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This material may contain statements on future operating results, plans, business objectives and strategies of the company. However, such forward looking statements are based on current assumptions regarding future events and business environment. There is no guaranty that such assumptions are correct.

Actual results are influenced by various factors and may significantly differ from our assumptions.

This material is based on Japanese GAAP unless otherwise stated.

This material was not created for the purpose of soliciting investment in the company. Investments should be based on your own judgment and responsibility.



Executive summary

Dividend per unit: ¥13,523; Net assets per unit: ¥490,666

◆ Dividend up 8.2% from the ¥12,500 forecast as of previous business results announcement

Acquired 9 properties and sold 2 properties during period

- → ¥71.3 bn in portfolio size as of end of 4th period (up 24.2%)
 - ◆ Acquired 9 properties (¥15.3 bn), centering on 4 Artis properties (¥9.8 bn) developed by ITOCHU support line companies
 - ◆ Sold Chester House Kudanshita and Piarejyu F (gain on sale: ¥129 mm)

Issued ADR's first publicly offered investment corporation bonds → Procured ¥10 bn)

- First Series: 4 years; ¥5 bn (6-month LIBOR + 0.60%; coupon rate after floating-to-fixed interest rate swap: 1.797%)
- ◆ Second Series: 5 years; ¥5 bn (coupon rate: 2.03%)
- Proceeds applied to early repayment of loans that have floating interest rates

4th period financial highlights

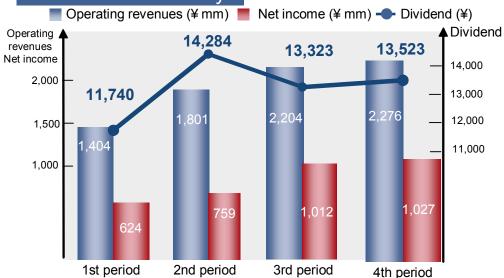
Dividend per unit for 4th period exceeded forecast by 8.2%

4th period performance

	Compariso	5th period			
	Forecast	Performance	Variance	Variance (%)	forecast
Operating revenues	¥2,196 mm	¥2,276 mm	¥80 mm	3.6%	¥2,596 mm
Operating income	-	¥1,221 mm	-	-	_
Ordinary income	¥951 mm	¥1,028 mm	¥77 mm	8.1%	¥951 mm
Net income	¥950 mm	¥1,027 mm	¥77 mm	8.1%	¥950 mm
Dividend per unit	¥12,500	¥13,523	¥1,023	8.2%	¥12,500

Performance history

(based on 181 days)



Causes of variance from forecasts

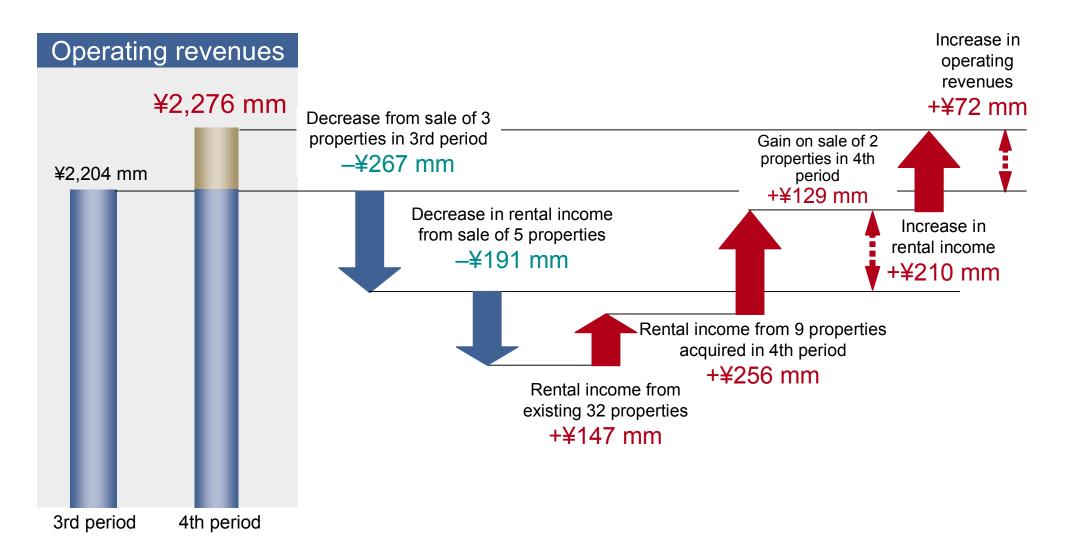
- Operating revenues exceeded initial forecasts by ¥80 mm due in part to acquisitions of T&G Negishi Mansion, Artis Shin-Yokohama, Artis Kitashinagawa and Belle Scene Minamiikuta that were yet to be factored into initial forecasts
- Interest income and refundable consumption taxes were more than estimated, leading to net income being ¥77 mm higher

Underlying assumptions for 5th period

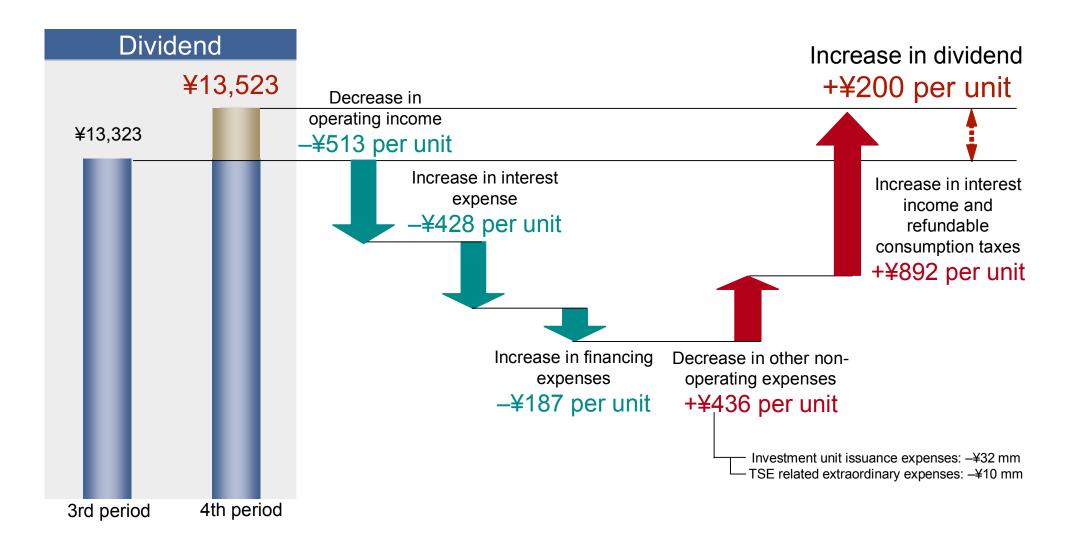
- ◆ Assuming the portfolio will be comprised of the 41 properties in the portfolio as at the end of the 4th period plus the 7 properties that have been acquired or are to be acquired in the 5th period to total 48 properties
- ◆Borrowing ¥5.3 bn in short-term debt
- ◆Average occupancy rate of properties expected to be 95.0% during the period

^{*}Monetary amounts are rounded down to the nearest million yen. Accordingly, the amounts do not necessarily add up to the total.

^{*}Percentage figures are rounded to one decimal place.



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Acquisitions in the 4th period 1



Anticipated portfolio size at end of 4th period: ¥ 71.3 bn

■ the Tokyo metropolitan area

	P-16 Artis Kita- shinagawa	C-13 Artis Ningyocho	C-14 Artis Omorihigashi	C-17 T&G NEGISHI MANSION
Location	Shinagawa-Ward Kitashinagawa	Chuo-Ward, Nihonbashi Ningyocho	Ota-Ward, Omorihigashi	Taito-Ward, Negishi
Acquisition price	¥2,720 mm	¥3,180 mm	¥1,980 mm	¥856 mm
Leasable units	120 units	137 units	81 units	28 units
Occupancy rate	100.0%	100.0%	56.9%	97.1%
Completion	Feb. 2007	Jan. 2007	Aug. 2007	Dec. 2005
Property source	Developed by ITOCHU support Iine company Developed by ITOCHU support Iine company		Developed by ITOCHU support line company	Acquired from company other than ITOCHU support line company
Acquisition date	30 Nov. 2007	5 Jul. 2007	3 Sep. 2007	21 Sep. 2007
Cap rate (N.B.3)	4.7%	4.9%	5.1%	4.8%

⁽N.B.1) Because fractional amounts of less than a million yen are rounded down, the sum of the amounts may differ from the total.

⁽N.B.2) Cap rates are pursuant to the real estate appraisal report or survey report for the respective real estate in trust at the time of acquisition. (N.B.3) Based on appraisal value at acquisition

Acquisitions in the 4th period (2)

■ Tokyo metropolitan area exclusive of Tokyo 23 wards and Major regional cities

	S-4 DUO Station Higashi Matsudo No. II	S-5 Artis Shin-Yokohama	S-6 Belle Scene Minamiikuta	R-8 Grand Court Kameyama	R-9 Zeus Ryokuchi PREMIUM
Location	Chiba Pref., Matsudo City	Yokohama City Kouhoku-Ward	Kawasaki City Tama-Ward	Mie Pref., Kameyama City	Osaka, Toyonaka City
Acquisition price	¥1,100 mm	¥1,920 mm	¥1,050 mm	¥1,610 mm	¥979 mm
Leasable units	44 units	131 units	46 units	182 units	44 units
Occupancy rate	54.5%	100.0%	91.1%	100.0%	100.0%
Completion	Apr. 2007	Jan. 2007	Oct.1998	Feb. 2007	May 2007
Property source	Acquired from company other than ITOCHU support line company	Developed by ITOCHU support line company	Acquired from company other than ITOCHU support line company	Acquired from company other than ITOCHU support line company	Owned by ITOCHU support line company
Acquisition date	3 Aug. 2007	30 Nov. 2007	11 Dec.2007	31 July 2007	3 Sep. 2007
Cap rate (N.B.3)	5.5%	5.3%	5.1%	6.2%	5.4%

Acquisitions

- 9 properties for ¥15.3 bn
- 5 out of 9 are "Artis" series (¥9.8 bn)

