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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  
TEL. +81-3-3518-0480

Notice Concerning The Revision of Management Performance Forecast and Dividend  
for the Fiscal Period Ending January 2015 (the Ninth FP)

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecast for the fiscal period ending January 2015 (the ninth FP: from August 1, 2014 to January 31, 2015) which was originally announced on September 8, 2014, as follows.

**1. Revision of Management Performance Forecasts for the Fiscal Period Ending January 2015  
(The Ninth Fiscal Period: from August 1, 2014 to January 31, 2015)**

	Operating revenue (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Earnings per unit (yen)	Dividend per unit (yen)	Dividend per unit in excess of earnings (yen)
<b>Initial Forecast (A)</b>	14,545	7,380	5,811	5,811	4,470	4,500	—
<b>Revised Forecast (B)</b>	15,618	8,207	6,630	6,630	5,100	5,130	—
<b>Amount of variation (B)－(A)</b>	1,073	826	818	818	630	630	—
<b>Rate of variation</b>	7.4%	11.2%	14.1%	14.1%	14.1%	14.0%	—

The forecasted number of investment units issued and outstanding at end of the ninth period: 1,300,000 units.

\* Amounts are rounded down. Percentages are rounded at the second decimal place.

\* The above figures are forecasts. Accordingly, the actual operating revenue, operating income, ordinary income, net income and dividend per unit may vary. Moreover, the above forecasts are not a guarantee of the dividend amount.

\* Expected number of outstanding units issued at the end of the period will be used to calculate the net income per unit. The expected number is 1,300,000 units for the end of ninth fiscal period.

The management performance forecast for the fiscal period ending on July 2015 announced on September 8, 2014 in the Japanese financial report "Kessan Tanshin" for the fiscal period ending July 2014 remains unchanged.

## 2. Reason for the Revision

The forecast for the fiscal period ending January 2015 announced on September 8, 2014 in the “Tanshin for fiscal period ending July 2014” is revised after reviewing the current business performance of the assets under management.

The major factors resulting in the revisions are increased revenue of acquisitions of 15 properties <sup>(Note1)</sup>, SPC’s accrued closing dividend <sup>(Note2)</sup> and capital gains from the desposition of “Tokyo Student-House Hiyoshidai” announced today <sup>(Note3)</sup>.

(Note1) Please refer to the press release of titled “Notice Concerning Acquisition of Investment Asset (RESIDIA Machiya)” of September 24, 2014, “Notice Concerning Acquisition of Investment Asset (RESIDIA Ueno-Ikenohata)” of November 7, 2014 and “Notice Concerning Acquisition of Investment Assets (RESIDIA Nerima and 12 other properties)” announced today.

(Note2) ADR invested in equity interests of TK property fund “G.K. RISING 3” which is the seller of 13 properties that are announced today by “Notice Concerning Acquisition of Investment Assets (RESIDIA Nerima and 12 other properties)”. ADR estimates the closing dividend of G.K. RISING 3 to be ¥ 31 million.

