	0	6	(150)
Tokyo 23 Wards Exclusive of Central 7 Wards	428	65	(17)	7	0	(1)	482
Tokyo Metropolitan Area	(35)	(1)	0	0	91	1	56
Major Regional Cities	171	(145)	(91)	(21)	0	(17)	(103)
Total	597	(168)	(174)	(50)	91	(11)	285

■ Status of Portfolio After the Disposition and the Acquisition

Asset size (based on acquisition price)	3,440 billion yen
No. of properties	183 buildings
No. of leasable units	14,521 units
Total leasable floor area	546,039 m <sup>2</sup>

Area Diversification	Acquisition Price	Share of Investment
Total	3,440 billion yen	100.0 %
P (Tokyo Central 7 Wards)	1,725 billion yen	50.1 %
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	910 billion yen	26.4 %
S (Tokyo Metropolitan Area)	399 billion yen	11.6 %
R (Major Regional Cities)	405 billion yen	11.8 %



<Attachment> Reference Material: Photo of façade of the to-be-acquired asset  
P-87) RESIDIA Ichigaya-Yakuoji

