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For Immediate Release

Advance Residence Investment Corporation
Securities Code : 8978
3-12 Kioicho, Chiyoda-ku, Tokyo
Kenji Kousaka, Executive Officer

Asset Management Company:
AD Investment Management Co., Ltd.
Kenji Kousaka, President

Inquiries:
Kazuhito Akamatsu, Director
TEL. +81-3-5216-1871

Notice Concerning Impact of re-plus inc.'s Decision to Start Bankruptcy Proceedings

Advance Residence Investment Corporation (ADR) announced the impact, etc. that the decision to start bankruptcy proceedings (the Bankruptcy Proceedings) made by re-plus inc. (re-plus) on September 24, 2008 has on ADR as follows.

1. Overview of ADR's Relationship with re-plus and Impact on ADR

The guarantee system for back rent provided by re-plus is adopted for some of the residential units of properties in ADR's portfolio. Although there is no direct contractual relationship between ADR and re-plus for the concerned guarantee system, there is a tripartite agreement between (1) the property management (PM) company, to which ADR entrusts the property management of its assets, (2) end tenants, and (3) re-plus, which is the guarantor for rent and other obligations of end tenants.

The back rent for residential units under the concerned guarantee system is arranged so that it is collected in re-plus's account (end tenants make payments to re-plus's account). If re-plus shall be unable to pay the back rent currently withheld in re-plus's account as a result of the Bankruptcy Proceedings, there is a possibility that such will impact ADR.

2. Number of Units and Amount of Rent Subject to Possible Delayed Collection of Rent or Uncollectible Rent

- (1) Number of units: 23 units
- (2) Amount of rent: Approx. 3 million yen

The above number of units and amount of rent is the number of units and amount of rent as of today for

which the PM company charges re-plus a subrogation payment for back rent.

3. Impact on ADR's Business Performance

The impact of this fact on ADR's business performance is expected to be minimal. Thus, no changes have been made to management performance forecasts.

- * 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]

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