

For Immediate Release

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Advance Residence Investment Corporation
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Notice Concerning Acquisition of Investment Assets
【GRASS HOPPER】

Advance Residence Investment Corporation (ADR) announced today its acquisition of “GRASS HOPPER” as follows.

1. Acquisition Summary

Name of Property	GRASS HOPPER
Asset to be acquired	Beneficiary interests in trust for real estate
Proposed acquisition price	¥1,330,000,000
Seller	Y.K. Arugo Second
Scheduled execution date	January 25, 2008
Scheduled acquisition date	January 25, 2008
Acquisition financing	Cash on hand and debt finance
Payment method	Pay entire amount upon acquisition
Trustee	The Sumitomo Trust & Banking Co., Ltd.
Scheduled Trust agreement date	January 25, 2008
Trust expiration date	February 28, 2013

* The acquisition price is exclusive of real property tax, urban planning tax, consumption tax and local consumption tax.

2. Purpose of the acquisition

1) Reason

ADR will acquire the property pursuant to the target and policy of asset management as stipulated in its Articles of Incorporation, under the objective of securing stable earnings over the medium and long term as well as enhancing its portfolio in the Major regional cities.

2) Property Characteristics

This property is situated about a 3-minute walk from Sakuragawa Station on the Osaka Metro Sennichimae Line, and is comprised of 52 residential units (1LDK/2LDK; 41.00 to 98.74m²), 6 offices (62.70 to 122.32m²) and other spaces. The property offers convenient access to Namba, Shinsaibashi and Umeda business and commercial areas of Osaka that are 20 minutes from Sakuragawa Station, the closest station. In addition, the property secures comfort for residents by ensuring ceiling heights of 2,750mm or higher in its



residential units and expects steady rent demand centering on DINKs who emphasize the proximity of their residence and workplace.

3. Summary of the proposed property

Type of Qualified Asset	Beneficiary interests in trust	Scheduled Acquisition Date	January 25, 2008	Acquisition Amount	¥1,330,000,000
Property Characteristics					
This property is situated about a 3-minute walk from Sakuragawa Station on the Osaka Metro Sennichimae Line, and is comprised of 52 residential units (1LDK/2LDK; 41.00 to 98.74m ²), 6 offices (62.70 to 122.32m ²) and other spaces. The property offers convenient access to Namba, Shinsaibashi and Umeda business and commercial areas of Osaka that are 20 minutes from Sakuragawa Station, the closest station.					
Property Outline					
Location	Residence indication	2-2-40 Saiwai-cho, Naniwa-ku, Osaka city, Osaka			
	Lot number	2-9-43 and other, Saiwai-cho, Naniwa-ku, Osaka city, Osaka			
Land	Type of ownership	Proprietary ownership	Zoning	Commercial zone	
	Site area	1,224.00 m ²	FAR/Building coverage ratio	600%/80%	
Building	Type of ownership	Proprietary ownership	Breakdown of residential unit type	Units	Percentage of floor area
	Total floor area	4,632.61 m ²	Single type	—	—
	Structure/ Floors	SRC; 13F	Compact type	33	45%
	Use	Apartment	Family type	19	42%
	Construction completion date	April 28, 1997	Large type	—	—
	Confirmation inspection agency	Osaka city	Other residential unit portion	—	—
	Building designer	Ka) Daiken Kikaku Sekkei	Other	6	13%
	Structural designer	Ka) Daiken Kikaku Sekkei	Trustee	The Sumitomo Trust & Banking Co., Ltd.	
Construction contractor	ITOCHU Corporation Ishiguro Co.,Ltd.	Property manager	O.M.CORPORATION CO.,LTD.		
Previous titleholder	Yu) Sirius Holdings		Master lessee	ITOCHU Urban Community	
Current titleholder	Yu) Arugo Second		Master lease type	Pass-through	
Summary of Real Estate Appraisal Report (Note)					
Real estate appraiser	Japan Real Estate Institute				
Real estate appraised value	¥1,360 million yen	Appraised date	December 31, 2007		
Direct capitalization price	¥1,370 million yen	Cap rate	5.5%		
DCF price	¥1,340 million yen	Discount rate	5.3%		
Cost approach price	¥1,250 million yen	Terminal cap rate	5.7%		
Income/Expenditures Assumed in Calculating Direct Capitalization Price (Monetary unit: thousand yen)			Lease Conditions (as of December 31, 2007)		
Appraisal item		Appraised value	Total tenants	1	
(A) Total potential profit	Subtotal	135,781	Leasable units	58	
	Rent income	132,090	Leased units	46	
	Other income	3,691	Leasable floor area	3,681.25 m ²	
(B) Total effective profit	Subtotal	115,621	Leased floor area	2,740.09 m ²	
	Losses from vacancies, etc.	20,160	Monthly rent (incl. common service charges) (thousand yen)	¥8,915,000	
	Bad debts losses	0	Deposits, guarantees, etc. (thousand yen)	¥16,671,000	
(C) Expenses from rental business	Subtotal	32,656	Occupancy rate (based on floor area)	74.4%	
	Maintenance and management fees	6,175	Summary of Building Conditions Investigation Report (Note)		
	Utilities costs	7,714	Investigator	JAPAN ERI CO.,LTD.	
	Management commission fees	4,453	Investigation date	January 10,2008	
	Taxes and public dues	8,061	Emergency repair costs	—	
	Non-life insurance premiums	349	Short-term repair costs (within 1 year)	—	
	Rental advertising costs	1,386	Long-term repair costs (over 12 years)	¥120,610,000	
	Repair costs (incl. restoration fees)	4,380	Building replacement price	¥929,000,000	
	Other expenses	138	Summary of Earthquake PML Assessment Report (Note)		
(D) Profit or loss from rental business = (B) – (C)		82,965	PML	11.50% (Sompo Japan Risk Management, Inc.)	
(E) Operating profit from deposits		0	Collateral		
(F) Capital expenditures		7,388	None		
(G) Net profit = (D) + (E) – (F)		75,577			
Special Notation					
Not applicable.					

