



July 15, 2011

For Immediate Release

Advance Residence Investment Corporation
 Securities Code : 3269
 3-26 Kanda Nishiki-cho, Chiyoda-ku, Tokyo
 Kenji Kousaka, Executive Director

Asset Management Company:
 AD Investment Management Co., Ltd.
 Kenji Kousaka, President

Inquiries:
 Tatsuya Fukuzawa, Director and General Manager
 Corporate Management Department
 TEL. +81-3-3518-0480

Notice Concerning Acquisition of Investment Asset

Advance Residence Investment Corporation (ADR) announced its decision today to acquire an asset 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.

2. Acquisition Summary

	Name of to-be-acquired asset (Note 1)	Type of to-be-acquired asset	Proposed acquisition price (Note 2)
P-89	RESIDIA TOWER Nakameguro (Pacific Tower Nakameguro)	Real estate	JPY 3,300million

(Note 1) ADR is scheduled to change the property name after acquisition. The name after the change is shown with the name as of today shown below in parentheses.

(Note 2) “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-89) RESIDIA TOWER Nakameguro

Property Name	RESIDIA TOWER Nakameguro
Asset to be acquired	Real estate
Proposed acquisition price	JPY 3,300 million
Seller	Not Disclosed (According to the wish of the seller)
Scheduled agreement date	July 15, 2011
Scheduled acquisition date	August 31, 2011
Acquisition financing	Debt and funds on hand
Payment method	Pay entire amount upon delivery

3. Summary of the To-be-Acquired Asset

P-89) RESIDIA TOWER Nakameguro

Type of specified asset	Real estate	Scheduled acquisition date	August 31, 2011	Proposed acquisition price	JPY 3,300 million
Property Characteristics					
The property is 4 minutes walk to Tokyu Toyoko Line and Tokyo Metro Hibiya Line Nakameguro station. The location satisfies office worker and families due to its proximity to the train station and to the neighborhood shopping area and its easy access to many parts of Tokyo.					
Property Outline					
Location	Residence indication	2-15-1 Kami-meguro, Meguro-ku, Tokyo			
Land	Type of ownership	Proprietary ownership (planned)	Use district	Commercial zone	
	Site area	1,143.05 m ²	FAR / Building coverage ratio	400%/60%	
Building	Type of ownership	Proprietary ownership (planned)	Breakdown of residential unit type	Units	
	Total floor area	5,594.51 m ² (Note)	Single type	6	
	Structure / Floors	RC with flat roof; B1/19F	Compact type	28	
	Use	Apartment	Family type	33	
	Construction completion date	March 2007	Large type	3	
	Confirmation inspection agency	Tokyo Bldg-Tech Center Co.,Ltd	Dormitory type	-	
	Building designer	K.K MAC Construction office	Other	-	
	Structural designer	K.K MAC Construction office	Trustee	-	
Construction contractor	Sumitomo Mitsui Construction Co., Ltd.	Property manager	ITOCHU Urban Community Ltd. (planned)		
Previous titleholder	Not Disclosed		Master lessee	ITOCHU Urban Community Ltd. (planned)	
Current titleholder	Not Disclosed		Master lease type	Pass though (Planned)	
Summary of Real Estate Appraisal Report					
Real estate appraiser	Morii Appraisal & Investment Consulting Inc		Appraised date	April 22, 2011	
Real estate appraised value	JPY 3,510 million		Cap rate	5.1%	
Direct capitalization price	JPY 3,560 million		Discount rate	4.8%	
DCF price	JPY 3,460 million		Terminal cap rate	5.4%	
Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: JPY thousand)			Lease Conditions (as of June 30, 2011)		
Appraisal item		Appraised value	Total tenants	1	
(A) Total potential profit	Subtotal	242,976	Leasable units	70	
	Rent income	236,508	Leased units	63	
	Other income	6,468	Leasable floor area	3,989.13 m ²	
(B) Total effective profit	Subtotal	226,668	Leased floor area	3,619.50 m ²	
	Losses from vacancies, etc.	16,308	Monthly rent (incl. common service charges)	JPY 17,429 thousand	
	Bad debts losses	0	Deposits, guarantees, etc.	JPY 27,832 thousand	
(C) Expenses from rental business	Subtotal	40,154	Occupancy rate (based on floor area)	90.7%	
	Maintenance and management fees	6,135	Summary of Building Conditions Investigation Report		
	Utilities costs	1,593	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
	Management commission fees	6,634	Investigation date	June 2011	
	Taxes and public dues	10,715	Emergency repair costs	-	
	Non-life insurance premiums	320	Short-term repair costs (within 1 year)	-	
	Rental advertising costs	5,826	Long-term repair costs (next 12 years)	JPY 83,779 thousand	
	Repair costs (incl. restoration fees)	3,598	Building replacement price	JPY 1,204,980 thousand	
	Other expenses	5,333	Summary of Earthquake PML Assessment Report		
(D) Profit or loss from rental business = (B) - (C)		186,514	PML	5.70%	
(E) Operating profit from deposits		0	Collateral		
(F) Capital expenditures		4,887	Not Scheduled		
(G) Net profit = (D) + (E) - (F)		181,627			

Special Notation

N/A

(Note) Including public road burden portion (approximately 24 m²).

