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For Immediate Release

Advance Residence Investment Corporation
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Notice Concerning Acquisition of Investment Assets<<RESIDIA Tsukishima III>>

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

Additionally, ADR announced its decision today to dispose an asset as announced in the “Notice Concerning Disposition of Investment Asset <<RESIDIA Hiroo>>” dated today.

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)
C-54	RESIDIA Tsukishima III (Pacific Residence Tsukishima III)	Beneficiary interests in trust	2,570

(Note 1) ADR is scheduled to change the property names after acquisition of the to-be-acquired assets listed above. For the to-be-acquired assets that are scheduled to have their name changed, the name after the change is shown with the name as of today shown 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 the trust beneficiary interests disposition contract). The amount is rounded down to the nearest million yen. The same hereafter.

C-54) RESIDIA Tsukishima III

Name of property	RESIDIA Tsukishima III
Asset to be acquired	Beneficiary interests in trust
Proposed acquisition price	JPY 2,570 million
Seller	G.K. Capilano Two
Scheduled agreement date	August 2, 2011
Scheduled acquisition date	August 31, 2011

Acquisition financing (Planned)	Debt and funds on hand
Payment method	Pay entire amount upon delivery
Trustee	The Sumitomo Trust & Banking Co., Ltd.
Scheduled trust change agreement date	August 31, 2011
Scheduled trust expiration date	June 29, 2018

3. Summary of the To-be-Acquired Assets

C-54) RESIDIA Tsukishima III

Type of specified asset	Beneficiary interests in trust	Scheduled acquisition date	August 31, 2011	Proposed acquisition price	JPY 2,570 million
Property Characteristics					
The Property is 4minute walk to Tokyo Metro Yurakucho line Tsukishima station. The location satisfies office workers working for companies in Tokyo central area due to its proximity to the train station and its easy access to many parts of Tokyo.					
Property Outline					
Location	Residence indication	3-12-4, Tsukishima, Chuo-ku, Tokyo			
Land	Type of ownership	Proprietary ownership	Use district	Commercial zone	
	Site area	590.99 m ² (Note)	FAR / Building coverage ratio	600%/100%	
Building	Type of ownership	Proprietary ownership	Breakdown of residential unit type	Units	
	Total floor area	3,286.47 m ²	Single type	93	
	Structure / Floors	SRC with flat roof	Compact type	25	
	Use	Apartment, Stores	Family type	-	
	Construction completion date	February 2008	Large type	-	
	Confirmation inspection agency	Tokyo Bldg-Tech Center Co.,Ltd	Dormitory type	-	
	Building designer	K.K ARTE ARCHITECTS	Other	1	
	Structural designer	K.K ICHIKAWA ARCHITECTS OFFICE	Trustee	The Sumitomo Trust & Banking Co., Ltd.	
Construction contractor	Ishigro Co.,Ltd.	Property manager	ITOCHU Urban Community Ltd. (planned)		
Previous titleholder	Not Disclosed		Master lessee	ITOCHU Urban Community Ltd. (planned)	
Current titleholder	G.K.Capilano Two		Master lease type	Pass though (Planned)	
Summary of Real Estate Appraisal Report					
Real estate appraiser	Morii Appraisal & Investment Consulting Inc		Appraised date	April 27, 2011	
Real estate appraised value	JPY 2,700 million		Cap rate	5.30%	
Direct capitalization price	JPY 2,730 million		Discount rate	5.00%	
DCF price	JPY 2,670 million		Terminal cap rate	5.60%	
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	187,542	Leasable units	119		
Rent income	183,903	Leased units	112		
Other income	3,639	Leasable floor area	3,152.45 m ²		

(B) Total effective profit Subtotal	175,493	Leased floor area	2,947.82 m ²
Losses from vacancies, etc.	12,049	Monthly rent (incl. common service charges)	JPY 14,655 thousand
Bad debts losses	0	Deposits, guarantees, etc.	JPY 38,788 thousand
(C) Expenses from rental business Subtotal	29,666	Occupancy rate (based on floor area)	93.50%
Maintenance and management fees	5,400	Summary of Building Conditions Investigation Report	
Utilities costs	1,601	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Management commission fees	4,730	Investigation date	June 14, 2011
Taxes and public dues	8,511	Emergency repair costs	—
Non-life insurance premiums	463	Short-term repair costs (within 1 year)	—
Rental advertising costs	4,909	Long-term repair costs (next 12 years)	JPY 18,360 thousand
Repair costs (incl. restoration fees)	1,929	Building replacement price	JPY 750 million
Other expenses	2,123	Summary of Earthquake PML Assessment Report	
(D) Profit or loss from rental business = (B) – (C)	145,827	PML	5.02%
(E) Operating profit from deposits	0	Collateral	
(F) Capital expenditures	1,071	Not Scheduled	
(G) Net profit = (D) + (E) – (F)	144,756		
Special Notation			
N/A			

(Note) Including private road burden portion (approximately 51.35 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 in trust that were prepared by Japan Real Estate Institute or Morii Appraisal & Investment Consulting Inc.