Note) The real estate appraisal report, building condition investigation report and earthquake PML assessment report include the condominium and parking lot (steel frame structure, steel zinc plated roof, single story) in the calculations.

[Explanation of Entries in Foregoing Table]

(i) Explanation of “Property Characteristics”

- “Property Characteristics” provides a description based on an analysis by the asset manager, and pursuant to the entries in the appraisal report or survey report for the real estate in trust that was prepared by Japan Real Estate Institute.

(ii) Explanation of “Property Outline”

- “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.
- “Lot number” for the location provides the lot number as indicated in the registry.
- “Ownership form” 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.
- “Zoning” for the land provides the zoning 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 zoning, 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 zoning, 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.
“RC” and “SRC” entered for “Structure / Floors” refers to reinforced concrete structures and steel reinforced concrete structures respectively.

“Use” 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 December 31, 2007 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 December 31, 2007 based on information received from the current titleholder.
- “Breakdown of residential unit type” lists the types of residential units based on the following classification. The “dormitory type” is shown under “Other residential unit portion,” and store, office and other uses aside from residential units are shown under “Other.”

Residential Unit Type	Exclusive-Use Floor Area	Percentage of Portfolio
Single type	Less than 30m ²	30~50%
Compact type	30m ² or more, but less than 60m ²	30~50%
Family type	60m ² or more, but less than 100m ²	10~30%
Large type	100m ² or more	0~10%

- “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 December 31, 2007 based on information received from the current titleholder.
- “Percentage of floor area” provides the leasable floor area of each type of residential unit expressed as a percentage of the leasable floor area of the real estate in trust as of December 31, 2007 based on information received from the current titleholder and rounded to the nearest whole percentage.
- Names in the “current titleholder” column indicate the beneficiaries that hold the beneficiary interests in trust (asset to be acquired) as of the date of this document or the titleholder of the real estate in trust as of the date of this document. “Previous titleholder” names the party that transferred the beneficiary interests in trust (asset to be acquired) or real estate 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.
- “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 sublessee 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 estate in trust. Where property management services are redelegated, the property manager redelegated to conduct property management services is shown.

(iii) Explanation of “Summary of Real Estate Appraisal Report” and “Summary of Survey Report”

- The entries in each field of “Summary of Real Estate Appraisal Report” and “Summary of Survey Report” are pursuant to the entries in the appraisal report or survey report prepared by Japan Real Estate Institute for the respective real estate 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 or survey report for the respective real estate 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 asset 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 asset 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

Company Name	Y.K. Arugo Second
Address	3-2-3 Marunouchi, Chiyoda-ku, Tokyo
Representative	Shinji Arakawa
Capital	JPY 3 million
Main shareholder	Arugo Holding (intermediate limited liability)
Description of Business	Selling, buying, holding, leasing and managing of real estate; and selling, buying and owning of beneficiary interests in trust, etc.
Relationships with ADR or with its asset management company	The seller is a <i>tokutei mokuteki kaisha</i> (special purpose company regulated by the Law on Securitization of Assets) established at the initiative of Itochu Corporation. The ITOCHU Corporation holds 39.0% of the total number of shares outstanding at AD Investment Management Co., Ltd., which is ADR's investment trust management company (hereafter, the "Asset Manager"). Thus, the seller constitutes a related party as defined in the Asset Manager's bylaws.