Dispositions

- 2 properties: Chester House Kudanshita, Piarejyu F
- Disposition price: ¥1,684 million (excluding expenses and taxes)

■Portfolio size

- At end of 4th period: ¥71.3 bn (up 24.2%)
- Increase in 4th period: ¥17.0 bn

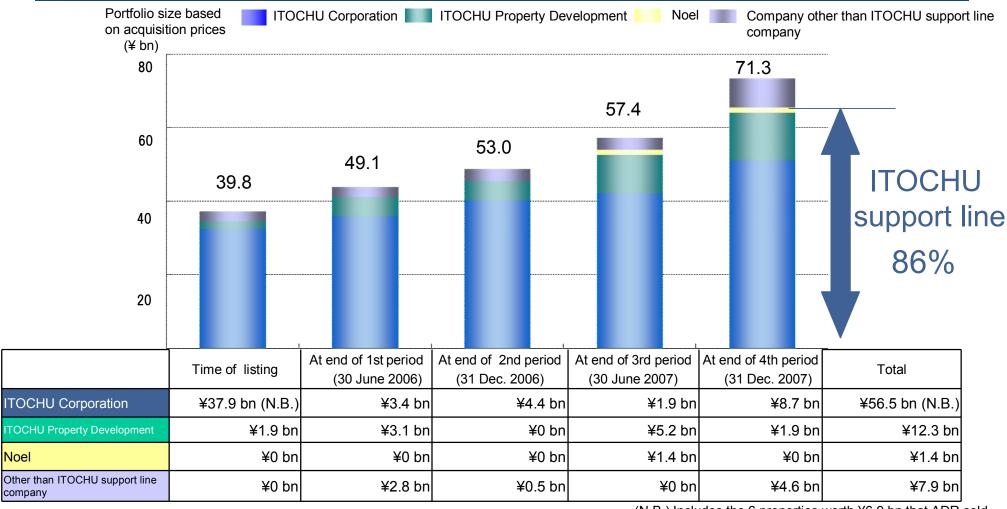
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(N.B.3) Based on appraisal value at acquisition

History of portfolio size

86% of acquired properties sourced from ITOCHU support line companies



(N.B.) Includes the 6 properties worth ¥6.9 bn that ADR sold.

^{*}Properties developed or owned by SPCs on which ITOCHU Corporation, ITOCHU Property Development or Noel has a certain degree of influence, such as being entrusted with asset management services or making tokumei kumiai (silent partnership) investments, are included as properties sourced from the respective support line company

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^{*}Percentage figures are rounded to one decimal place.

Portfolio diversification

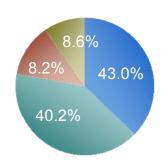
Advance Residence Investment Corporation

Geographic location

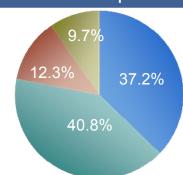
- Tokyo 7 central wards
- Tokyo 23 wards exclusive of central 7 wards
- Tokyo metropolitan area (exclusive of Tokyo 23 wards)
- Major regional cities

(Ratios are calculated based on acquisition prices)

At end of 3rd period



At end of 4th period

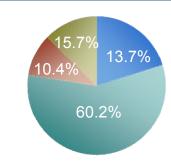


Building age

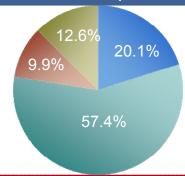
- Up to 1 year
- Over 1 year and up to 5 years
- Over 5 years and up to 10 years
- Over 10 years

(Ratios are calculated based on acquisition prices)

At end of 3rd period



At end of 4th period

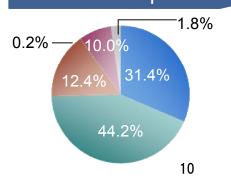


Unit type

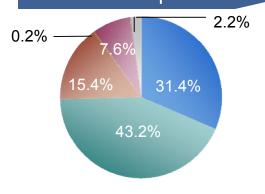
- Single type
- Compact type
- Family type
- Large type
- Dormitory type
- Other

(Ratios are calculated based on leasable area)

At end of 3rd period



At end of 4th period







ADR's strategy

Growth strategies based on collaboration with ITOCHU Group

"Artis" series

- "Artis" series rental apartment brand planned, developed and managed through ITOCHU Group's collective strength
- ◆ Concept of sustaining medium-to-long term competitiveness as rental apartments

External growth

- ◆ Steady growth backed by ITOCHU support line and active leveraging of pipeline support companies
- ◆ Accelerated acquisitions after the follow-on offering. Active investments in assets generating stable returns (including properties in regional areas)

Organic growth

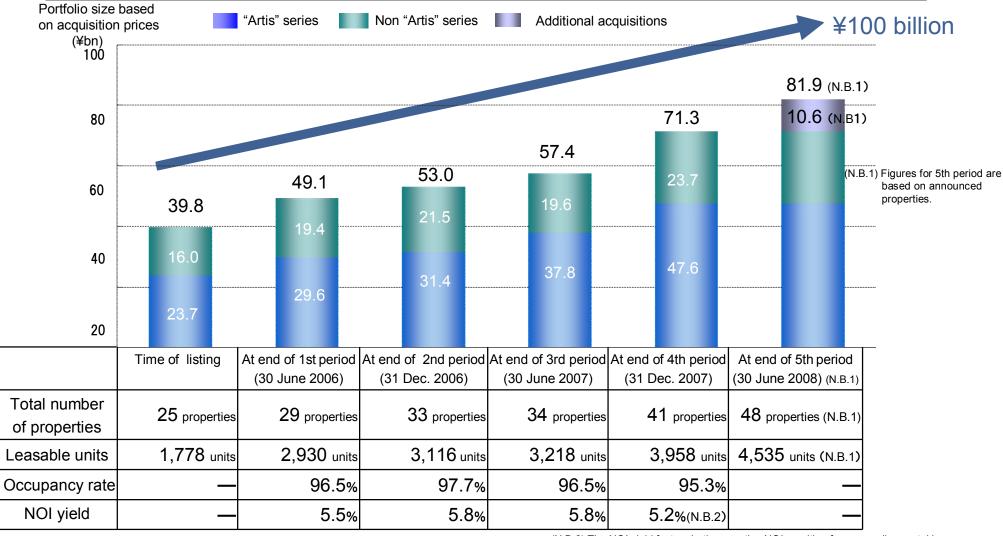
- Promotion of collaborations with ITOCHU Urban Community
- ◆ Greater satisfaction through enhanced tenant services and support

Financial strategy

- Proactive pursuit of sound financial standing (promote long-term loans/fixed interest rates)
- ◆ Ensure diversified fund procurement through issuance of investment corporation bonds



Aim to achieve portfolio size of ¥100 bn by 2008



13

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Acquisitions in the 5th period

	P-17 PLEIADE YOYOGINOMORI	C-16 Artis Kinshicho	S-7 PLEIADE CHOFU	S-8 PLEIADE KUNITACHI	S-8 PLEIADE KAWASAKI MOTOKI	R-10 GRASS HOPPER	R-11 Artis Kobe Port Island
Location	Shibuya-Ward, Yoyogi	Sumida-Ward, Kinshi	Chofu-City, Yagumodai	Kunitachi-City, Fujimidai	Kawasaki-City Kawasaki-Ward	Osaka-City Naniwa-Ward	Kobe-City Chuo-Ward
Acquisition price		¥4,200 mm	¥1,143 mm	¥635 mm	¥668 mm	¥1,330 mm	¥1,890 mm
Leasable units	22 units	157 units	41 units	46 units	49 units	58 units	204 units
Completion	Mar. 2007	Nov. 2007	Mar. 2007	Apr. 2007	Mar. 2007	Apr. 2007	Mar. 2007
Property source	Developed by partner support line company(Noel)	Developed by ITOCHU support line company	Developed by partner support line company(Noel)	Developed by partner support line company(Noel)	Developed by partner support line company(Noel)	Owned by ITOCHU support line company	Developed by ITOCHU support line company
Acquisition date	29 Feb. 2008	21 Mar. 2008 (scheduled)	29 Feb. 2008	29 Feb. 2008	29 Feb. 2008	25 Jan. 2008	22 Feb. 2008
Cap rate	4.7%	4.8%	5.2%	5.3%	5.6%	5.5%	5.4%

Acquisitions

- 7 properties for ¥10.6 bn
- 7 out of 2 are "Artis" series (¥6.0 bn)

Dispositions

None scheduled

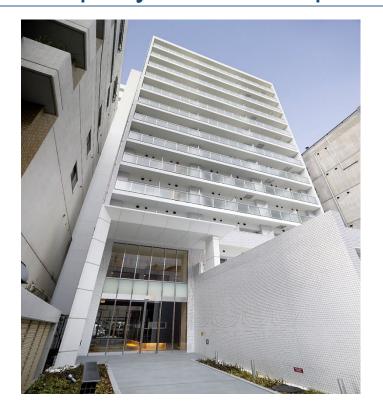
■Portfolio size

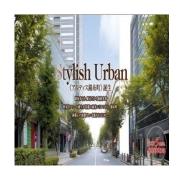
• At end of 5th period: ¥81.9 bn (up 14.9%)

• Increase in 5th period: ¥10.6 bn

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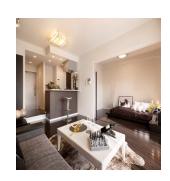
■ Property case example: Artis Kinshicho





PLANNING

- ◆ High location potential encompassing office, retail and educational properties through redevelopments
- Primarily targeted at singles and DINKs working downtown who desire convenience in terms of both access and lifestyle



DEVELOPMENT

- ◆ 2-floor atrium entrance adds style to the residence
- Wide array of floor plans and color variations to cater to both singles and DINKs
- Enriched selection of facilities for private use to support comfortable living

[Property outline]

Location: 1-5-1 Kinshi, Sumida-ku, Tokyo

5-minute walk from JR Kinshicho Station 5-minute walk from Kinshicho Station on the

Tokyo Metro Hanzomon Line

Acquisition price: ¥4,200 mm (exclusive of consumption taxes, etc.)
Appraised value: ¥4,270 mm (value appraised upon acquisition)

Leasable units: 157 units
Completion: Nov. 2007
Structure/Floors: RC: 13F



MANAGEMENT

- Good progress in corporate as well as individual contracts
- ◆ Leasing strategy splitting tenant solicitation into 2 stages in view of the market
- ♦ Utilizes warehousing function of sponsor companies

