

December 13, 2011

For Immediate Release

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### **Notice Concerning Acquisition of Investment Assets (Silent Partnership Equity Interests)**

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

#### 1. Acquisition Summary

- (1) Asset to be acquired : Silent partnership equity interests for real estate beneficiary interests in trust
- (2) Name of to-be-acquired asset : Godo Kaisha RBFA2's silent partnership equity interest
- (3) Real estate in trust : Pacific Residence Gosyohigashi  
Pacific Residence Rakuhoku  
Current Marunouchi  
Current Sapporo Estacion
- (4) Amount of Investment : Total 275 million yen (25% of silent partnership equity interest)
- (5) Scheduled agreement date : December 13, 2011
- (6) Scheduled acquisition date : December 14, 2011  
Equity interest acquisition date
- (7) Acquisition financing : Funds on hand  
Equity interest acquisition date

#### 2. Reason for the Acquisition

The decision of this acquisition was made in order to construct a portfolio which realizes growth of asset size and ensures stable revenues through diversified investments throughout Japan in all types of residential properties, by investing in silent partnership equity interest, as pursuant to the asset management target and investment policy of the Articles of Incorporation of ADR.

Through this acquisition, ADR will receive dividends from profit coming from rental income from tenants of the real estate in trust, etc. from the operator of the silent partnership. In addition, ADR will be granted preferential negotiation rights concerning each real estate beneficiary interest in trust with this acquisition (for details, please refer to "3. Summary of the To-be-Acquired Assets – (1) Overview of silent partnership to be invested – Other"), however this does not place an obligation on ADR to acquire the real estate beneficiary interest in trust.

The following points were assessed with regard to the granting of real estate under trust and preferential negotiation rights.

Name of property	Property Characteristics	Concerning the Granting of Preferential Negotiation Rights
Pacific Residence Gosyohigashi	<p>The property is a 7-minute walk from Keihan Electric Railway Oto Line Jingu-marutamachi Station, giving tenants good access to major business centers and major commercial centers.</p> <p>The location is rich in greenery with Kyoto-gyoen park and Kamogawa river within walking distance.</p> <p>The property is also very convenient with convenience store occupying the first floor of the property as well as having a supermarket nearby.</p> <p>The property's high-grade facilities and proximity to Kyoto-gyoen makes the property a rare find and gives it a competitive edge in attracting demands from commuters to central Kyoto's business center.</p>	<p>Determined that the assets will contribute to improving the portfolio's earnings potential through the relatively high NOI cap rate and the relatively young building age.</p>
Pacific Residence Rakuhoku	<p>The property is a 5-minute walk from Eizan Electric Railway Eizan-honsen Line / Kurama Line Mototanaka Station and also accessible by bicycle to Kyoto University Yoshida Campus, therefore demands from Kyoto University students can be expected.</p> <p>The property's location is convenient with a large shopping center nearby. Because there are not many competing properties in the area with the same high-grade facilities as this property, the property has a market advantage.</p>	
Current Marunouchi	<p>The property's accessibility to major business district and major commercial area is good, as it is a 4-minute walk from Nagoya Municipal Subway Tsurumae Line and Sakura-dori Line Marunouchi Station accessing two subway lines and walking distance to Marunouchi and Nishiki business district.</p> <p>With a convenience store nearby and being located on a major road the living convenience is good. Along with the high-grade facilities, demands from singles commuting to Nagoya city central can be expected.</p>	
Current Sapporo Estacion	<p>The property is a 6-minute walk from Sapporo Municipal Subway Toho Line Sapporo Station and a 8-minute walk from JR Hokkaido Hakodate Main Line Sapporo Station. Accessing many parts of Sapporo from the property is easy, especially major business district and major commercial area are within a walking distance.</p> <p>The property is convenient due to the fact that it is walking distance to Sapporo Station where department stores such as Daimaru, Tokyu and shopping centers as Stella Place gather, as well as having a convenient store nearby.</p> <p>From the property's high-grade facilities and the transportation convenience the property can expect demands from singles and DINKs who commute to places within Sapporo.</p>	

