



September 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

Notice Concerning Conclusion of a Basic Agreement with SPARX Group Co., Ltd.

AD Investment Management Co., Ltd. (hereinafter; “ADIM”), the asset management company of Advance Residence Investment Corporation (hereinafter; “ADR”), has reached an agreement with SPARX Group Co., Ltd. (hereinafter; “SHC”) on a project (hereinafter; “the project”) involving investments in multiple private placement funds (hereinafter; “private placement funds”) offered by ADR and SPARX Japan Residential Fund I, L.P. domiciled in the Cayman Islands (hereinafter; “SJRFI”). Accordingly, at the ADIM meeting of the board of directors held on September 26, 2012, ADIM and SHC decided to conclude a Basic Agreement as detailed below.

1. Purpose of the project

Based on ADR’s targets and policy of asset management stipulated in the article of incorporation, the project aims to promote the growth of assets and secure stable profits with diversified investments in all types of residences nationwide by ADR through investments in silent partnerships, the underwriting of preferred equity securities, and other investments (hereinafter; “the investment”) involving the multiple private placement funds continually offered by ADR and SJRFI.

Through the investment, ADR will receive dividends of profits from the private placement funds (silent partnership operators, special purpose companies, etc.) through the rent incomes from lessees of real estates held in the private placement funds (including real estate in trusts if trusts have been established). Furthermore, through this investment, ADR will be granted rights of first refusal related to the real estates held in private placement funds for the acquisition of beneficiary rights (if trusts have been established).

However, ADR shall not be obligated to acquire the beneficiary rights for real estate in trusts or make acquisitions related to the real estates.



2. Overview of SPARX Group Co., Ltd.

Company name	SPARX Group Co., Ltd.
Address	Tennoz First Tower 16F, 2-2-4 Higashi Shinagawa, Shinagawa-ku, Tokyo
Description of Business	<p>Control or management of corporations that conduct the following operations or foreign corporations that conduct operations equivalent to those operations, through holding stocks or equity of both domestic and foreign corporations.</p> <ol style="list-style-type: none"> 1. Operations stipulated by the Financial Instruments and Exchange Act (investment management business, etc.) 2. Other financial services or business incidental or related to other financial services 3. Consulting business related to management and finance, etc.
Position and name of representative	Shuhei Abe, CEO
Capital	JPY 12,456 million (as of July 31, 2012)
Date of establishment	July 1, 1989
Listed exchange	Osaka Securities Exchange, JASDAQ Market Ticker: 8739
Relationships with ADR or ADIM	
<p>Capital relationships</p> <p>Personnel relationships</p> <p>Business relationships</p>	<p>SPARX Group Co., Ltd. does not have any capital relationships, personnel relationships, or business relationships requiring disclosure with ADR or ADIM. In addition, parties or affiliates related to ADR and ADIM do not have any capital relationships, personnel relationships, or business relationships requiring disclosure with parties or affiliates related to SPARX Group Co., Ltd.</p>
Applicable relationships with related parties	<p>SPARX Group Co., Ltd. does not constitute a related party of ADR or ADIM. In addition, parties or affiliates related to SPARX Group Co., Ltd. do not constitute related parties of ADR or ADIM.</p>



3. Overview of SPARX Japan Residential Fund I, L.P.

Company name	SPARX Japan Residential Fund I, L.P.
Address	CODAN TRUST COMPANY (CAYMAN)LIMITED P.O.BOX 2681CRICKET SQUARE, HUTCHINS DRIVE,GEORGE TOWN GRAND CAYMAN CAYMAN ISLANDS
Description of Business	Investment Holding
Position and name of representative	GP:SPARX Real Estate Investments Limited
Capital	JPY 1,000 yen
Date of establishment	August 3, 2012
Listed exchange	non-listed
Relationships with ADR or ADIM	
Capital relationships Personnel relationships Business relationships	SPARX Japan Residential Fund I, L.P. does not have any capital relationships, personnel relationships, or business relationships requiring disclosure with ADR or ADIM. In addition, parties or affiliates related to ADR and ADIM do not have any capital relationships, personnel relationships, or business relationships requiring disclosure with parties or affiliates related to SPARX Japan Residential Fund I, L.P.
Applicable relationships with related parties	SPARX Japan Residential Fund I, L.P. does not constitute a related party of ADR or ADIM. In addition, parties or affiliates related to SPARX Japan Residential Fund I, L.P. do not constitute related parties of ADR or ADIM.

4. Future outlook

The project is not expected to have a material effect on the operations forecast for the six-month period ending January 31, 2013 (August 1, 2012 to January 31, 2013) or the six-month period ending July 31, 2013 (February 1, 2013 to July 31, 2013), and accordingly no change will be made to the forecast.

<Attachment>

Reference Material: SPARX Group press release

The following is an English version of the official Japanese announcement, which has been given to the JASDAQ and the media in Tokyo, Japan.



September 26, 2012

Company: SPARX Group Co., Ltd
(JASDAQ Code: 8739)

Notice Regarding the Establishment of Real Estate Investment Partnership

TOKYO (September 26, 2012) – SPARX Group Co., Ltd., hereby notify you that its subsidiary, SPARX Asia Capital Management Limited (Cayman) (hereafter “SACM”) has established SPARX Japan Residential Fund I, L.P. (hereafter “SJRF I”) in Cayman Islands, for which SACM serves as an investment advisor and its preparation has now been completed. This project was mentioned in the previously issued press release dated on June 15, 2012: “SPARX will Form Its First Japan Real Estate Partnership”, which announced a formation of a partnership with a global sovereign wealth fund to acquire residential properties throughout Japan.

In addition, in order to properly achieve investment objectives of SJRF I, SPARX has teamed with AD Investment Management Co., Ltd., (hereafter “ADIM”), which acts as asset management company for Advance Residence Investment Corporation (hereafter “AD Investment Corporation”), one of Japan’s leading real estate investment trust, and our Board of Directors have today approved the letter of intent between SPARX Group Co., Ltd., and ADIM for the scheme under which SJRF I and AD Investment Corporation will invest continuously in the domestic residential property-focused private funds to be established in Japan.

Reference

1. Outline of SJRF I

- SJRF I has been established in Cayman Islands in the form of Limited Partnership.
- The partnership features a capital call investment structure that initially plans to invest about 9 billion yen. Sequentially, capital call notices will be issued as subsequent domestic private equity funds are established.
- The expected launch date is scheduled to be September 28, 2012. It is expected to invest up to 40 billion yen for a 5 year period in domestic private funds.

The following is an English version of the official Japanese announcement, which has been given to the JASDAQ and the media in Tokyo, Japan.

2. Expected Impact on Financial Results

As a result of the commencement of SJRF I's operation, SACM is scheduled to receive fees related to operation and management and SPARX Group Co., Ltd. is scheduled to receive other fee revenue related to preparation of reports in English to SJRF and its investors on the domestic private funds, the amount of which fee is expected to be limited. Thus impact on the firm's results for the fiscal year ending March 31, 2013 will not be material. If circumstances change in the future, additional disclosures will be made in a timely manner.

3. Expected Future Development

With cooperation of ADIM, SJRF I will strive not only for investment results that would satisfy the expectation of the investors, but also for further strengthening and deepening our expertise in real estate related investments. By doing so, SPARX will develop funds for investment not only in residential properties, but also in logistics related assets, hotels, commercial properties which will meet the needs of offshore institutional investors including Middle East sovereign wealth funds.

Moreover, SPARX would facilitate within its organization a firm business base, intend to offer long-term stable income generating investment opportunities also to Japanese institutional investors and strive to make this business one of our core business strategies.