

July 26, 2012

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:
Tomoyuki Kimura, Director and General Manager
Corporate Management Department
TEL. +81-3-3518-0480

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 RBFA3's silent partnership equity interest
- (3) Real estate in trust : Lietocourt Shinsaibashi West
CR Residence Jiyugaoka
Park Homes Sapporo East
- (4) Amount of Investment : Total 161 million yen (About 24% of silent partnership equity interest)
- (5) Scheduled agreement date : July 26, 2012(Planned)
- (6) Scheduled acquisition date : July 27, 2012(Planned)
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
Lietocourt Shinsaibashi West	This property is approximately four minutes on foot from Nishinagahori Station on the Osaka Municipal Subway Sennichimae Line and Nagahori Tsurumi-ryokuchi Line, and is very conveniently located for access to the main business district or to major commercial districts. A convenience store is located on the first floor of the property, which is also walking distance from supermarkets and public facilities, making it convenient as well for daily living. The high-grade equipment specifications and market superiority of this condominium anticipate the demands of single professionals or DINKs commuting to the heart of Osaka City.	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.
CR Residence Jiyugaoka	This property is located approximately 15 minutes on foot from Jiyugaoka Station on the Tokyu Toyoko Line and the Oimachi Line, in the very popular Jiyugaoka district of Tokyo. It provides convenient access to Tokyo's central business area and major commercial districts. A supermarket is located within walking distance, making daily life convenient as well. The high-grade equipment specifications of this condominium anticipate the demands of single professionals or DINKs commuting to the heart of the Tokyo metropolis.	
Park Homes Sapporo East	Located five minutes on foot from Bus Center mae Station on the Sapporo Municipal Subway Tozai Line and a 12-minute walk from Sapporo Station on the JR Hakodate Main Line, the property provides easy access to the main business district as well as major commercial districts. A department store and supermarket are located within walking distance, making daily life very convenient. The high-grade equipment specifications and market superiority of this condominium anticipate the demands of professionals with families who are commuting to the central area of Sapporo City.	

3. Summary of the To-be-Acquired Assets

(1) Overview of silent partnership

Name of operator	Godo Kaisha RBFA3				
Validity period of silent partnership agreement	To December 31, 2014				
Total amount of investment, etc. in silent partnership	670 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="496 645 924 1048"> <thead> <tr> <th colspan="2">Godo Kaisha RBFA3</th> </tr> </thead> <tbody> <tr> <td>Real estate beneficiary interests in trusts, etc. 3,770 million yen (Note 1)</td> <td>Nonrecourse loan 3,100 million yen Silent partnership equity, etc. 670 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 3,837 million yen. (Note 2) ADR is scheduled to invest 161 million yen (About 24.0%) in the silent partnership equity interest, etc. (Note 3) Japan Asset Trust Corporation is scheduled to become the asset manager of Godo Kaisha RBFA3. (Note 4) Mitsubishi UFJ Morgan Stanley Securities Co., Ltd is the financial advisor of the silent partnership.</p> <p>Calculation period: The three month periods of January 1 to the end of March, April 1 to the end of June, July 1 to the end of September, and October 1 to the end of December. However, the first calculation period is the date of first investment to the end of September, 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 RBFA3		Real estate beneficiary interests in trusts, etc. 3,770 million yen (Note 1)	Nonrecourse loan 3,100 million yen Silent partnership equity, etc. 670 million yen (Note 2)
Godo Kaisha RBFA3					
Real estate beneficiary interests in trusts, etc. 3,770 million yen (Note 1)	Nonrecourse loan 3,100 million yen Silent partnership equity, etc. 670 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 July 30, 2012 (see (2) below) as well as the operator's real estate assets in trust.
	Exercise period of negotiation rights	To June 30, 2014
	Price conditions for preferential negotiations	Acquisition at 3,593 million yen or more. Price breakdown: Lietocourt Shinsaibashi West : 1,921 million yen CR Residence Jiyugaoka : 778 million yen Park Homes Sapporo East : 894 million yen

(2) Details of Properties

(i) Lietocourt Shinsaibashi West

Type of specified asset		Beneficiary interests in trust(planned)	Scheduled acquisition date	July 30, 2012
Property Outline				
Location	Residence indication	3-11-7 Shinmachi, Nishi-ku, Osaka-shi, Osaka		
Land	Type of ownership	Proprietary ownership	Use district	Commercial zone
	Site area	729.41 m ²	FAR / Building coverage ratio	600%/80%
Building	Type of ownership	Proprietary ownership	Confirmation inspection agency	K.K. Center of International Architectural Standard
	Total floor area	4,458.48 m ²	Building designer	Nikkisekkei Co., Ltd
	Structure / Floors	RC with flat roof ; 13F	Structural designer	K.K. T.M.H
	Use	Apartment	Construction contractor	Ishigro Co.,Ltd.
	Construction completion date	February 2007	Trustee	Mizuho Trust & Banking Co., Ltd (planned)
Lease Conditions (as of June 30, 2012)				
Total tenants	1	Leasable units	97	
Leased units	91	Leasable floor area	4,243.06 m ²	
Leased floor area	4,005.44 m ²	Monthly rent (incl. common service charges)	JPY 11,856 thousand	
Deposits, guarantees, etc.	JPY 13,279 thousand	Occupancy rate (based on floor area)	94.4%	
Summary of Real Estate Appraisal Report				
Real estate appraiser	Daiwa Real Estate Appraisal Co., Ltd.	Appraised date	April 30, 2012	
Real estate appraised value	JPY 2,040 million	Cap rate	5.6%	
Direct capitalization price	JPY 2,050 million	Discount rate	5.4%	
DCF price	JPY 2,030 million	Terminal cap rate	5.8%	
Income/Expenditures Assumed in Calculating Direct Capitalization Price		Summary of Earthquake PML Assessment Report		
Profit or loss from rental business	JPY 117,130 thousand	PML	12.19%	
Special Notation				
N/A				