(ii) Explanation of “Property Outline”

- In principle, the entries are based on that as of June 30, 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 ²	~40m ²	~50m ²	~60m ²	~70m ²	~80m ²	~90m ²	Over 90m ²
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)

- “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 Japan Real Estate Institute or 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

C-54 RESIDIA Tsukishima III

Trade name	G.K. Capilano Two
Head office location	3-1-1, Marunouchi, Chiyoda-ku, Tokyo TOKYO KYODO ACCOUNTING OFFICE
Representative	Managing member IA・Residential・Holdings general incorporated association Executive Officer Shuji Fujita
Capital	1,000 yen
Large shareholders	Not disclosed as consent for disclosure has not been attained.
Principal business	1.Real estate acquisition, asset management, renting, property management 2.Real estate in trust acquisition, asset management,dispotion 3.And Related business
Relationship with ADR or its asset management company	G.K.Capilano Two (“the seller”, hereafter)constitutes as a “related party” of AD Investment Management the asset management company hereafter as defined in the asset management company’s by-law(the definition encompasses “investment-party”, etc. defined in the Investment Trusts and Investment Corporation Law.)due to the following factors.Itochu Corporation which is a major shareholder of the Asset management company, iinvests in the Seller. Also Itochu Corporation is the parent Company of ITC Investment Partners which the seller entrusts the manager of its assets.

5. Property Buyers, etc.

C-54 RESIDIA Tsukishima III

Property titleholders, etc.	Current titleholder	Previous titleholder
Name of company/individual	G.K.Capilano Two	Disclosure unauthorized by the duty of confidentiality with the previous titleholder
Relationship with party having particular vested interest	A related party as defined in the Asset Management Company’s bylaws	A party other than a party having particular vested interest
Acquisition background, reason, etc.	Acquired for the purpose of rental housing ownership	—
Acquisition price (including other expenses)	(The acquisition is more than one year old. Therefore the listing of the acquisition price is omitted.)	—
Delivery timing	September 11, 2009	—

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

- (1) Of the to-be-acquired assets listed above, the seller is G.K.Capilano Two, constitutes a related party as defined in the Asset Management Company’s bylaws (encompasses an interested person, etc. 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 assets listed above, ADR is scheduled to delegate master lease and property management services in bulk for RESIDIA Tsukishima III 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 assets, 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.

C-54 RESIDIA Tsukishima III

(i) Investigation Agency

Trade name	Hai kokusai consultant K.K
Head office location	2-19-7 Takanawa, Minato-ku, Tokyo
Representative	Nobuki Kato, 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

(i) Content of Investigation

Verification of structural calculation documents and structural drawings

(ii) 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. Future Outlook

The management performance forecasts for the fiscal period ending July 2011 (from February 1, 2011 to July 31, 2011) and January 2012 (from August 1, 2011 to January 31, 2012) remain unchanged.

10. Other

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

<Attachments>

[Supplementary Materials]

- 1) Supplementary Material on the to be acquired asset detailed on this notice and the to be disposed asset announced today.
- 2) Status of replacement of properties since the merger(as of today)

<Attachment>

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

:Map of the to-be-acquired assets

(Supplementary Materials)]

1)Supplementary Material on the to be acquired asset detailed on this notice and the to be disposed asset announced today.

■To be Acquired Asset announced Today

Property	Years	Appraisal NOI yield (Note)	Reason for the Acquisition
(C-54) RESIDIA Tsukishima III	3.5 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) Appraisal NOI yield = Annual NOI as entered on the appraisal of acquisitions ÷ Acquisition price × 100

■To be Disposed Asset announced Today

Property	Years	Actual NOI yield (Note)	Reason for the Disposition
P-27 RESIDIA Hiroo	12 Years	4.6%	The actual NOI cap rate is relatively low compared to the entire portfolio's actual NOI cap rate, we anticipate that the future earnings to be weak, due to the building age.

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

2)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	17	36
Total acquisition price	28,574 million	40,091 million
Deal value (a)	28,574 million	33,996 million
Appraisal (b) (Note 1)	30,701 million	36,809 million
Ratio (a) ÷ (b) × 100%	93.1 %	92.4 %
Weighted average NOI yield	6.1 % (Note 2)	4.8 % (Note 3)
Weighted average building age (Note 4)	2.4 yrs.	9.8 yrs.
Regions and unit types	Properties that have mostly single type units located in Tokyo Central 7 Wards or major regional cities.	Properties are compact type or family type units or Aging are located 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	(87)	(155)	(55)	(66)	0	3	(360)
Tokyo 23 Wards Exclusive of Central 7 Wards	401	80	(17)	7	0	(2)	469
Tokyo Metropolitan Area	(80)	(35)	(72)	0	91	(6)	(102)

Major Regional Cities	121	(145)	(141)	(21)	0	(17)	(203)
Total	355	(255)	(285)	(80)	91	(22)	(196)

■Status of Portfolio After the Disposition

Asset size (based on acquisition price)	335.1 billion yen
No. of properties	169 buildings
No. of leasable units	14,040 units
Total leasable floor area	524,637 m ²

Area Diversification	Acquisition price	Share of Investment
Total	335.1 billion	100.0 %
P(Tokyo Central 7 Wards)	167.0 billion	49.8 %
C(Tokyo 23 Wards Exclusive of Central 7 Wards)	91.7 billion	27.4 %
S(Tokyo Metropolitan Area)	37.1 billion	11.1 %
R(Major Regional Cities)	39.1 billion	11.7 %

Reference Material:

1) Photo of façade of the to-be-acquired assets

C-54) RESIDIA Tsukishima III



2) Map of the to-be acquired asset

C-54) RESIDIA Tsukishima III