[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 that were prepared by Morii Appraisal & Investment Consulting Inc.

(ii) Explanation of “Property Outline”

- In principle, the entries are as of June 30, 2011.
- “Residence indication” for the location provides the residence indication. For real estate 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.
- “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.
- “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.
- “Use” for the building provides the primary use out of the types indicated in the registry for the real estate.
- “Leasable floor area” provides the floor area of the portion of the real estate 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 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.”

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, 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)

- “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 titleholder of the real estates in trust as of the date of this document. “Previous titleholder” names the party that transferred the real estate (assets to be acquired) to the current titleholder.
- “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.
- “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 sub-lessee 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. 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.
- (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. Financial Impact on ADR in the Event of Failure to Fulfill Forward Commitments or Similar Agreements
- The purchase and sales agreement for the P-89) RESIDIA TOWER Nakameguro constitute a forward commitment or similar agreement ^(Note) by an investment corporation as stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators.” (last revised on January 2011) by the Financial Services Agency.
- The Purchase and Sales Agreements state that, in the event of a violation of the provisions of the Purchase and Sales Agreements by ADR or the seller, the other party shall have the right to terminate the Purchase and Sales Agreements and claim an amount equivalent to 20% of the purchase price of the property as penalty for the agreement termination. ADR is not obliged to pay the penalty if the ceasing or termination of the Purchase and Sales Agreements is not attributable to ADR.
- (Note) Refers to a purchase and sales agreement under which payment and property delivery shall be made at least 1 month after the conclusion of the agreement, or any other agreement similar thereof.
5. Seller Profile
- The seller of the property is domestic corporation whose name and detail is not disclosed according to seller’s wishes. The seller does not constitute a party having particular vested interest in ADR or in its asset management company.
6. Asset Management Company’s Vested Interest in the To-be-Acquired Assets
- Of the to-be-acquired asset listed above, ADR is scheduled to sign a master lease agreement and delegate property management services for RESIDIA Yoga 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 were found and

that the structural calculation is deemed to have been performed in accordance with law.

P-89) RESIDIA TOWER Nakameguro

(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	Covil 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

The Broker of the property is domestic corporation whose name and detail is not disclosed according to its wishes. The Broker does not constitute a party having particular vested interest in ADR or in its asset management company.

9. Other

ADR plans to disclose the completion of the asset acquisition at a later date upon delivery of the property.

<Attachments>

[Supplementary Materials]

- i) To be acquired Asset
- ii) Status of Replacement of properties since the Merger (as of today)

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 and Transport Press Club, and the Ministry of Land, Infrastructure and Transport 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]

i) To be acquired Asset

Property	Years	Appraisal NOI yield (Note)	Reason for the Acquisition
P-89) RESIDIA TOWER Nakameguro	4.4 Years	5.7%	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

ii) 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	16	19
Total acquisition price	26,004 million	23,767 million
Total deal value (a)	26,004 million	20,123 million
Appraisal (b)	28,001 million	21,821 million (Note 1)
Ratio (a) ÷ (b) × 100%	92.9 %	92.2 %
Weighted average NOI yield	6.1 % (Note 2)	4.9 % (Note 3)
Weighted average building age (Note 4)	2.3 yrs.	9.1 yrs.
Regions 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	Dormitories	Others	Total
Tokyo Central 7 Wards	91	(52)	(26)	(33)	0	6	(14)
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	655	(133)	(134)	(47)	91	(11)	421

■Status of Portfolio After the Disposition and the Acquisition

Asset size (based on acquisition price)	348.8 billion yen
No. of properties	185 buildings
No. of leasable units	14,657 units
Total leasable floor area	552,025 m ²

Area Diversification	Acquisition Price	Share of Investment
Total	348.8 billion yen	100.0 %
P (Tokyo Central 7 Wards)	177.3 billion yen	50.8 %
C (Tokyo 23 Wards Exclusive of Central 7 Wards)	91.0 billion yen	26.1 %
S (Tokyo Metropolitan Area)	39.9 billion yen	11.5 %
R (Major Regional Cities)	40.5 billion yen	11.6 %

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

P-89) RESIDIA TOWER Nakameguro

