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For Immediate Release

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Notice Concerning Acquisition of Investment Assets <<RESIDIA Kamata III, RESIDIA Kawasaki>>

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.

In deciding to acquire the assets, ADR gave high ratings to the properties' characteristics listed below.

C-64 RESIDIA Kamata

- The property is 4 minutes walk from Keikyu Line, "Keikyu Kamata Station" and 9 minutes walk from JR Keihin Tohoku Line "Kamata Station". From the Keikyu Kamata station on the train, it is 10 minutes to Shinagawa Station, 28 minutes to Tokyo Station, giving tenants good access to business centers from the property.
- There are daily product stores, and many other convenient facilities close by.
- Because room plans are either 1K or 1LDK demand can be expected from "singles" and "DINKS" commuters to central Tokyo due to the good access and the convenience.

S-28 RESIDIA Kawasaki

- The property is 4 minutes walk from Keikyu Line, "Keikyu Kawasaki Station" and 9 minutes walk from JR Line "Kawasaki Station". From the station on the train, it is 18 minutes to Shinagawa Station, 34 minutes to Tokyo Station, giving tenants good access to business centers from the property.
- It is situated in a shopping area where you have convenience stores, other daily product stores, restaurants and in walking distance to Lazona Kawasaki which is a large shopping mall.
- Because room plans are mostly 1K demand can be expected from "singles" commuters to central Tokyo due to the good access and the convenience.

2. Acquisition Summary

	Name of to-be-acquired asset (Note 1)	Type of to-be-acquired asset	Proposed acquisition price (Note 2)
C-64	RESIDIA Kamata III (Nostel Court Kamata)	Beneficiary interests in trust	948
S-28	RESIDIA Kawasaki (Nostel Court Kawasaki)	Beneficiary interests in trust	1,670

(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 real estate transaction agreement, and the trust beneficiary interests disposition contract). The amount is rounded down to the nearest million yen. The same hereafter.

C-64) RESIDIA Kamata III

Name of property	RESIDIA Kamata III
Asset to be acquired	Beneficiary interests in trust
Proposed acquisition price	JPY 948 million
Seller	Not Disclosed
Scheduled agreement date	March 26, 2012
Scheduled acquisition date	April 3, 2012
Acquisition financing	Debt and funds on hand
Payment method	Pay entire amount upon delivery

S-28) RESIDIA Kawasaki

Name of property	RESIDIA Kawasaki
Asset to be acquired	Beneficiary interests in trust
Proposed acquisition price	JPY 1,670 million
Seller	Not Disclosed
Scheduled agreement date	March 26, 2012
Scheduled acquisition date	April 3, 2012
Acquisition financing	Debt and funds on hand
Payment method	Pay entire amount upon delivery

3. Summary of the To-be-Acquired Assets

C-64) RESIDIA Kamata III

Type of specified asset	Beneficiary interests in trust	Scheduled acquisition date	April 3, 2012	Proposed acquisition price	JPY 948 million
Property Outline					
Location	Address	4-18-23, Kamata, Ota-ku, Tokyo			
Land	Type of ownership	Proprietary ownership		Use district	Commercial zone
	Site area	232.98 m ²		FAR / Building coverage ratio	700%/80%
Building	Type of ownership	Proprietary ownership		Breakdown of residential unit type	Units