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

#### (1) Overview of silent partnership

Name of operator	GK RBFA2				
Validity period of silent partnership agreement	To February 28, 2014				
Total amount of investment, etc. in silent partnership	1,100 million yen				
Overview of silent partnership agreement	<p>The following is an overview of the investment in the silent partnership.</p> <table border="1" data-bbox="496 568 922 974"> <thead> <tr> <th colspan="2">Godo Kaisha RBFA2</th> </tr> </thead> <tbody> <tr> <td>Real estate beneficiary interests in trusts, etc. 9,680 million yen (Note 1)</td> <td>           Nonrecourse loan 8,580 million yen             Silent partnership equity, etc. 1,100 million yen (Note 2)         </td> </tr> </tbody> </table> <p>(Note 1) Formulation costs, reserve money, etc. are included in real estate beneficiary interest in trusts, etc. Also, the total real estate appraised value is 4,753 million yen.            (Note 2) ADR is scheduled to invest 275 million yen (25.0%) in the silent partnership equity interest, etc.            (Note 3) Japan Asset Trust Corporation is scheduled to become the asset manager of Godo Kaisha RBFA2.            (Note 4) Mitsubishi UFJ Morgan Stanley Securities Co., Ltd is the financial advisor of formulation of the silent partnership.</p> <p>Calculation period:            The three month periods of February 1 to the end of April, May 1 to the end of July, August 1 to the end of October, and November 1 to the end of January. However, the first calculation period is the date of first investment to the end of January, 2012.</p> <p>Distribution of profits and losses:            For each calculation period where profits arise, all such profits will be distributed by the operator to the investors according to their equity ratios on the calculation date.            Also, for each calculation period where losses arise, investors will receive distributions according to their equity ratios on the calculation date, with the amount of loss of the business as the limit.            However, if the total amount of losses distributed to investors exceeds the total investment amount, the total excess amount will be distributed to the operator.</p>	Godo Kaisha RBFA2		Real estate beneficiary interests in trusts, etc. 9,680 million yen (Note 1)	Nonrecourse loan 8,580 million yen  Silent partnership equity, etc. 1,100 million yen (Note 2)
Godo Kaisha RBFA2					
Real estate beneficiary interests in trusts, etc. 9,680 million yen (Note 1)	Nonrecourse loan 8,580 million yen  Silent partnership equity, etc. 1,100 million yen (Note 2)				

Other	Concerning preferential negotiation rights to be granted with the acquisition	
	Content of negotiation rights	The preferential negotiation rights before other parties on acquisition of trust beneficiary scheduled to be acquired by the operator on December 15, 2011 (see (2) below) as well as the operator's real estate assets in trust.
	Exercise period of negotiation rights	To August 31, 2013
	Price conditions for preferential negotiations	Acquisition at 4,556 million yen or more. Price breakdown: Pacific Residence Gosyohigashi : 1,227 million yen Pacific Residence Rakuhoku : 874 million yen Current Marunouchi : 972 million yen Current Sapporo Estacion : 1,483 million yen

(2) Details of Properties

( i ) Pacific Residence Gosyohigashi

<b>Type of specified asset</b>		Beneficiary interests in trust(planned)	<b>Scheduled acquisition date</b>	December 15, 2011
<b>Property Outline</b>				
Location	Residence indication	186 Shinkarasumakashiracho, Kamigyo-ku, Kyoto-shi, Kyoto		
Land	Type of ownership	Proprietary ownership	Use district	commercial zone
	Site area	712.04 m <sup>2</sup> (Note)	FAR / Building coverage ratio	400%/80%
Building	Type of ownership	Proprietary ownership	Confirmation inspection agency	K.K. Kyoto Organization of Confirmation and Inspection
	Total floor area	3,156.56 m <sup>2</sup>	Building designer	K.K. Ishizue 1st Class Qualified Architect Office
	Structure / Floors	RC with flat roof ; 10F	Structural designer	K.K. Ishizue 1st Class Qualified Architect Office
	Use	Apartment, Stores	Construction contractor	K.K. Nakagawa Komuten
	Construction completion date	September 2007	Trustee	The Sumitomo Trust & Banking Co., Ltd.(planned)
<b>Lease Conditions (as of October 31, 2011)</b>				
Total tenants	1		Leasable units	57
Leased units	55		Leasable floor area	2,601.26 m <sup>2</sup>
Leased floor area	2,455.51 m <sup>2</sup>		Monthly rent (incl. common service charges)	JPY 7,290 thousand
Deposits, guarantees, etc.	JPY 9,194 thousand		Occupancy rate (based on floor area)	94.4%
<b>Summary of Real Estate Appraisal Report</b>				
Real estate appraiser	Japan Real Estate Institute		Appraised date	September 1, 2011
Real estate appraised value	JPY 1,270 million		Cap rate	5.8%
Direct capitalization price	JPY 1,280 million		Discount rate	5.6%
DCF price	JPY 1,260 million		Terminal cap rate	6.0%
<b>Income/Expenditures Assumed in Calculating Direct Capitalization Price</b>			<b>Summary of Earthquake PML Assessment Report</b>	
Profit or loss from rental business	JPY 76,081 thousand		PML	5.74%
<b>Special Notation</b>				
N/A				