Portfolio at end of 5th period (anticipated)

Advance Residence Investment Corporation

Properties developed by ITOCHU support line company

Properties owned by ITOCHU support line company

Properties acquired from company other than ITOCHU support line company

wards Tokyo central

area

Tokyo metropolitan and Major regional

























Crestcourt Azabujuban Spacia Kudanshita

FELDBERG

PLEIADE YOYOGINOMOR

Artis Hatagaya





















Tokyo 23 wards exclusive of central 7 wards











T&G NEGISHI MANSION



Artis Higashiginza Artis Ningyocho Artis Omorihigashi Artis Kinshicho



Apre Parks Ueno

Residence Oyama

































Artis Kobe Port Island

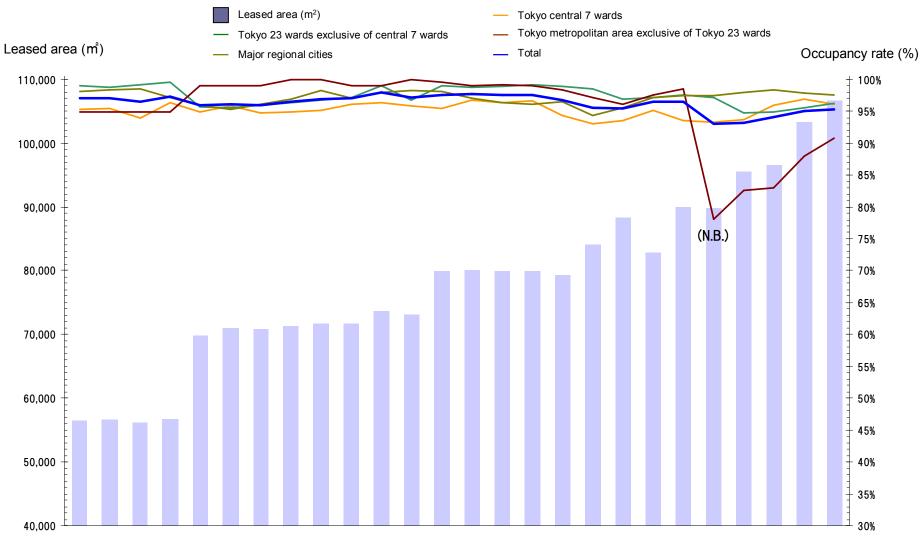
HAUT DOMICILE NANGOGAI 16 Royal Nishihommachi

GRASS HOPPER

Grand Court Kameyama Belle Scene Minamiikuta

Organic growth

Occupancy rate hovers at high levels since listing (95.3% at end of Dec. 2007)



State of rent revisions

Ratio of pass-through lease properties to guaranteed payment lease properties



(N.B.)In the above ratios, calculations are based on the master lease type being guaranteed payment even if a master lease agreement is a pass-through lease in the case that all units are subleased to a tenant

Management in pursuit of upward revisions

Ma<mark>nag</mark>ement focused on stability

Building a portfolio with a view to strike a balance between growth and stability by adopting approaches in line with the investment area and property characteristics

Rent trends during 4th period

Rent increased at about 40% of the 169 residential units upon tenant replacement (new contracts)

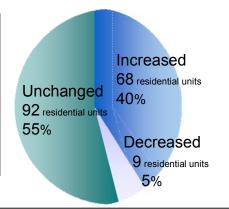


Revenues up by about 1% from previous rent

Rent remained unchanged at all of the 169 residential units subject to contract renewal

Rent trends upon tenant replacement

	No. of residential units	Variation (monthly basis)	Previous rent (monthly basis)
Increased rent	68	+¥319,000	¥9,276,000
Decreased rent	9	-¥94,000	¥1,478,000
Unchanged rent	92	_	¥13,213,000
Total	169	+¥225,000	¥23,967,000



Case examples of renovations

Crestcourt Azabujuban

The image of the entrance was improved by rebuilding the façade to give it a higher grade appearance and thereby enhancing the real estate value.





Contract rent before renovation ¥9.63 mm per month (when fully occupied)







Marketed rent after renovation ¥10.09 mm per month (when fully occupied)



*Actual results (end of Aug. 2007 → end of Dec. 2007) 3 tenant replacements leading to ¥31,000 increase

Hiyoshidai Gakusei Heights



Producing brightness and spaciousness that makes the building look much younger really is. Well-received by existing occupants as well as potential occupants.





State of application

This year:

Last year:

(No. of terminated contracts at end of Mar.) (Expected)

379 contracts

(Results) 490 contracts



(Applications as at 11 Feb.) improvement)

235 contracts 62%

212 contracts 43%

→ 100% occupancy

Financial strategy 1

Banking syndicate expanded: Drawdown on 25 Jan. 2008

- 2 main banks Aozora Bank and The Sumitomo Trust & Banking joined by Mizuho Corporate Bank to establish structure of 3 main banks
- Development Bank of Japan and Resona Bank newly join, expanding banking syndicate (from structure of 8 banks to 10 banks)
 Arranged 4-year loan of ¥5.5 bn and 5-year loan of ¥4.5 bn for syndicated loans of ¥10.0 bn in total, which was signed on 23 Jan. 2008

	Lenders	Amount (¥ bn)	Interest rate (%)	Drawdown date	Repayment deadline	Repayment method	Remarks
4-year	Aozora Bank, Ltd. Shinsei Bank, Ltd. Development Bank of Japan Mitsubishi UFJ Trust and Banking Corporation Resona Bank, Ltd. The Oita Bank, Ltd. The Hachijuni Bank, Ltd.	0.5 1.0 1.0 1.0 1.0 0.5	1.485 (N.B.)	25 Jan. 2008	25 Jan. 2012	Lump sum repayment at maturity	No collateral or guarantee
5-year	The Sumitomo Trust & Banking Co., Ltd. Aozora Bank, Ltd. Development Bank of Japan Resona Bank, Ltd.	1.0 1.5 1.0 1.0	1.675 (N.B.)	25 Jan. 2008	25 Jan. 2013	Lump sum repayment at maturity	No collateral or guarantee

(N.B.) The loan interest rates shown are the fixed real interest rates based on the interest rate swap agreements entered into for the purpose of fixing the interest rates.

Short-term availability line limit doubled

• Limit of short-term availability line with 3 main banks doubled from ¥10 bn to ¥20 bn, further reinforcing the structure for conducting flexible property acquisitions

Aozora Bank, Ltd.
The Sumitomo Trust & Banking Co., Ltd.
Mizuho Corporate Bank, Ltd.



■Financial indicators as of 5 Mar. 2008

Interest-bearing debt¥48.2 bn

● LTV (Loan To Value) 57.1 % (N.B.1)

• Ratio of long-term debt 80.0%

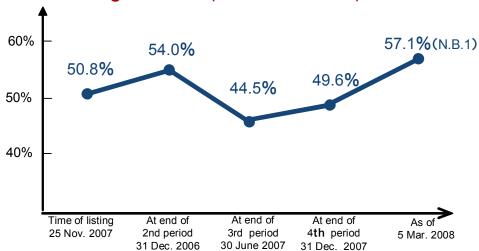
Ratio of fixed-rate debt
 80.0%

Weighted average cost of debt 1.50%

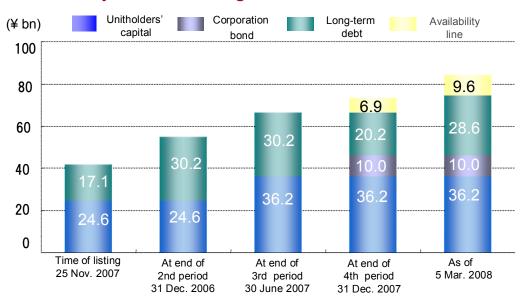
• Issuer rating by R&I A (Stable)

Unsecured/unguaranteed loan from time of listing

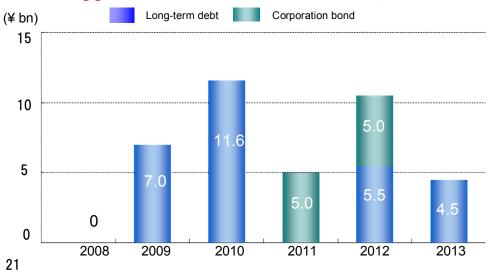
■ Change of LTV (Loan To Value)



■ History of fundraising activities



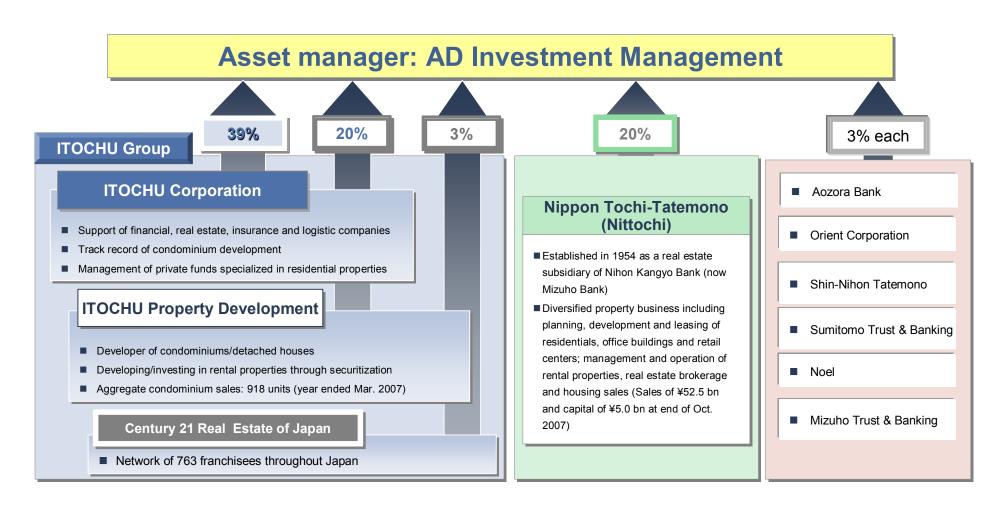
■Staggered maturities of interest-bearing debt





