

Advance Residence Investment Corporation (ADR, securities code: 8978)

First Fiscal Period (September 12, 2005 – June 30, 2006) Executive Summary

◆ ADR Summary of Key Performance Measures

Operating revenues	1,715 mm yen	Total assets	52,109 mm yen
Operating profit	1,019 mm yen	Net assets	25,412 mm yen
Recurring profit	764 mm yen	Net assets per unit	477,673 yen
Net profit	762 mm yen	Net asset ratio	48.8%
Dividend per unit	14,335 yen	End-of-period LTV	50.8%

◆ Key Information for First Fiscal Period

- ADR listed on the Tokyo Stock Exchange on November 22, 2005 as a residential J-REIT.
- ADR will invest nationwide in all types of rental housing with the aim of securing stable returns and growth in managed assets over the medium to long term with the support of the ITOCHU Group and its supporting companies.
- ADR had a portfolio of 25 properties as of the IPO (acquisition price of 39,829 mm yen). ADR acquired four properties this fiscal period (acquisition price of 9,333 mm yen) to expand the ADR portfolio to 29 properties (acquisition price of 49,162 mm yen) as of the end of this period.
- The NOI return from the 25 properties at the time of the IPO was 5.7% (cap rate from appraisal at acquisition was 5.5%)
- The portfolio occupancy was 96.5% as of the end of this period.
- The outstanding loans as of the end of this fiscal period totaled 26,490 mm yen (long-term 23,600 mm yen; short-term 2,890 mm yen).
- All of these loans since the IPO are non-collateral and non-guarantee and 18,600 mm yen of the long-term loans have been given fixed interest rates in fact by utilizing interest rate swaps to hedge against the risk of rising interest rates.
- The dividend per investment unit for this period was finalized as 14,335 yen for a 221-day management period. This is greater than the 12,015 forecast upon the IPO and converts to 11,740 on a 181-day basis, a “standard” fiscal period for a J-REIT.

◆ Performance Forecast for Second and Third Fiscal Periods

	Second Fiscal Period (ending December 31, 2006)	Third Fiscal Period (ending June 30, 2007)
Operating revenues	1,669 mm yen	1,697 mm yen
Recurring profit	644 mm yen	648 mm yen
Net profit	643 mm yen	647 mm yen
Dividend per unit	12,100 yen	12,170 yen

*The above forecasts were calculated based on certain premises as of the end of the second fiscal period, these may change depending on a change in the premises and these forecasts are not a guarantee of distributions or other figures.

This Executive Summary is an overview of the kessan tanshin for the Fiscal Period Ended June 30, 2006 (September 12, 2005 – June 30, 2006) dated August 28, 2006 and details on the figures, premises, etc. are available in the kessan tanshin (Japanese).

Please contact the following with any inquiries you may have about the above content.

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