(Note)Includes the setback portion (about 16.2 m<sup>2</sup>)

( ii ) Pacific Residence Rakuho

Type of specified asset		Beneficiary interests in trust(planned)	Scheduled acquisition date	December 15, 2011
<b>Property Outline</b>				
Location	Residence indication	58-2 Tanakaminaminishiuracho , Sakyo-ku, Kyoto-shi, Kyoto		
Land	Type of ownership	Proprietary ownership	Use district	Quasi industrial zone
	Site area	1,232.85 m <sup>2</sup> (note)	FAR / Building coverage ratio	200%/60%
Building	Type of ownership	Proprietary ownership	Confirmation inspection agency	K.K.Kenchikukensakiko
	Total floor area	2,485.17 m <sup>2</sup>	Building designer	K.K. Ishizue 1st Class Qualified Architect Office
	Structure / Floors	RC with flat roof ; 5F/B1F	Structural designer	K.K. Ishizue 1st Class Qualified Architect Office
	Use	Apartment,	Construction contractor	KK Nakagawa Komuten
	Construction completion date	March 2008	Trustee	The Sumitomo Trust & Banking Co., Ltd.(planned)
<b>Lease Conditions (as of October 31, 2011)</b>				
Total tenants	1		Leasable units	75
Leased units	68		Leasable floor area	2,101.83 m <sup>2</sup>
Leased floor area	1,911.29 m <sup>2</sup>		Monthly rent (incl. common service charges)	JPY 5,314 thousand
Deposits, guarantees, etc.	JPY 6,652 thousand		Occupancy rate (based on floor area)	90.9%
<b>Summary of Real Estate Appraisal Report</b>				
Real estate appraiser	Japan Real Estate Institute		Appraised date	September 1, 2011
Real estate appraised value	JPY 891 million		Cap rate	5.9%
Direct capitalization price	JPY 897 million		Discount rate	5.7%
DCF price	JPY 884 million		Terminal cap rate	6.1%
<b>Income/Expenditures Assumed in Calculating Direct Capitalization Price</b>			<b>Summary of Earthquake PML Assessment Report</b>	
Profit or loss from rental business	JPY 54,359 thousand		PML	9.90%
<b>Special Notation</b>				
N/A				

(note) Includes 3.48 sqm adjacent free passageway

( iii ) Current Marunouchi

Type of specified asset		Beneficiary interests in trust(planned)	Scheduled acquisition date	December 15, 2011
<b>Property Outline</b>				
Location	Residence indication	2-2-10 Marunouchi, Naka-ku, Nagoya-shi, Aichi		
Land	Type of ownership	Proprietary ownership	Use district	commercial zone
	Site area	408.72 m <sup>2</sup>	FAR / Building coverage ratio	600%/80%
Building	Type of ownership	Proprietary ownership	Confirmation inspection agency	JAPAN ERI CO.,LTD
	Total floor area	2,470.79 m <sup>2</sup>	Building designer	K.K. Plantech architect design
	Structure / Floors	RC with flat roof ; 15F	Structural designer	K.K. Plantech architect design
	Use	Office, Apartment.	Construction contractor	Tsuchiya Corporation (Old:Tsuchiya Gumi Co.,Ltd)
	Construction completion date	January 2007	Trustee	Mizuho Trust & Banking Co., Ltd.
<b>Lease Conditions (as of October 31, 2011)</b>				
Total tenants	1		Leasable units	86
Leased units	78		Leasable floor area	2,349.52 m <sup>2</sup>
Leased floor area	2,109.54 m <sup>2</sup>		Monthly rent (incl. common service charges)	JPY 5,552 thousand
Deposits, guarantees, etc.	JPY 8,828 thousand		Occupancy rate (based on floor area)	89.8%

Summary of Real Estate Appraisal Report			
Real estate appraiser	Daiwa Real Estate Appraisal Co., Ltd.	Appraised date	September 10, 2011
Real estate appraised value	JPY 992 million	Cap rate	5.9%
Direct capitalization price	JPY 1,000 million	Discount rate	5.7%
DCF price	JPY 988 million	Terminal cap rate	6.1%
Income/Expenditures Assumed in Calculating Direct Capitalization Price		Summary of Earthquake PML Assessment Report	
Profit or loss from rental business	JPY 60,933 thousand	PML	17.26%
Special Notation			
N/A			