Sponsors = asset manager shareholders

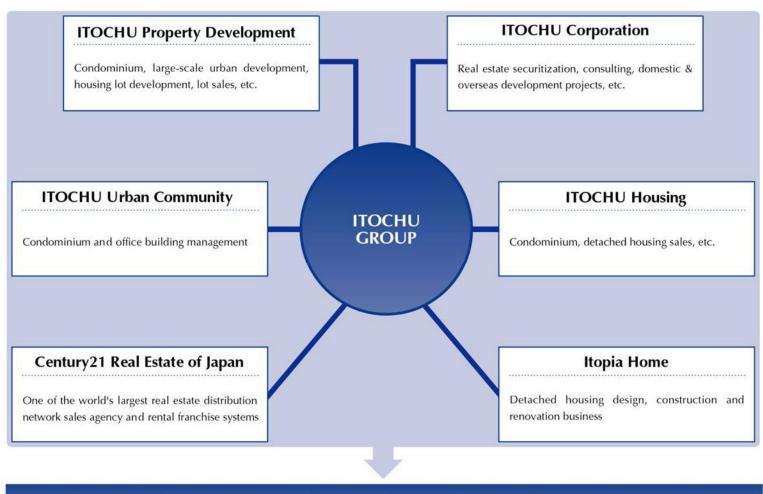
62% investment by ITOCHU Group



Commitment for support by ITOCHU Group and other sponsors

■ITOCHU Group's real estate business

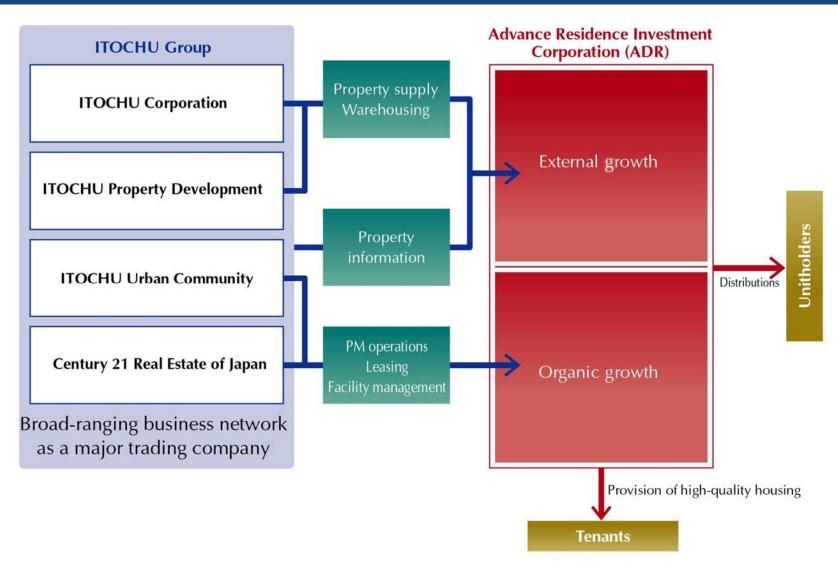
Full-service real estate business from consulting to developments



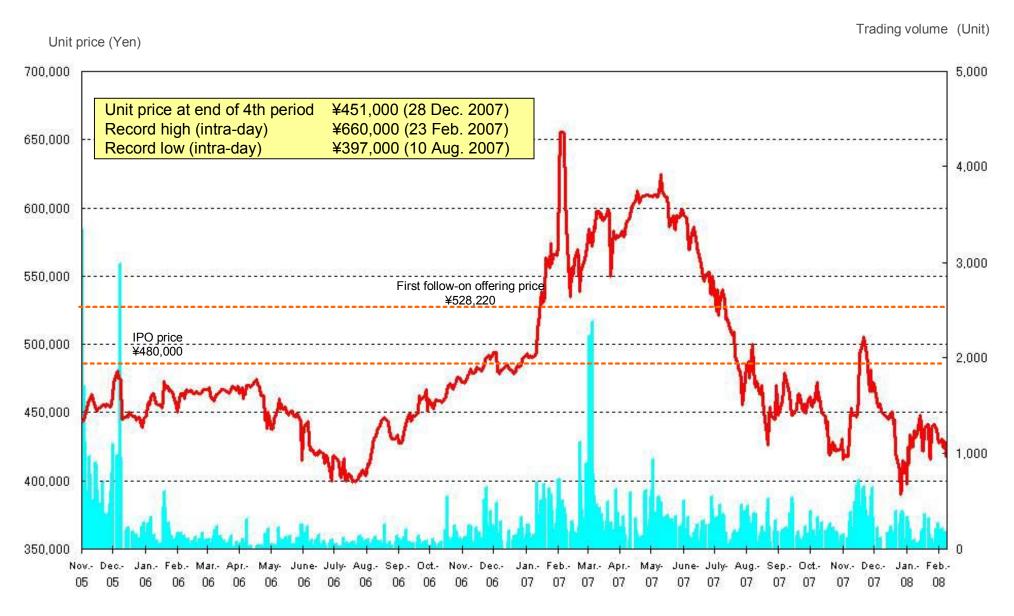
Advance Residence Investment Corporation (ADR) / AD Investment Management

■Synergy with ITOCHU Group

Cash flow growth leveraging ITOCHU Group's support



■Unit price performance



■Unitholder status

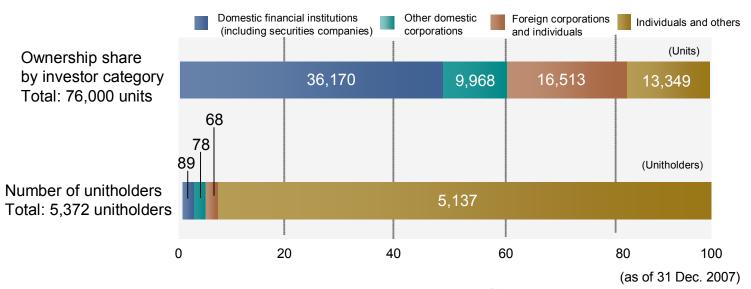
Investment unit ownership share by investor category

	Number o	of units held	Number of unitholders		
		(%) (N.B.2)		(%) (N.B.3)	
Domestic financial institutions (including securities companies)	36,170	47.6	89	1.66	
Other domestic corporations (N.B.1)	9,968	13.1	78	1.45	
Foreign corporations and individuals	16,513	21.7	68	1.27	
Individuals and others	13,349	17.6	5,137	95.62	
Total	76,000	100.0	5,372	100.0	

Major unitholders

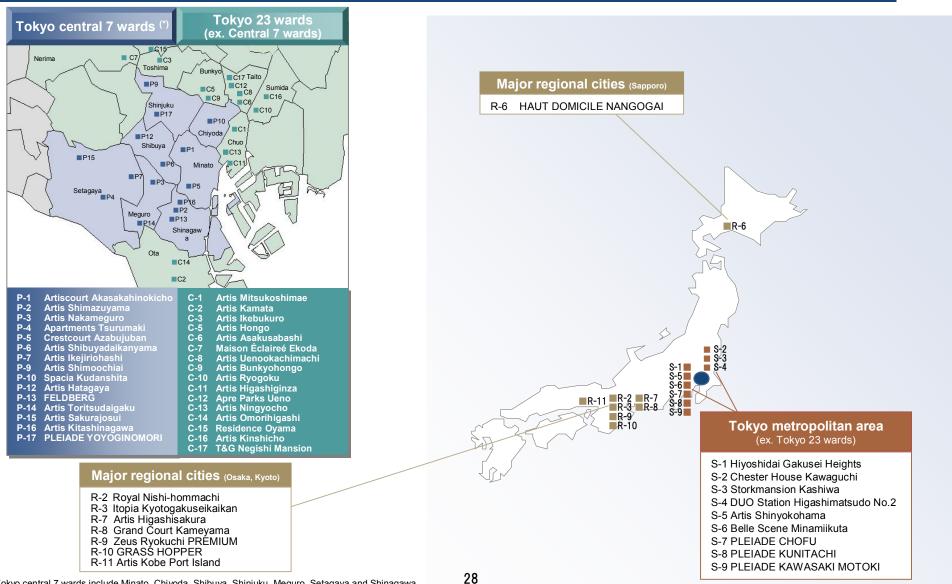
	Number of units held	% of total (N.B.3)
Japan Trustee Services Bank, Ltd.(trust account)	6,578	8.65
NikkoCiti Trust and Banking Corporation (investment trust account)	5,528	7.27
The Master Trust Bank of Japan, Ltd. (trust account)	3,988	5.24
ITOCHU Corporation	3,500	4.60
Sumitomo Mitsui Banking Corporation	2,325	3.05
AIG Star Life Insurance Co., Ltd. (regular account)	2,300	3.02
Goldman, Sachs & Co. (regular account)	2,269	2.98
The Nomura Trust and Banking Co., Ltd. (investment trust account)	1,945	2.55
Goldman Sachs International	1,583	2.08
Mellon Bank, N.A. Treaty Clients Omnibus	1,529	2.01

- (N.B.1) Includes 70 units held under a nominal account of JASDEC.
- (N.B.2) Indicated ratios are rounded to the nearest first decimal place.
- (N.B.3) Indicated ratios are rounded down to the second decimal place.