(ii) CR Residence Jiyugaoka

Type of specified asset		Beneficiary interests in trust	Scheduled acquisition date	July 30, 2012
Property Outline				
Location	Residence indication	1-7-1 Fukazawa , Setagaya-ku, Tokyo		
Land	Type of ownership	Proprietary ownership	Use district	Class 1 residential zone, Class 1 low-rise residential zone
	Site area	428.00 m ²	FAR / Building coverage ratio	300%/60%, 100%/50%
Building	Type of ownership	Proprietary ownership	Confirmation inspection agency	K.K.UHEC
	Total floor area	1,308.33 m ²	Building designer	Godo Kaisha Iota Associates 1st Class Qualified Architect Office
	Structure / Floors	RC with alloy-coated steel plate Roof, flat roof ; 6F	Structural designer	Gaino Construction Architect Office
	Use	Apartment, Stores	Construction contractor	OGAWA Construction Co., Ltd.
	Construction completion date	October 2007	Trustee	Mizuho Trust & Banking Co., Ltd
Lease Conditions (as of June 30, 2012)				
Total tenants	1	Leasable units	17	
Leased units	15	Leasable floor area	1,127.78 m ²	
Leased floor area	1,030.72 m ²	Monthly rent (incl. common service charges)	JPY 4,528 thousand	
Deposits, guarantees, etc.	JPY 26,238 thousand	Occupancy rate (based on floor area)	91.4%	
Summary of Real Estate Appraisal Report				
Real estate appraiser	Daiwa Real Estate Appraisal Co.,	Appraised date	April 30, 2012	
Real estate appraised value	JPY 870 million	Cap rate	5.1%	
Direct capitalization price	JPY 880 million	Discount rate	4.9%	
DCF price	JPY 865 million	Terminal cap rate	5.3%	
Income/Expenditures Assumed in Calculating Direct Capitalization Price		Summary of Earthquake PML Assessment Report		
Profit or loss from rental business	JPY 45,259 thousand	PML	7.92%	
Special Notation				
N/A				

(iii) Park Homes Sapporo East

Type of specified asset		Beneficiary interests in trust	Scheduled acquisition date	July 30, 2012
Property Outline				
Location	Residence indication	2-1-27 Higashi, Kitaniijyo, Chuo-ku, Sapporo-shi, Hokkaido		
Land	Type of ownership	Proprietary ownership	Use district	Commercial zone
	Site area	667.67 m ²	FAR / Building coverage ratio	600%/80%
Building	Type of ownership	Proprietary ownership	Confirmation inspection agency	JAPAN ERI CO.,LTD
	Total floor area	4,756.81 m ²	Building designer	Sumitomo Mitsui Construction Co., Ltd
	Structure / Floors	RC with flat roof ; 15F	Structural designer	Sumitomo Mitsui Construction Co., Ltd
	Use	Apartment.	Construction contractor	Sumitomo Mitsui Construction Co., Ltd
	Construction completion date	March 2006	Trustee	Mitsubishi UFJ Trust and Banking Corporation (Planned)
Lease Conditions (as of June 30, 2012)				
Total tenants	1	Leasable units	56	
Leased units	54	Leasable floor area	3,808.98 m ²	
Leased floor area	3,649.30 m ²	Monthly rent (incl. common service charges)	JPY 6,376 thousand	
Deposits, guarantees, etc.	JPY 8,240 thousand	Occupancy rate (based on floor area)	95.8%	

Summary of Real Estate Appraisal Report			
Real estate appraiser	Daiwa Real Estate Appraisal Co., Ltd.	Appraised date	May 9, 2012
Real estate appraised value	JPY 927 million	Cap rate	6.2%
Direct capitalization price	JPY 930 million	Discount rate	6.0%
DCF price	JPY 925 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 60,164 thousand	PML	1.66%
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 June 30, 2012.
- “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 “Lease Conditions”

- In principle, the entries are based on that as of June 30, 2012.
- “Leasable units” provides the number of leasable units of the real estate in trust or real estate as of the date of this document based on information received from the operator of silent partnership.
- “Leasable floor area” provides the leasable floor area of the real estate in trust or real estates that ADR will acquire as of the date of this document based on information received from the operator of silent partnership.
- “Monthly rent” is based on information received from the operator of silent partnership, and it excludes usage fees of affixed facilities such as monthly parking lots and trunk rooms.
- “Deposits, guarantees, etc.” is based on information received from the operator of silent partnership, and it includes usage fees of affixed facilities such as monthly parking lots and trunk rooms. However, in case in the lease contracts there are special provision that allow nonreturnable deposits, such as cancellation deduction and amortization of security deposit, then the monetary amount is provided after the deduction.

(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 Daiwa Real Estate Appraisal Co., Ltd. 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

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

Trade Name	Godo Kaisha RBFA 3	
Head Office Location	2-1-8 Kandnishikicho, 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	June 19, 2012	
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

- July 26, 2012 Acquisition decision made
- July 26, 2012 Conclusion of silent partnership agreement (scheduled)
- July 27, 2012 Investment in silent partnership (scheduled)
- July 30, 2012 Delivery of Real estate beneficiary interests in trusts to operator of silent partnership (scheduled)

6. Future Outlook

The management performance forecasts for the fiscal period ending July 2012 (from February 1, 2012 to July 31, 2012) and January 2013 (from August 1, 2012 to January 31, 2013) 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) Lietocourt Shinsaibashi West



(ii) CR Residence Jiyugaoka



(iii) Park Homes Sapporo East