	Total floor area	1,513.86 m ²	Single type	41
	Structure / Floors	RC with flat roof, 14F	Compact type	11
	Use	Apartment, Stores	Family type	-
	Construction completion date	March 2007	Large type	-
	Confirmation inspection agency	E-house Building Center K.K.	Dormitory type	-
	Building designer	SHIMIZUGUMI 1st Class Qualified Architect Office.	Other	1
	Structural designer	Yugengaisya Atlas Architecture	Trustee	Mizuho Trust and Banking
	Construction contractor	K.K. SHIMIZUGUMI	Property manager	ITOCHU Urban Community (Planned)
	Previous titleholder	Not Disclosed	Master lessee	ITOCHU Urban Community (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	October 14, 2011
	Real estate appraised value	JPY 981 million	Cap rate	5.2%
	Direct capitalization price	JPY 991 million	Discount rate	4.9%
	DCF price	JPY 970 million	Terminal cap rate	5.5%
Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: JPY thousand)		Lease Conditions (as of February 29, 2012)		
	Appraisal item	Appraised value	Total tenants	1
(A)	Total potential profit Subtotal	67,747	Leasable units	53
	Rent income	65,469	Leased units	50
	Other income	2,278	Leasable floor area	1,404.35 m ²
(B)	Total effective profit Subtotal	64,294	Leased floor area	1,337.79 m ²
	Losses from vacancies, etc.	3,453	Monthly rent (incl. common service charges)	JPY 5,408 thousand
	Bad debts losses	0	Deposits, guarantees, etc.	JPY 8,232 thousand
(C)	Expenses from rental business Subtotal	12,002	Occupancy rate (based on floor area)	95.3%
	Maintenance and management fees	2,721	Summary of Building Conditions Investigation Report	
	Utilities costs	765	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Management commission fees	1,872	Investigation date	March 2, 2012
	Taxes and public dues	2,793	Emergency repair costs	—
	Non-life insurance premiums	67	Short-term repair costs (within 1 year)	—
	Rental advertising costs	1,869	Long-term repair costs (next 12 years)	JPY 15,864 thousand
	Repair costs (incl. restoration fees)	1,117	Building replacement price	JPY 276 million
	Other expenses	798	Summary of Earthquake PML Assessment Report	
(D)	Profit or loss from rental business = (B) - (C)	52,292	PML	6.74%

(E) Operating profit from deposits	167	Collateral
(F) Capital expenditures	925	
(G) Net profit = (D) + (E) – (F)	51,534	
Special Notation		
N/A		

S-28) RESIDIA Kawasaki

Type of specified asset	Beneficiary interests in trust	Scheduled acquisition date	April 3, 2012	Proposed acquisition price	JPY 1,670 million
Property Outline					
Location	Address	1-6-6, Honcho, Kawasaki-ku, Kawasaki-shi, Kanagawa			
Land	Type of ownership	Proprietary ownership		Use district	Commercial zone
	Site area	553.94 m ²		FAR / Building coverage ratio	500%/80%
Building	Type of ownership	Proprietary ownership		Breakdown of residential unit type	Units
	Total floor area	3,356.10 m ²		Single type	87
	Structure / Floors	RC with flat roof 14F		Compact type	17
	Use	Apartment		Family type	-
	Construction completion date	March 2007		Large type	-
	Confirmation inspection agency	JAPAN ERI CO.,LTD.		Dormitory type	-
	Building designer	Yugengaisya KenchikuSekkei・Yuki 1st Class Qualified Architect Office.		Other	-
	Structural designer	TOBISHIMA CORPORATION.		Trustee	Mizuho Trust and Banking
	Construction contractor	TOBISHIMA CORPORATION.		Property manager	HASEKO LIVENET, Inc.
Previous titleholder		Not Disclosed		Master lessee	HASEKO LIVENET, Inc.
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	October 18, 2011
Real estate appraised value		JPY 1,740 million		Cap rate	5.4%
Direct capitalization price		JPY 1,760 million		Discount rate	5.1%
DCF price		JPY 1,720 million		Terminal cap rate	5.7%

Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: JPY thousand)		Lease Conditions (as of February 29, 2012)	
Appraisal item	Appraised value	Total tenants	1
(A) Total potential profit Subtotal	123,854	Leasable units	104
Rent income	116,098	Leased units	98
Other income	7,756	Leasable floor area	2,644.99 m ²
(B) Total effective profit Subtotal	117,473	Leased floor area	2,441.59 m ²
Losses from vacancies, etc.	6,381	Monthly rent (incl. common service charges)	JPY 9,205 thousand
Bad debts losses	0	Deposits, guarantees, etc.	JPY 17,790 thousand
(C) Expenses from rental business Subtotal	20,421	Occupancy rate (based on floor area)	92.3%
Maintenance and management fees	2,762	Summary of Building Conditions Investigation Report	
Utilities costs	1,728	Investigator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Management commission fees	3,452	Investigation date	March 12, 2012
Taxes and public dues	5,603	Emergency repair costs	—
Non-life insurance premiums	177	Short-term repair costs (within 1 year)	—
Rental advertising costs	3,214	Long-term repair costs (next 12 years)	JPY 39,082 thousand
Repair costs (incl. restoration fees)	2,276	Building replacement price	JPY 699 million
Other expenses	1,209	Summary of Earthquake PML Assessment Report	
(D) Profit or loss from rental business = (B) – (C)	97,052	PML	9.44%
(E) Operating profit from deposits	345	Collateral	
(F) Capital expenditures	2,280	Not Scheduled	
(G) Net profit = (D) + (E) – (F)	95,117		
Special Notation			
N/A			

[Explanation of Entries in Foregoing Tables]

(i) Explanation of “Property Outline”

- In principle, the entries are based on data as of February 29, 2012.
- For real estate in trust without a finalized address, the address provided by the registry is listed as the address.
- “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)
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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 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 in trust. Where property management services are re-delegated, the property manager re-delegated to conduct property management services is shown.
- (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 Morii Appraisal & Investment Consulting Inc. 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

4. Seller Profile

Properties' buyer is a domestic corporation. According to the wishes of the buyers, their details are not disclosed. The buyers do not constitute a party having particular vested interest in ADR or in its asset management company.

5. 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 KamataIII 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.

6. 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-64 RESIDIA KamataIII, S-28 RESIDIA Kawasaki

(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	Civil 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.

7. Broker Profile

No Broker

8. Future Outlook

The management performance forecasts for the fiscal period ending July 2012 and ending January 2013 remain unchanged.

<Attachments>

[Supplementary Materials]

- ① Supplementary Material on the to-be-acquired 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
: Maps of 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]

① Supplementary Material on the to be acquired asset announced today.

■ To be Acquired Asset announced Today

Property	Years	Actual NOI yield (Note)	Reason for the Disposition
(C-64) RESIDIA Kamata III	5.1 Years	5.5%	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.
(S-28) RESIDIA Kawasaki	5.1 Years	5.8%	

(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	38	36
Total acquisition price	61,353 million	39,388 million
Deal value (a)	61,353 million	33,996 million
Appraisal (b) (Note 1)	65,409 million	36,809 million
Ratio (a) ÷ (b) × 100%	93.8 %	92.4 %
Weighted average NOI yield	6.1 % (Note 2)	4.9 % (Note 3)
Weighted average building age (Note 4)	3.6 yrs.	9.9 yrs.

(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	50	(128)	(55)	(66)	0	5	(194)
Tokyo 23 Wards Exclusive of Central 7 Wards	883	251	138	7	0	(3)	1,282
Tokyo Metropolitan Area	241	(18)	(72)	0	91	(6)	(236)
Major Regional Cities, etc.	682	(7)	(89)	(11)	0	(8)	(567)
Total	1,856	98	(78)	(70)	91	(6)	1,891

■ Status of Portfolio After the Disposition

Asset size (based on acquisition price)	367.9 billion yen
No. of properties	190 buildings
No. of leasable units	16,127 units
Total leasable floor area	590,672 m ²

Area Diversification	Acquisition price	Share of Investment
Total	36.79 billion	100 %
P(Tokyo Central 7 Wards)	17.07 billion	46.4 %
C(Tokyo 23 Wards Exclusive of Central 7 Wards)	10.70 billion	29.1 %
S(Tokyo Metropolitan Area)	41.2 billion	11.2 %
R(Major Regional Cities)	48.8 billion	13.3 %

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

C-64) RESIDIA Kamata III



S-28) RESIDIA Kawasaki