Portfolio – geographic overview

Portfolio focused on 23 wards of Tokyo



170,483

60,200

Profit and loss statements

		3rd period 4th period			Variati	ion	
		(1 Jan. 2007 – 3	•	(1 July 2007 – 3	<u> </u>		
		Amount (¥ K)	Share (%)	Amount (¥ K)	Share (%)	Amount (¥ K)	Rate (%)
II. C	perating revenues	2,204,175	100.0	2,276,711	100.0	72,535	3.3
	Rental income	1,936,342		2,146,856			
	Gain on sale of real estate properties	267,833		129,854			
II. (Operating expenses	943,453	42.8	1,055,003	46.3	111,550	11.8
	Rental expenses	700,691		769,747			
	Asset management fees	170,064		203,024			
	Asset custodian fees	6,352		7,025			
	General administration fees	17,603		19,465			
	Directors' compensation	1,200		1,440			
	Other operating expenses	47,542		54,301			
	Operating income	1,260,721	57.2	1,221,707		(39,014)	(3.1)
III.	Non-operating revenues	24,601	1.0	92,425	4.1	67,824	275.7
	Interest income	1,734		7,047			
	Refundable consumption taxes	22,866		85,357			
	Other non-operating revenues	_		20			
IV.	Non-operating expenses	271,748	12.3	285,410	12.6	13,662	5.0
	Interest expense	188,813		200,155			
	Interest on investment corporation bonds	_		21,198			
	Amortization of investment unit issuance expenses	13,603		14,804			
	Amortization of investment corporation bond issuance expenses	_		2,058			
	New investment unit public offering expenses	32,615		-			
	Commission paid	10,822		-			
	Financing expenses	25,892		40,119			
	Other non-operating expenses	-		7,074			
	Ordinary income	1,013,574	45.9	1,028,721	45.2	15,147	1.5
	Income before income taxes	1,013,574	45.9	1,028,721	45.2	15,147	1.5
	Current income taxes	1,010		987			
	Deferred income taxes	(1)		1	0.1		
	Net income	1,012,565	45.9	1,027,733	45.1	15,167	1.5
	Unappropriated retained earnings	1,012,578		1,027,764		15,185	1.5

		3rd period (1 Jan. 2007 – 30 June 2007)	4th period (1.luly 2007 – 31 Dec. 2007)
		Amount (¥ K)	Amount (¥ K)
A.	Income from rental business	1,936,342	2,146,856
	Rent income	1,770,590	1,967,555
	Common service charges	24,294	31,387
	Utilities income	2,789	3,345
	Parking space income	51,610	61,760
	Other rental income	87,056	82,805
	Expenses from rental siness	700,691	769,747
	Management fees	155,183	177,196
	Repair costs	47,091	31,590
	Utilities costs	17,650	19,209
	Taxes and public dues	50,492	50,469
	Non-life insurance premiums	6,129	6,791
	Trust fees	16,568	18,019
	Depreciation	386,572	434,910
	Other rental expenses	21,001	31,560
_	Profit or loss from rental siness	1,235,651	1,377,108
_			
	ain or loss on sale of real tate properties	267,833	129,854
	Income on sale of real estate properties	4,816,000	1,684,000
	Cost of sale of real estate properties	4,377,680	1,493,945

Other sale expenses

Balance sheets

Assats		A	3rd period (as of 30 June		4th perio (as of 31 Dec.		Variatio	n
	Assets		Amount (¥ K)	Share (%)	Amount (¥ K)	Share (%)	Amount (¥ K)	Rate (%)
1. 0	I. Current assets		9,381,781	13.8	1,954,610	2.6	(7,427,170)	(79.2)
	De	eposits	7,909,130		92,244		(7,816,886)	
	De	eposits in trust	1,355,555		1,631,290		275,734	
	Ad	ccounts receivable – trade	60,957		66,456		5,498	
	Ad	ccounts receivable – other	4,288		2,191		(2,097)	
	Pr	epaid expenses	49,187		55,308		6,121	
	De	eferred tax assets	20		19		(1)	
		onsumption taxes ceivable	l		101,185		101,185	
	O	ther current assets	2,640		5,915		3,274	
II.	Fixe	ed assets	58,501,715	86.1	72,851,109	97.3	14,349,394	24.5
	1.	Property and equipment	58,436,767	86.0	72,792,722	97.2	14,355,955	24.6
		Buildings in trust	26,010,146		34,026,368		8,016,222	
		Structures in trust	116,198		115,671		(527)	
		Machinery and equipment in trust	122,605		118,298		(4,306)	
		Tools, furniture and fixtures in trust	308,721		303,092		(5,628)	
		Land in trust	31,879,025		38,229,240		6,350,215	
		Other property and equipment	69		50			
	2.	Intangible assets	1,077	0.0	957	0.0	(119)	
		Investments and other sets	63,870	0.1	57,429	0.1	(6,441)	
		Long-term prepaid expenses	53,870		47,429		(6,441)	
		Guarantee deposits	10,000		10,000		1	
III.	De	ferred assets	41,616	0.1	80,026	0.1	38,409	92.3
		vestment unit issuance xpenses	41,616		26,811		(14,804)	
		vestment corporation bond suance expenses	_		53,214		53,214	
Тс	otal	assets	67,925,112	100.0	74,885,746	100.0	6,960,633	10.2

Lighilities	3rd perio (as of 30 June		4th period (as of 31 Dec. :		Variatio	n
Liabilities	Amount (¥ K)	Share (%)	Amount (¥ K)	Share (%)	Amount (¥ K)	Rate (%)
I. Current liabilities	412,741	0.6	8,956,763	12.0	8,544,021	2,070.1
Accounts payable – trade	32,066		32,468		402	
Short-term debt	_		6,940,000		6,940,000	
Current portion of long-term debt	_		1,600,000		1,600,000	
Accounts payable – other	289,909		284,340		(5,569)	
Accrued expenses	39,812		54,516		14,704	
Income taxes payable	849		412		(436)	
Consumption taxes payable	36,782		6,130		(30,652)	
Rent received in advance	1		0		0	
Other current liabilities	13,320		38,894		25,574	
II. Long-term liabilities	30,236,898	44.5	28,638,324	38.2	(1,598,573)	(5.3)
Investment corporation bonds			10,000,000		10,000,000	
Long-term debt	30,200,000		18,600,000		(11,600,000)	
Long-term accounts payable	2,675		1,440		(1,234)	
Lease and guarantee deposits received in trust	34,223		36,884		2,661	
Total liabilities	30,649,640	45.1	37,595,088	50.2	6,945,447	22.7

Net assets	3rd perio (as of 30 June		4th perio (as of 31 Dec.		Variation				
net assets	Amount (¥ K)	Share (%)	Amount (¥ K)	Share (%)	Amount (¥ K)	Rate (%)			
Unitholders' capital	36,262,894	53.4	36,262,894	48.4	_				
Unappropriated retained earnings	1,012,578	1.5	1,027,764	1.4	15,185	0.0			
Total net assets	37,275,472	54.9	37,290,658	49.8	15,185	0.0			
Total liabilities and net assets	67,925,112	100.0	74,885,746	100.0	6,960,633	10.2			

■ Statements of cash flows

	3rd period (1 Jan. 2007 – 30 June 2007)	4th period (1 July 2007 – 31 Dec. 2007)
	Amount (¥ K)	Amount (¥ K)
I. Cash flows from operating activities		
Income before income taxes	1,013,574	1,028,721
Depreciation and amortization	386,591	434,929
Amortization of investment unit issuance expenses	13,603	14,804
Amortization of investment corporation bond issuance expenses	-	2,058
New investment unit public offering expenses	32,615	_
Interest income	(1,734)	(7,047)
Interest expense	188,813	200,155
Interest on investment corporation bonds	-	21,198
Decrease (Increase) in accounts receivable - trade	(13,705)	(5,498)
Decrease (Increase) in prepaid expenses	11,955	(6,121)
Decrease (Increase) in consumption taxes receivable	314	(101,185)
Increase (Decrease) in consumption taxes payable	36,782	(30,652)
Increase (Decrease) in accounts payable - trade	6,857	402
Increase (Decrease) in accounts payable - other	42,888	12,441
Increase (Decrease) in advances received	(309)	(0)
Decrease from sale of property and equipment	4,377,681	1,493,945
Decrease (Increase) in long-term prepaid expenses	19,548	6,441
Other	(550)	(3,390)
Interest received	1,734	7,047
Interest paid	(188,314)	(206,649)
Income taxes paid	(1,098)	(2,041)
Net cash provided by operating activities	5,927,249	2,859,559

	3rd period (1 Jan. 2007 – 30 June 2007)	4th period (1 July 2007 – 31 Dec. 2007)
	Amount (¥ K)	Amount (¥ K)
II. Cash flows from investing activities		
Payments for purchase of property and equipment	(9,090,732)	(16,302,840)
Payments for purchase of intangible assets	(1,197)	-
Proceeds from lease and guarantee deposits received in trust	41,184	49,484
Payments for lease and guarantee deposits received in trust	(46,885)	(22,288)
Net cash used in investing activities	(9,097,630)	(16,275,644)
III. Cash flows from financing activities		
Proceeds from short-term debt	-	6,940,000
Repayment of long-term debt	-	(10,000,000)
Proceeds from issuance of investment corporation bonds	-	10,000,000
Payments for investment corporation bond issuance expenses	-	(55,272)
Proceeds from issuance of investment units	11,613,294	
Payments for investment unit issuance expenses	(21,613)	
New investment unit public offering expenses	(32,615)	
Dividends paid	(758,600)	(1,008,559
Other	(1,261)	(1,234)
Net cash provided by financing activities	10,799,202	5,874,933

IV. Net increase (decrease) in cash and cash equivalents	7,628,821	(7,541,152)
V. Cash and cash equivalents at beginning of period	1,635,864	9,264,686
VI. Cash and cash equivalents at end of period	9,264,686	1,723,534

■ State of borrowing ①

■ Short-term loans

	Category	Drawdown date	Balance at end of 3rd period	Balance at end of 4th period	Interest rate (%)	Repayment deadline	Repayment method	Use of funds	Remarks
	Lender		(¥ mm)	(¥ mm)	(N.B.1)				
	The Sumitomo Trust & Banking Co., Ltd.		_	500					N
	Aozora Bank, Ltd.	3 Sep. 2007	-	500	1.17	25 July 2008	Lump sum repayment at maturity	(N.B.2)	No collateral or guarantee
Short-term	The Sumitomo Trust & Banking Co., Ltd.		-	2,410		25 July 2008	Lump sum		No collateral
	Aozora Bank, Ltd.	30 Nov. 2007	-	2,410	1.17		repayment at maturity	(N.B.2)	or guarantee
	The Sumitomo Trust & Banking Co., Ltd.		_	560			Lump sum		No collateral
	Aozora Bank, Ltd.	11 Dec. 2007	ı	560	1.17	25 July 2008	repayment at maturity	(N.B.2)	or guarantee
	Subtotal			6,940	1.17				
	Aozora Bank, Ltd.		1,550	375					
	The Sumitomo Trust & Banking Co., Ltd.		1,550	375					
Current	Mizuho Corporate Bank, Ltd.	21 Nov. 2006	1,500	363	1.25	25 Nov. 2008	Lump sum repayment at	(N.B.3)	No collateral
i iona-tonn	Mitsubishi UFJ Trust and Banking Corporation	211407. 2000	1,500	363	1.25	(part repaid early on 22 Nov. 2007)	maturity	(14.0.0)	or guarantee
100110	The Hachijuni Bank, Ltd.]	500	121					
	Subtotal		6,600	1,600	1.25				

⁽N.B.1) The interest rates shown are the loan interest rates of the respective loans rounded to two decimal places. The interest rates are exclusive of the financing fees paid to the abovementioned lenders.