5. Current and previous owners

Property Name (Address)	GRASS HOPPER 2-2-40 Saiwai-cho, Naniwa-ku, Osaka city, Osaka		
	Current owner	Previous owner	Owner prior to the previous owner
Company Name	Yu) Arugo Second	Yu) Sirius Holdings	Maruhachi Mokuzai Kabushikigaisha
Relationship with party having particular vested interest	A related party as defined in the Asset Manager's bylaws	A related party as defined in the Asset Manager's bylaws	N/A
Acquisition background, reason, etc.	Acquired for the purpose of holding real estates.	Acquired for the purpose of holding real estates.	N/A
Acquisition price (including other expenses)	N/A	N/A	N/A
Acquisition	Feb. 2005	Apr.2004	N/A

6. Asset Manager's Vested Interest in Asset to be Acquired

- (1) The abovementioned seller constitutes related party as defined in the Asset Manager's bylaws (encompasses an interested party as defined in the Investment Trusts and Investment Corporations Law; hereafter, "Related Party"). Accordingly, the procedures required in accordance with the bylaws have been completed in concluding the trust beneficiary interests transfer agreements.
- (2) Concerning the abovementioned assets to be acquired, ADR is scheduled to delegate master lease and property management services in bulk to ITOCHU Urban Community, which is a Related Party of the Asset Manager. Accordingly, the procedures required in accordance with the bylaws have been completed in concluding the building lease and management agreement with ITOCHU Urban Community.

7. Matters concerning Earthquake Resistance

The validity of the structural calculation documents on the asset that is to be acquired have been investigated by a third-party agency. ADR has obtained investigation results stating that the documents are "valid" as follows.

- 1) Investigation Agency

Company Name	Sompo Japan Risk Management, Inc.
Address	24-1, Nishishinjuku 1chome, Shinjuku-ku, Tokyo
Representative	Takashi Seo
Capital	JPY 30 million
Description of business	<ul style="list-style-type: none"> • Quantitative evaluation of various risks • Consulting on the environment and ISO • Consulting on medical safety management • Audit services for power generating facilities
Relationships with ADR or with its asset management company	N/A

2) Investigation Content

Verification and inspection of structural calculation documents and related drawings and specifications

3) Investigation Results

The content of the structural calculation is valid and the strength required pursuant to the Building Standards Law has been secured.

8. Broker Profile

The ITOCHU Corporation, which constitutes a Related Party as defined in the Asset Manager's bylaws, will act as a broker upon acquisition of the properties. However, there is no commission to be paid to ITOCHU Corporation.

9. Future outlook

The impact on ADR's management performance for the fiscal period ending June 2008 (from January 1, 2008 to June 30, 2008) is currently being closely examined and will be subsequently announced.

10. Other

ADR plans to disclose information on the asset acquisition again at a later date when it acquires the property.

<Attachments>

- Attachment 1 Property photo
- Attachment 2 Portfolio summary after acquisition of the property

- * 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.