(iv) Current Sapporo Estacion

Type of specified asset	Beneficiary interests in trust		Scheduled acquisition date	December 15, 2011
Property Outline				
Location	Residence indication	2-1-6, Kita 5 jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido		
Land	Type of ownership	Proprietary ownership	Use district	commercial zone
	Site area	1,082.78 m <sup>2</sup>	FAR / Building coverage ratio	600%/80%
Building	Type of ownership	Proprietary ownership	Confirmation inspection agency	JAPAN ERI CO.,LTD
	Total floor area	8,643.00 m <sup>2</sup>	Building designer	Rush construction design office co.,Ltd.
	Structure / Floors	RC with flat roof ; 15F/B1F	Structural designer	TOH ARCHITECT & SYSTEM Ltd.
	Use	Apartment.	Construction contractor	ZEPHYR CO .,LTD
	Construction completion date	February 2007	Trustee	Mizuho Trust & Banking Co., Ltd.
Lease Conditions (as of October 31, 2011)				
Total tenants	1		Leasable units	168
Leased units	166		Leasable floor area	6,088.04 m <sup>2</sup>
Leased floor area	6,021.54 m <sup>2</sup>		Monthly rent (incl. common service charges)	JPY 11,689 thousand
Deposits, guarantees, etc.	JPY 10,574 thousand		Occupancy rate (based on floor area)	98.9%
Summary of Real Estate Appraisal Report				
Real estate appraiser	Daiwa Real Estate Appraisal Co., Ltd.	Appraised date	September 10, 2011	
Real estate appraised value	JPY 1,600 million	Cap rate	6.2%	
Direct capitalization price	JPY 1,610 million	Discount rate	6.0%	
DCF price	JPY 1,590 million	Terminal cap rate	6.4%	
Income/Expenditures Assumed in Calculating Direct Capitalization Price		Summary of Earthquake PML Assessment Report		
Profit or loss from rental business	JPY 104,168 thousand	PML	1.29%	
Special Notation				
N/A				

[Explanation of Entries in Foregoing Tables]

(i) Explanation of "Property Outline"

- In principle, the entries are based on that as of October 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 is the numerical figure determined by city planning in accordance with the use district, etc.
- "Building coverage ratio" for the land 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.

- In the “Trustee” column are listed either the holder of the trust agreement concerning the real estate in trust as of today or the party scheduled to be the trustee. A hyphen is marked for real estate for which no trust agreements have been concluded as of today.

(ii) 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 Daiwa Real Estate Appraisal Co., Ltd. for the respective real estates in trust.
- The monetary amounts are rounded down to the nearest million yen.

(iii) 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.

(iv) 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

(3) Overview of operator of silent partnership to be invested

Trade Name	Godo Kaisha RBFA 2	
Head Office Location	1-8 Kandanshikicho 2-chome, Chiyoda-ku, Tokyo, inside Japan Asset Trust Corporation	
Principal Business	1. Sales, exchange and rent of real estate and their brokerage and management 2. Sales, exchange, possession and management concerning real estate in trust 3. Acquisition, possession and disposal of company stocks, equity interest, specified assets, etc. for the purpose of 1. and 2. above 4. All business incidental to the above	
Representative	Managing partner	RBFA
	Administrator	Keiichi Omura
Capital	100,000 yen	
Date of establishment	October 3, 2011	
Relationship with ADR or its asset management company		
Capital relations	There are no capital relations, personal relations or business relations to be stated between Godo Kaisha RBFA 2 and ADR or the Asset Management Company. Also, there are no capital relations, personal relations or business relations to be noted between related parties or related companies of Godo Kaisha RBFA 2 and related parties or related companies of ADR or the Asset Management Company.	
Personal relations		
Business relations		
Interested party status	Godo Kaisha RBFA 2 does not constitute an interested party of ADR or the Asset Management Company. Also, the related parties and related companies of Godo Kaisha RBFA 2 do not constitute interested parties of ADR or the Asset Management Company.	

4. Settlement Method

As indicated below in “5. Acquisition Schedule.”

5. Acquisition Schedule

December 13, 2011	Acquisition decision made
December 13, 2011	Conclusion of silent partnership agreement (scheduled)
December 14, 2011	Investment in silent partnership (scheduled)
December 15, 2011	Delivery of real estate in trust to operator of silent partnership (scheduled)

## 6. Future Outlook

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

<Attachment>

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.*



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

( i ) Pacific Residence Gosyohigashi



( ii ) Pacific Residence Rakuhoku



(iii) Current Marunouchi



(iv) Current Sapporo Estacion