(N.B.2) All funds were applied to the acquisition of real estate beneficiary interests in trust and to the payment of related costs.

⁽N.B.3) The funds were applied to the acquisition of real estate beneficiary interests in trust and to the payment of related costs, as well as to the repayment of short-term debt.



■ Long-term loans

	Category Lender	Drawdown date	Balance at end of 3rd period (¥ mm)	Balance at end of 4th period (¥ mm)	Interest rate (%) (N.B.1)	Repayment deadline	Repayment method	Use of funds	Remarks
	Aozora Bank, Ltd.		1,700	_	,				
	The Sumitomo Trust & Banking Co., Ltd.		1,500	_	1	25 Nov. 2008	Lump sum		
	Shinsei Bank, Ltd.	25 Nov. 2005	1,000	_	_	(entire amount	repayment at	(N.B.3)	No collateral
	The Hachijuni Bank, Ltd.		500	_		repaid early on 22 Nov. 2007)	maturity		or guarantee
	The Oita Bank, Ltd.		300	_		22 1107. 2007)			
	The Sumitomo Trust & Banking Co., Ltd.		1,600	1,600				(N B 3)	
	Aozora Bank, Ltd.	25 Nov. 2005	1,600	1,600	1.25	25 Nov. 2009	Lump sum repayment at		No collateral
	Mizuho Corporate Bank, Ltd.	25 NOV. 2005	1,000	1,000	(N.B.2)	25 NOV. 2009	maturity	(14.0.0)	or guarantee
	Mitsubishi UFJ Trust and Banking Corporation		2,000	2,000			Í		
Lana	The Sumitomo Trust & Banking Co., Ltd.		2,100	2,100		25 Nov. 2010			
Long- term	Aozora Bank, Ltd.	25 Nov. 2005	1,300	1,300	1.48 (N.B.2)		Lump sum repayment at	(N B 3)	No collateral
loans	Mizuho Corporate Bank, Ltd.	23 NOV. 2003	500	500			maturity	(14.0.0)	or guarantee
	Sumitomo Mitsui Banking Corporation		2,000	2,000			,		
	The Sumitomo Trust & Banking Co., Ltd.	00 Mar 0000	400	400	1.66	05 Nov. 2000	Lump sum	(N. D. 0)	No collateral
	Aozora Bank, Ltd.	20 Mar. 2006	400	400	(N.B.2)	25 Nov. 2009	repayment at maturity	(N.B.3)	or guarantee
	Mizuho Corporate Bank, Ltd.	00.14 0000	500	500	1.61	05 Nov. 0040	Lump sum	(N. D. 0)	No collateral
	Sumitomo Mitsui Banking Corporation	20 Mar. 2006	1,700	1,700	(N.B.2)	25 Nov. 2010	repayment at maturity	(N.B.3)	or guarantee
	The Sumitomo Trust & Banking Co., Ltd.		2,100	2,100	1.61		Lump sum		No collateral
	Aozora Bank, Ltd.	20 Mar. 2006	1,400	1,400	(N.B.2)	25 Nov. 2010	repayment at maturity	(N.B.3)	or guarantee
	Subtotal		23,600	18,600	1.45				
	Total		30,200	27,140	1.37				

⁽N.B.1) The interest rates shown are the loan interest rates of the respective loans rounded to two decimal places. The interest rates are exclusive of the financing fees paid to the abovementioned lenders.

⁽N.B.2) The interest rate shown is the interest rate based on the interest rate swap agreement entered into for the purpose of hedging the risk of interest rate fluctuations.

⁽N.B.3) The funds were applied to the acquisition of real estate beneficiary interests in trust and to the payment of related costs, as well as to the repayment of short-term debt.

Diversification of financing methods

Corporation bond (Acquired rating by R&I: A (Stable))

Summary	
Issue date	21 Nov. 2007
Underwriter	Mizuho Securities Co, Ltd.
Fiscal issuing and paying agent	Mizuho Corporate Bank, Ltd.
Use of funds	Repayment of loans

First Series Unsecure	ed Investment Corporation Bonds
Issue amount	¥ 5 bn
Interest rate	6 month Libor+0.60(N.B.1)
Maturity period	4 years
Redemption date	21 Nov. 2011

(N.B.1) fixed at 1.797% by entering the interest rate swap agreement

Second Series Unse	cured Investment Corporation Bonds
Issue amount	¥5 bn
Interest rate	2.03%
Maturity period	5 years
Redemption date	2012/11/21

Portfolio list (as of end of 4th period)