1. Property photo

GRASS HOPPER



2. Portfolio summary after acquisition of the property

Attachment 2

No.	Name of Property	Address (Note 2)	Acquisition Price (MM Yen) (Note 3)	Percentage of Total Acquisition Cost (%) (Note 4)
P-1	Artiscourt Akasakahinokicho	Minato Ward, Tokyo	4,930	6.4
P-2	Artis Shimazuyama	Shinagawa Ward, Tokyo	2,860	3.7
P-3	Artis Nakameguro	Meguro Ward, Tokyo	1,730	2.3
P-4	Apartments Tsurumaki	Setagaya Ward, Tokyo	1,229	1.6
P-5	Crestcourt Azabujuban	Minato Ward, Tokyo	1,987	2.6
P-6	Artis Shibuyadaikanyama	Shibuya Ward, Tokyo	1,690	2.2
P-7	Artis Ikejiriohashi	Setagaya Ward, Tokyo	1,230	1.6
P-9	Artis Shimoochiai	Shinjuku Ward, Tokyo	1,450	1.9
P-10	Spacia Kudanshita	Chiyoda Ward, Tokyo	2,270	3.0
P-12	Artis Hatagaya	Shibuya Ward, Tokyo	1,130	1.5
P-13	FELDBERG	Shinagawa Ward, Tokyo	1,563	2.0
P-14	Artis Toritsudaigaku	Meguro Ward, Tokyo	643	0.8
P-15	Artis Sakurajosui	Setagaya Ward, Tokyo	1,120	1.5
P-16	Artis Kitashinagawa (tentative)	Shinagawa Ward, Tokyo	2,720	3.5
Tokyo Central 7 Wards		Total	26,552	34.5
C-1	Artis Mitsukoshimae	Chuo Ward, Tokyo	1,920	2.5
C-2	Artis Kamata	Ota Ward, Tokyo	2,640	3.4
C-3	Artis Ikebukuro	Toshima Ward, Tokyo	1,520	2.0
C-5	Artis Hongo	Bunkyo Ward, Tokyo	1,680	2.2
C-6	Artis Asakusabashi	Taito Ward, Tokyo	1,060	1.4
C-7	Maison Eclairée Ekoda	Nerima Ward, Tokyo	953	1.2
C-8	Artis Uenookachimachi	Taito Ward, Tokyo	3,160	4.1
C-9	Artis Bunkyoongo	Bunkyo Ward, Tokyo	1,623	2.1
C-10	Artis Ryogoku	Sumida Ward, Tokyo	913	1.2
C-11	Artis Higashiginza	Chuo Ward, Tokyo	5,251	6.8
C-12	Apre parks Ueno	Taito Ward, Tokyo	860	1.1
C-13	Artis Ningyocho	Chuo Ward, Tokyo	3,180	4.1
C-14	Artis Omorihigashi	Ota Ward, Tokyo	1,980	2.6
C-15	Residence Oyama	Itabashi Ward, Tokyo	1,490	1.9
C-16	Artis Kinsicho (Note 5)	Sumida Ward, Tokyo	4,200	5.5
C-17	T&G Negishi Mansion	Sumida Ward, Tokyo	856	1.1
Tokyo 23 Wards Exclusive of Central 7 Wards		Total	33,287	43.3
S-1	Hiyoshidai Gakusei Heights	Yokohama City, Kanagawa	3,420	4.4
S-2	Chester House Kawaguchi	Kawaguchi City, Kanagawa	770	1.0
S-3	Storkmansion Kashiwa	Kashiwa City, Chiba	545	0.7
S-4	DUO Station Higashimatsudo No. II	Matsudo City, Chiba	1,100	1.4
S-5	Artis Shin-Yokohama	Yokohama City, Kanagawa	1,920	2.5
Tokyo Metropolitan Area		Total	8,806	11.5
R-2	Royal Nishihonmachi	Osaka City Osaka	560	0.7
R-3	Itopia Kyotogakuseikaikan	Kyoto City, Kyoto	1,671	2.2
R-6	HAUT DOMICILE NANGOGAI	Sapporo City, Hokkaido	827	1.1
R-7	Artis Higashisakura	Nagoya City, Aichi	1,290	1.7
R-8	Grand Court Kameyama	Kameyama City, Mie	1,610	2.1
R-9	Zeus Ryokuchi PREMIUM	Toyonaka City, Osaka	979	1.3
R-10	GRASS HOPPER	Osaka City Osaka	1,330	1.7
Major regional cities		Total	8,267	10.7
Grand Total			76,913	100.0

(Note 1) Tokyo Central 7 Wards indicates the Chiyoda, Shibuya, Shinjuku, Meguro, Setagaya and Shinagawa wards of Tokyo. Tokyo 23 Wards Exclusive of Central 7 Wards indicates the 23 wards of Tokyo other than the central 7 wards. Tokyo Metropolitan Area indicates Tokyo (excluding the Tokyo 23 wards) and Kanagawa, Saitama and Chiba prefectures. Major Regional Cities exclude cities in the Tokyo Metropolitan Area.

(Note 2) The address is as per register.

(Note 3) The acquisition price indicates the purchase price for the respective beneficiary interests in trust entered in the beneficiary interests transfer agreement, exclusive of taxes and public dues and acquisition costs. The amount is rounded down to the nearest million yen. Accordingly, the sum total of the itemized figures does not necessarily add up to the total value entered in the foregoing table.

(Note 4) The portfolio share expresses the acquisition price of the respective real estate in trust, etc. as a percentage of the sum total of the acquisition prices for all real estate in trust, etc. The percentage is rounded to one decimal place. Accordingly, the sum total of the itemized figures does not necessarily add up to the total value entered in the foregoing table.

(Note 5) Property planned for acquisition. Please refer to "Acquisition of Assets [Zeus Ryokuchi PREMIUM and Artis Kinshicho]" dated August 20, 2007 for an overview of the subject property.