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For Immediate Release

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Notice Concerning Disposition of Investment Asset<<RESIDIA Hiroo>>

Advance Residence Investment Corporation (ADR) announced its decision today to dispose a property asset (hereafter, the “Disposition”) as follows, as part of its growth strategy. Part of the sales proceed (655 million yen) from the Disposition will be used in the future to acquire assets to enhance the portfolio earning potential to substantiate the goal to have a long-term stable earnings.

Additionally, ADR has released a notice on a decision of acquiring a property. (Please refer to today’s press release titled, “Notice Concerning Acquisition of Investment Asset<<RESIDIA Tsukishima III>>”.)

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”, ADR intends to replace assets on an ongoing basis.

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.

Although, the Disposition ADR will incur a loss from sales of 81 million yen (including 14 million yen of various trading cost), by drawing down the retained earnings from the gain on negative goodwill, there will be no effect on the amount of distribution.

2. Summary of the Disposition

(i) Summary of the Disposition

P-27 RESIDIA Hiroo

(1)	Asset to be disposed	Beneficiary interests in trust (please refer to (11) below for the disposition method)
(2)	Name of asset	RESIDIA Hiroo
(3)	Date of acquisition of asset	March 25, 2005 (date on which the asset was acquired by former investment corporations before the merger)
(4)	Proposed Disposition price	655,000,000yen (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)	Appraisal value or estimated value	706,000,000 yen (as of January 31, 2011)
(6)	Book value(estimated)	722,474,315yen (as of July 31, 2011)
(7)	Difference between proposed disposition price and book value	-67,474,315yen (difference between (4) and (6) above)
(8)	Agreement date	July 29, 2011
(9)	Scheduled delivery date	August 12, 2011
(10)	Buyer	Please refer to “4. Buyer Profile” below.
(11)	Disposition method	Disposition of the concerned beneficiary interests in trust to the buyer indicated in (10) above at the same time that the proceeds are paid on the Disposition Execution Date

(ii) Summary of the Asset to be Disposed

P-27 RESIDIA Hiroo

Name of asset	P-27 RESIDIA Hiroo		
Type of qualified asset	Beneficiary interests in trust		
Location	Building A : 3-9-5, Hiroo, Shibuya-ku, Tokyo Building B : 3-9-9, Hiroo, Shibuya-ku, Tokyo		
Land	Type of ownership	Proprietary ownership	
	Zoning	Category 1 low-rise exclusive residential district	
	Site area	933.66 m ² (Note)	
	FAR / Building coverage ratio	150%/60%	
Building	Type of ownership	Proprietary ownership	
	Use	Apartment	
	Total floor area	Building A : 653.16 m ²	
		Building B : 366.52 m ²	
	Construction completion date	September 1999	
	Structure	Building A : RC with flat roof;3F	
Building B : RC with flat, galvanized stainless steel plated roof;2F			
No. of leasable units	29 units		
Estimated value	706 million yen	(time of reference for the survey: January 31, 2011)	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.		
Tenant details	Total no. of tenants (Note 1)	1	
	Monthly rent (Note 2)	4,101 thousand yen	
	Deposits, etc. (Note 3)	7,379 thousand yen	
	Total leasable floor area (Note 4)	949.6 m ²	
	Total leased floor area (Note 4)	949.6 m ²	

Occupancy rate(based on floor area) (Note 4)	100.00%(Note 5)
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(Note) Includes the public road (approx. 69 m²), and the private road portion (62.75 m²).

(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 June 30, 2011. 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 June 30, 2011 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 June 30, 2011. 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 June 30, 2011.

(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

The buyer is an individual. According to the wishes of the buyer, his detail is not disclosed. The buyer does not constitute a party having particular vested interest in ADR or in its asset management company.

5. Broker Profile

There are two brokers involved in the disposition. The outline of the brokers are as below.

P-27 RESIDIA Hiroo

Broker 1

Trade name	Mizuho Trust & Banking Co., Ltd.
Head office location	1-2-1 Yaesu, Chuo-ku, Tokyo
Representative	President & CEO Takashi Nonaka
Commission	6,550,000yen (exclusive of consumption tax and local consumption tax)
Relationship with ADR or its asset management company	Mizuho Trust & Banking Co., Ltd. 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.

Broker 2

Trade name	Japan Asset Advisors Co., Ltd.
Head office location	3-3-4, Kaji-cho, Kanda, Chiyoda-ku, Tokyo
Representative	Representative Director Kazuhiro Minami
Commission	Not disclosed as consent for disclosure has not been attained.
Relationship with ADR or its asset management company	NO vested interest in ADR or in its asset management company.



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 July 2011 (from February 1, 2011 to July 31, 2011) and January 2012 (from August 1, 2011 to January 31, 2012) remain unchanged.

<Attachments>

[Supplementary Materials]

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

- * 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]

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

■To-be-Disposed Asset

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

■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

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 and 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 %