Advance Residence Investment Corporation

				Site area	Total floor					Leasable	Leasable area		Leasa	ole area	hv un	it tyne	Α	Acquisition		ebuilding	
	No	Name of property	Location			Struct	ure,Floor	Completed	Туре					no uroc	i by an				% of total		PML
				(m²)	(m²)					units	(m²)	S	C	F	L	D	Other	(mm)		(mm)	
		Artiscourt Akasakahinokicho		1,194.39			14F • B1	2004/12	Pass-through type	111	4,602.70	13%	49%	38%	-	-	-	4,930	6.9%		5.39%
		Artis Shimazuyama	Higashi-Gotanda, Shinagawa-ku, Tokyo	993.27	4,221.40		13F · B1	2004/12	Pass-through type	115	3,474.37	56%	44%	-	-	-	-	2,860	4.0%		6.28%
	P-3		Naka-Meguro, Meguro-ku, Tokyo	392.96	1,901.70		11F	2005/2	Guaranteed payment type		1,694.18		-	-	-	-	-	1,730	2.4%		2.66%
S	P-4		Tsurumaki, Setagaya-ku, Tokyo	1,164.10	1,869.77		5F · B1	2002/3	Pass-through type	28	1,769.67	-	38%	62%	-	-	-	1,229	1.7%		8.15%
ard	P-5		Azabu-Juban, Minato-ku, Tokyo	417.67	2,564.94	SRC	12F • B1	1999/11	Pass-through type	44	1,986.76	-	85%	15%	-	-	-	1,987	2.8%		6.34%
*	P-6		Higashi, Shibuya-ku, Tokyo	327.59	1,810.64	RC	9F	2005/5	Pass-through type	50	1,654.29	12%	81%	-	-	-	7%	1,690	2.4%		3.60%
- 60	P-7	Title in a internacin	Ikejiri, Setagaya-ku, Tokyo	318.16	1,609.47	RC	15F	2005/8	Pass-through type	42	1,423.38	-	100%	-	-	-	-	1,230	1.7%		6.26%
븉	P-9		Naka-Ochiai, Shinjuku-ku, Tokyo	1,253.12	2,726.15		5F	2003/2	Pass-through type	44	2,430.20	-	59%	41%	-	-	-	1,450	2.0%		7.73%
8	_	0 Spacia Kudanshita	Kanda-Jinbocho, Chiyoda-ku, Tokyo	464.79	3,262.68		13F • B1	2005/3	Pass-through type	86	2,845.89	18%	75%	7%	-	-	-	2,270	3.2%		6.26%
o ky o	_	2 Artis Hatagaya	Honmachi, Shibuya-ku, Tokyo	394.30	1,207.68		8F	2004/2	Pass-through type	35	1,129.72	73%	11%	-	-	-	16%	1,130	1.6%		8.13%
		3 FELDBERG	Nihi-Gotanda, Shinagawa-ku, Tokyo	1,099.64	2,834.60		5F • B1	2006/2	Pass-through type	47	2,528.10	-	59%	32%	7%	-	2%	1,563	2.2%		9.99%
		4 Artis Toritsudaigaku	Nakane, Meguro-ku, Tokyo	268.65	909.70		10F	2006/8	Pass-through type	18	737.91	-	100%	-	-	-	-	643	0.9%		3.74%
	_	5 Artis Sakurajosui	Sakurajosui, Setagaya-ku, Tokyo	558.96	1,436.02		8F	2006/7	Pass-through type	39	1,201.37	66%	15%	-	-	-	19%	1,120	1.6%		5.11%
	P-1	6 Aritis Kitashinagawa	Kitashinagawa, Shinagawa-ku, Tokyo	777.25	3,891.12	RC	15F	2007/2	Pass-through type	120	2,897.99	81%	19%	0%	0%	0%	0%	2,720	3.8%	938	5.97%
	-	Tala sas a la co	Subt					200512		867	30,376.53	-	-	-	_	-	_	26,552	37.2%	8,168	1700
sβ		Artis Mitsukoshimae	Nihonbashi-Honcho, Chuo-ku, Tokγo		2,829.06		15F	2005/2	Pass-through type	105	2,552.07	66%	34%	-	-	-	-	1,920	2.7%		4.72%
γaΓ		? Artis Kamata	Kamata, Ota-ku, Τοκγο	748.93	5,637.66		15F	2005/3	Pass-through type	166	4,110.54	78%	22%	-	-	-	-	2,640	3.7%		6.36%
central 7 wards	C-3		Ikebukuro, Toshima-ku, Tokyo	1,349.45	2,818.90		5F	2005/3	Guaranteed payment type		2,207.63	9%	91%	-	-	-	-	1,520	2.1%		7.86%
Ta l	_	Artis Hongo	Hongo, Bunkyo-ku, Tokyo	462.90	2,444.42		12F	2005/7	Guaranteed payment type		2,165.35		76%	-	-	-	-	1,680	2.3%		5.43%
e II		Artis Asakusabashi	Kuramae, Taito-ku, Tokyo	274.93	2,193.73		12F	2005/8	Pass-through type	47	1,816.14		89%	-	-	-	-	1,060	1.5%		4.27%
5	C-7		Asahigaoka, Nerima-ku, Tokyo	1,317.82	1,656.31	RC	4F	1993/3	Pass-through type	93	1,591.71		-	-	-		-	953	1.3%		3.29%
exclusive of	_	Artis Uenookachimachi	Taito, Taito-ku, Tokyo	693.31	4,228.79		15F	2006/2	Guaranteed payment type		4,009.27	60%	36%	-	-	-	4%	3,160	4.4%		1.84%
isn	_	Artis Bunkyohongo	Hongo, Bunkyo-ku, Tokyo	340.61	2,198.60		14F	2006/1	Pass-through type	70	1,960.40	54%	46%	-	-	-	-	1,623	2.3%		5.37%
x c	_	0 Artis Ryogoku	Kamesawa, Sumida-ku, Tokyo	303.47	1,731.60		9F	2006/2	Pass-through type	48	1,378.84	56%	44%	-	-	-	-	913	1.3%		6.38%
S O		1 Artis Higashiginza	Tsukiji, Chuo-ku, Tokyo	762.08	6,607.86		15F • B1	2006/9	Guaranteed payment type		4,871.02	39%	57%	4%	-	-	- 10/	5,251	7.4%		6.19%
wards		2 Apre Parks Ueno	Higashi-Ueno, Taito-ku, Tokyo	219.68	1,311.77	RC	11F	2007/2	Pass-through type	41	1,184.44		33%	- 00/	- 00/	- 00/	4%	860	1.2%		7.60%
×		3 Artis Ningyocho	Nihonbashi-Ningyocho, Chuo-ku, Tokyo	535.30	4,632.90		14F/B1	2007/1	Pass-through type	137	3,540.97	63%	34%	0%	0%	0%	3%	3,180	4.4%		5.35%
23		4 Artis Omorihigashi 5 Residence Ovama	Omori-Higashi, Ota-ku, Tokyo Kumanocho, Itabashi-ku, Tokyo	661.31 1.676.03	2,096.16 3.690.91		10F 11F	2007/8 1991/9	Pass-through type	81 59	1,928.71 3,383.10	78%	13%	0%	0%	0%	9%	1,980 1,490	2.8%		9.32% 3.84%
Tokyo		7 T&G NEGISHI MANSION	Negishi, Taito-ku, Tokyo	545.64			9F	2005/12	Pass-through type Pass-through type	28	1,571,54	-	96%	-	-	-	-	856	1.2%		6.01%
<u>0</u>	U-1	7 RO NEGISHI MANSION	Negisii, raito-ku, rokyo Subt		1,000.21	πc	ยา	2000/12	Fass-illiough type						-	-	-				0.0176
		dia di						10000		1,296	38,271.85	_	_	-	_	-	_	29,087	40.8%	10,328	-
an 23			Minowa-cho, Kohoku-ku, Yokohama, Kanagaw		15,245.05		9F•B1	1969/3	Guaranteed payment type		8,552.00	-	-	-	-	100%		3,420	4.8%	4,246 1	
opolital Tokyo		Chester House Kawaguchi	lizuka, Kawaguchi, Saitama	1,205.20	2,395.31		11F	1991/3	Pass-through type	39	2,023.11	-	100%	-	-	-	-	770	1.1%		5.83%
9 g	S-3		Higashi, Kashiwa, Chiba	946.93	1,884.58		6F	2000/3	Pass-through type	26	1,794.44	-	-	100%	-	-	-	545	0.8%		6.76%
a eter	S-4		Marishiki, Matsudo, Chiba	1,785.29	3,570.66	RC	7F	2007/4	Pass-through type	44	3,431.44	-	-	100%	-	-	-	1,100	1.5%	668 1	
okyo l clusiv		Aritis Shinyokohama	Shin-yokohama, Kohoku-ku, Yokohama, Kanag	840.00	4,334.47	RC	11F	2007/1	Guaranteed payment type		3,277.62	100%	-	- 0.404	-	-	-	1,920	2.7%	887 1	
9	S-6	Belle Scene Minamiikuta	Minamiikuta, Tama-ku, Kawasaki, Kanagawa	2,900.77	3,859.22	RC	12F	1998/10	Pass-through type	46	3,165.70	-	6%	94%	-	-	-	1,050	1.5%	862 1	J.54%
- ă	-		Subt		4 570 15	D.O.	445	00000	B 11 11	1,206	12,369.55	-	_	-	_	_	- 1	8,806	12.3%	6,609	0.0001
100	_	Royal Nishihommachi	Nishihommachi, nishi-ku, Osaka, Osaka	277.15	1 2 1 2 1 1 2		11F	2002/6	Pass-through type	50	1,195.10		-	-	-		-	560	0.8%	342 1	
e t	R-3		Shinmachi, Kamikyo-ku, Kyoto, Kyoto	2,162.00	4,204.76		7F	1999/2	Guaranteed payment type		3,714.11	100%	-	- 7001	-			1,671	2.3%	1,155 1	
2	R-6		Nangodori, Shiraishi ku, Sapporo, Hokkaido	3,033.37	6,010.50		10F • B1	1986/12	Guaranteed payment type		4,535.26	-	9%	76%	-	-	15%	827	1.2%	1 1	3.19%
rogora	R-7		Higashi-Sakura, Higashi-ku, Nagoya, Aichi	652.31	3,678.20		10F	2006/2	Pass-through type	91	3,084.03	-	97%	-	-	-	3%	1,290	1.8%	845 1	
=	R-8		Minamino-cho, Kameyama, Mie	3,304.68	6,567.93		10F	2007/2	Pass-through type	182	6,065.11	-	95%	-	-	-	5%	1,610	2.2%	1,041 1	
la or	R-9	I Zeus Ryokuchi PREMIUM	Nishiizumioka, Toyonaka, Osaka	1,255.90	2,644.50	RC	7F • B1	2007/5	Guaranteed payment type		2,391.35	-	79%	7%	-	-	14%	979	1.4%	525 1	U.4/%
			Subt	otal						589	20,984.96	_	-	-	-	_	-	6,937	9.7%	4,912	
			Total							3,958	111,877.65	31.4%	43.2%	15.4%	0.2%	7.6%	2.2%	71,383	100.0%	30,018	6.52%

(as of 31 Dec. 2007) 35



Appraisal list (as of end of 4th period)

Previous appraisal															Аррга	isal at 4th p	eriod end	(as of 31	Dec. 2007)			
					Apprais	al value	(mm)		Capitalization method Valuation					Apprais	al Value	(mm)	Capitalization method				,	Valuation
No.	Name of property	Appraiser	date	Book value at end of period (mm)	Total	Land	Building	DC value (mm)	Cap. rate	DCF value (mm)	Discount rate	Terminal cap.rate	by cost method (mm)	Total	Land	Building	DC value (mm)	Ca p. Rate	DCF value (mm)	Discount rate	Terminal cap.rate	by cost method (mm)
-1	Artiscourt Akasakahinokicho	JREI	2007/6/30	4,878	5,140	3,720	1,420	5,200	4.6	5,070	4.4	4.8	4,980	5,340	3,980	1,360	5,420	4.5	5,260	4.3	4.7	5,320
-2	Artis Shimazuyama	JREI	2007/6/30	2,810	3,010	1,960	1,050	3,040	4.8	2,980	4.6	5.0	2,910	3,110	2,090	1,020	3,140	4.7	3,070	4.5	4.9	3,060
2-3	Artis Nakameguro	JREI	2007/6/30	1,703	1,880	1,136	744	1,900	4.6	1,850	4.4	4.8	1,380	1,930	1,230	700	1,950	4.5	1,900	4.3	4.7	1,480
	Apartments Tsurumaki	Chuo	2007/6/30	1,234	1,292	856	435	1,371	5.1	1,292	4.8	5.6	1,040	1,298	878	419	1,374	5.0	1,298	4.7	5.5	1,084
-5	Crestcourt Azabujuban	Chuo	2007/6/30	2,022	2,073	1,499	574	2,217	4.4	2,073	4.1	4.9	1,427	2,133	1,588	545	2,268	4.4	2,133	4.1	4.9	1,559
-6	Artis Shibuyadaikanyama	JREI	2007/6/30	1,700	1,840	1,377	463	1,860	4.6	1,820	4.4	4.8	1,700	1,890	1,459	431	1,910	4.5	1,870	4.3	4.7	1,830
-7	Artis Ikejiriohashi	JREI	2007/6/30	1,239	1,340	789	551	1,350	4.8	1,320	4.6	5.0	1,090	1,370	838	532	1,380	4.7	1,350	4.5	4.9	1,140
-9	Artis Shimoochiai	JREI	2007/6/30	1,460	1,500	792	708	1,510	5.0	1,490	4.8	5.2	1,440	1,510	823	687	1,520	5.0	1,500	4.8	5.2	1,480
	Spacia Kudanshita	Chuo	2007/6/30	2,280	2,441	1,417	1,024	2,558	4.8	2,441	4.5	5.3	1,417	2,444	1,448	996	2,587	4.8	2,444	4.5	5.3	1,506
-12	Artis Hatagaya	JREI	2007/6/30	1,147	1,160	815	345	1,170	4.8	1,150	4.6	5.0	1,040	1,190	854	336	1200	4.7	1170	4.5	4.9	1,090
-13	FELDBERG	JREI	2007/6/30	1,601	1,600	1,188	412	1,620	4.9	1,580	4.7	5.1	1,600	1,600	1,205	395	1,620	4.8	1,580	4.6	5.0	1,590
	Artis Toritsudaigaku	JREI	2007/6/30	662	646	386	260	651	4.8	641	4.6	5.0	637	663	407	256	668	4.7	657	4.5	4.9	650
-15	Artis Sakurajosui	JREI	2007/6/30	1,152	1,170	731	439	1,180	4.9	1,160	4.7	5.1	949	1,200	769	431	1,210	4.8	1,190	4.6	5.0	972
-16	Aritis Kitashinagawa	JREI	2007/11/1	2,817	2,720	1,470	1,250	2,740	4.7	2,700	4.5	4.9	2,580	2,720	1,480	1,240	2,740	4.7	2,700	4.5	4.9	2,600
	Artis Mitsukoshimae	JREI	2007/6/30	1,897	2,170	1,270	900	2,180	4.8	2,150	4.6	5.0	1,860	2,170	1,294	876	2,190	4.8	2,150	4.6	5.0	1,900
-2	Artis Kamata	JREI	2007/6/30	2,617	2,870	1,490	1,380	2,880	5.1	2,850	4.9	5.3	2,680	3,040	1,640	1,400	3,070	4.9	3,010	4.7	5.1	2,760
:-3	Artis Ikebukuro	JREI	2007/6/30	1,530	1,590	991	599	1,600	5.0	1,570	4.8	5.2	1,560	1,660	1,059	601	1,670	4.8	1,640	4.6	5.0	1,600
-5	Artis Hongo	JREI	2007/6/30	1,691	1,850	1,218	632	1,870	4.6	1,830	4.4	4.8	1,690	1,900	1,319	581	1,920	4.5	1,870	4.3	4.7	1,850
:-6	Artis Asakusabashi	JREI	2007/6/30	1,068	1,170	544	626	1,180	5.0	1,160	4.8	5.2	1,030	1,200	581	619	1,210	4.9	1,190	4.7	5.1	1,060
-7	Maison Eclairee Ekoda	Chuo	2007/6/30	994	956	693	263	1,007	5.5	956	5.2	6.0	625	960	709	250	997	5.5	960	5.2	6.0	660
:-8	Artis Uenookachimachi	JREI	2007/6/30	3,200	3,420	1,980	1,440	3,450	4.9	3,380	4.7	5.1	2,730	3,500	2,140	1,360	3,540	4.8	3,460	4.6	5.0	2,900
-9	Artis Bunkyohongo	JREI	2007/6/30	1,695	1,650	899	751	1,670	4.9	1,630	4.7	5.1	1,460	1,700	1,047	653	1,710	4.8	1,680	4.6	5.0	1,620
-10	Artis Ryogoku	JREI	2007/6/30	938	967	443	524	974	5.0	960	4.8	5.2	938	1,000	495	505	1,010	4.9	991	4.7	5.1	988
:-11	Artis Higashiginza	JREI	2007/6/30	5,369	5,320	3,430	1,890	5,340	4.6	5,290	4.4	5.0	5,100	5,380	3,590	1,790	5,460	4.5	5,300	4.3	4.9	5,320
-12	Apre parks Ueno	JREI	2007/6/30	892	886	355	531	894	5.0	878	4.8	5.2	578	907	403	504	914	4.9	899	4.7	5.1	624
-13	Artis Ningyocho	JREI	2006/12/31	3,282	3,180	1,630	1,550	3,220	49	3,140	4.7	5.1	2,930	3,420	1,940	1,480	3,450	4.7	3,380	4.5	4.9	3,240
-14	Artis Omorihigashi	JREI	2006/12/31	2,063	1,980	892	1,088	1,990	5.1	1,960	4.9	5.3	1,350	1,990	945	1,045	2,010	5.1	1,960	4.9	5.3	1,410
-15	Residence Oyama	JREI	2007/6/30	1,586	1,490	962	528	1,510	5.3	1,470	5.2	5.6	1,480	1,540	1,021	519	1,560	5.1	1,520	5.0	5.4	1,510
-17	T&G NEGISHI MANSION	MAIC	2007/6/30	916	864	380	484	880	4.8	848	4.5	5.1	654	864	427	437	880	4.8	847	4.5	5.1	723
S-1	Hiyoshidai Gakusei Heights	Chuo	2007/6/30	3,464	3,555	2,526	1,029	3,438	7.6	3,555	7.3	8.1	2,543	3,585	2,503	1,082	3,517	7.6	3,585	7.3	8.1	2,721
-2	Chester House Kawaguchi	Chuo	2007/6/30	772	778	485	293	818	5.6	778	5.3	6.1	587	784	497	286	822	5.6	784	5.3	6.1	605
;-3	Storkmansion Kashiwa	JREI	2007/6/30	579	511	206	305	515	5.5	506	5.3	5.7	541	514	211	303	517	5.4	511	5.2	5.6	542
; 4	DUO Station HigashiMatsudo	JREI	2007/7/1	1,196	1,120	306	814	1,130	5.5	1,100	5.3	5.7	982	1,130	323	807	1150	5.3	1100	5.1	5.5	1,000
-5	Aritis Shinyokohama	JREI	2007/10/1	1,997	1,940	810	1,130	1,960	5.3	1,920	5.1	5.5	1,840	1,940	817	1,123	1960	5.3	1920	5.1	5.5	1,850
-6	Belle Scene Minamiikuta	JREI	2007/11/1	1,134	1,060	479	581	1,070	5.1	1,050	4.9		1,100	1,060	479	581	1070	5.1	1050	4.9	5.3	1,100
₹-2	Royal Nishihommachi	JREI	2007/6/30	565	619	192	427	625	5.3	612	5.1	5.5	538	635	218		641	5.2	628	5.0	5.4	564
₹-3	Itopia Kyotogakuseikaikan	Chuo	2007/6/30	1,682	1,733	846	886	1,847	5.4	1,733	5.1	5.9	1,487	1,739	870	868	1847	5.4	1739	5.1	5.9	1,524
₹-6	HAUT DOMICILE NANGOGA	Chuo	2007/6/30	877	818	461	357	854	6.3	818		6.8	861	830	519	311	839	6.3	830	6.0	6.8	854
₹-7	Artis Higashisakura	JREI	2007/6/30	1,314	1,360	433	927	1,360	5.3	1,350	5.0	5.5	1,400	1,360	467	893	1360	5.3	1350	5.0	5.5	1,42
₹-8	Grand Court Kamevama	JREI	2007/7/1	1,730	1,610	203	1,407	1,610	6.2	1,610	5.5	6.7	1,590	1,610	207	1,403	1620	6.2	1600	5.6	6.7	1,57
₹-9	Zeus Ryokuchi PREMIUM	JREI	2007/6/1	1,020	979	304	675		5.4	974		5.6	950	985	317	668	986	5.4	984	5.1	5.6	96
	Total			72,792	74.259					73.646			65,275	75,802	45.089		76.908		75.061			68,24

⁽N.B.1) "Previous appraisal" and "Appraisal at 4th period end" refer to the appraisal by the real estate appraiser as of the appraised date shown above.

⁽N.B.2) "Book value at end of period," "Appraisal value," "DC valu foregoing table.

⁽N.B.3) Concerning the previous appraisal for Artis Ningyocho and Artis Omorihigashi, the estimated value is shown.

⁽N.B.4) Under "Appraiser," JREI refers to Japan Real Estate Institute, Chuo refers to Chuo Real Estate Appraisal Co., Ltd., and MAIC refers to Morii Appraisal & Investment Consulting, Inc.

Due diligence

Specialists carry out 5 types of economic, physical and legal examinations

Legal checks

MORI HAMADA & MATSUMOTO

Probable maximum loss (PML)

SOMPO JAPAN RISK MANAGEMENT, INC.

Structural calculation sheet checks

KOZO KEIKAKU ENGINEERING Inc. JAPAN ERI CO., LTD.

Confirmed that all 41 properties including those scheduled for acquisition meet the strength requirements under the Building Standards Law

Appraisal valuations

Japan Real Estate Institute
Chuo Real Estate Appraisal Co., Ltd.
Morii Appraisal & Investment
Consulting Inc.

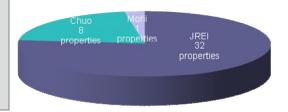
Engineering reports

SHIMIZU CORPORATION
JAPAN ERI CO., LTD.
Engineering & Risk Services
Corporation

Trustee due diligence

The Sumitomo Trust & Banking Co., Ltd.
Mizuho Trust & Banking Co., Ltd.
The Chuo Mitsui Trust & Banking Co., Ltd

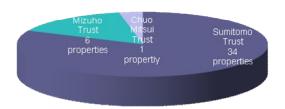
Appraisal valuations



Engineering reports



Trustee due diligence

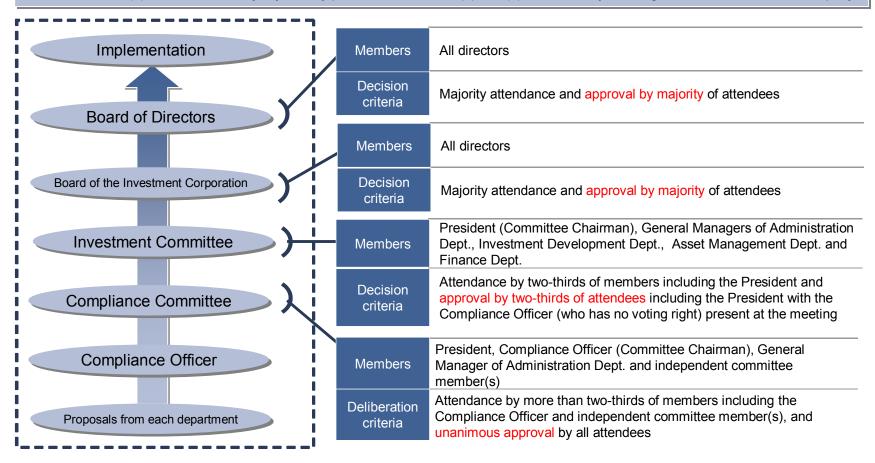


Managing conflicts of interest

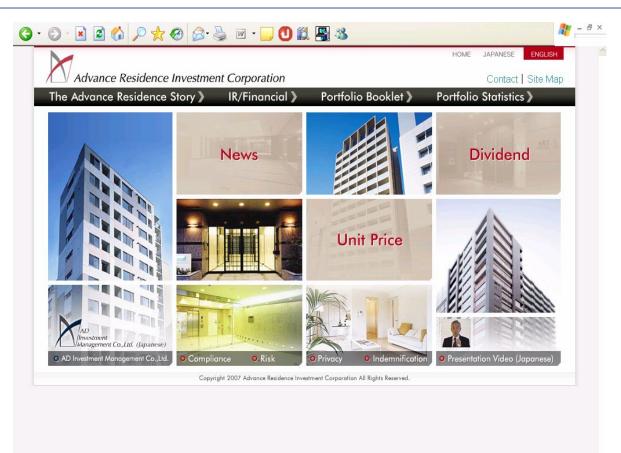
Rigorous check system in place for related-party transactions and approved transaction under the investment guidelines

Related parties: (1) As defined under Article 15-(2)-1 of the Investment Trust Law

- (2) All voting right holders of the Asset Manager and its directors/officers
- (3) SPCs that are majority held by persons stated under (1) and (2) and thus may have significant influence on the company









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URL http://www.adr-reit.com/en/