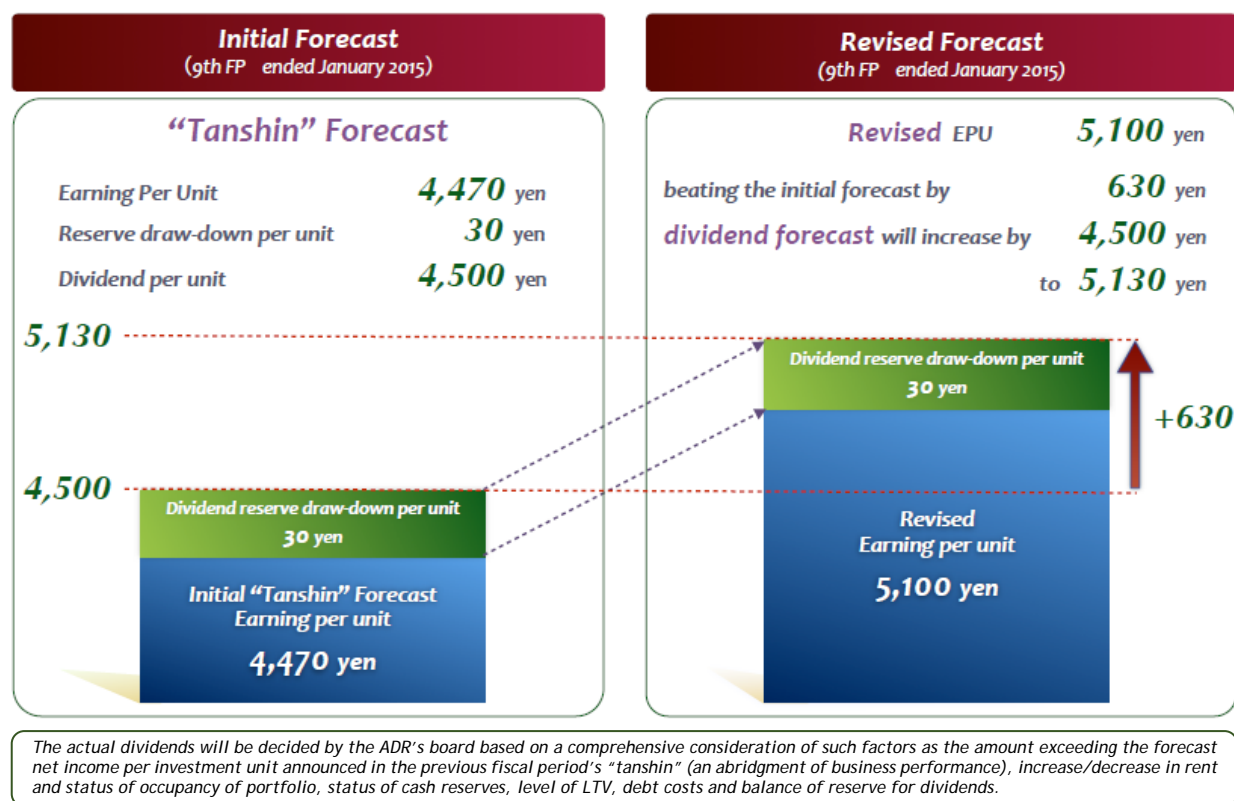
(Note3) Please refer to the press release titled “Notice Concerning Disposition of Investment Asset<<Tokyo Student-House Hiyoshidai>>” announced today.

## 3. Dividend Forecast Under the our Payout Policy

<The Payout Policy>

Under the current payout policy, ADR will continue to stabilize dividends by using the reserve for dividend, but when the management performance is better than the forecast, dividend will be increased by how much the result beats the “Tanshin” forecast.

The dividend forecast listed in the table “1. Revision of Management Performance Forecasts for the Fiscal Period Ending January 2015 (The Ninth Fiscal Period: from August 1, 2014 to January 31, 2015)” is based on a comprehensive consideration of such factors as the amount of upward revision in the net income forecast, changes in the overall rent revenue, portfolio occupancy, cash reserve outstanding, LTV level, debt costs and reserve for dividend outstanding.



#### 4. Assumptions Underlying Revision of Management Performance Forecast for the Ninth Fiscal Period

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>The Ninth fiscal period: from August 1, 2014 to January 31, 2015 (184 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>In forecasting the management performance of the ninth fiscal period, ADR assumes that current number of assets (224 properties and TK property fund equity interests) under management and the following changes, through to the end of the ninth fiscal period.</li> <li>ADR assumes to acquire the underlining 13 properties from “G.K. RISING 3” on December 4, 2014 and “G.K. RISING 3” to be liquidated. The closing dividend by the liquidation of “G.K. RISING 3” is estimated to be ¥ 31 million.</li> <li>ADR assumes that “Tokyo Student-House Hiyoshidai” will be sold on January 28, 2015.</li> <li>The actual number of properties under management may vary due to future acquisitions or dispositions.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Rent revenue for the assets currently held by ADR is estimated based on historical data and by taking into account the leasing conditions.</li> <li>ADR expects month-end occupancy rates will average 96.1% over the ninth fiscal period.</li> <li>ADR assumes there are no delinquencies or non-payment by tenants in the calculation of operating revenue.</li> <li>ADR estimates the capital gains of Tokyo Student-House Hiyoshidai to be ¥ 857 million.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Rent business expenses constitute a principal component of operating expenses. Rent business expenses excluding depreciation such as property management fees are calculated based on historical data and reflecting factors that may cause expenses to fluctuate.</li> <li>ADR estimates depreciations to be ¥ 2,505 million for the ninth fiscal period, where the calculation are based on the straight-line method inclusive of ancillary expenses.</li> <li>ADR estimates that the fixed property tax and urban planning tax in the ninth fiscal period will be ¥ 751 million. Regarding the 27 properties acquired in 2014 (including to-be-acquired properties), the fixed property tax and urban planning tax of 2014 that to be included in the acquisition cost is assumed to be ¥ 76 million. The fixed property tax and urban planning tax of the 27 properties will be expensed from the tenth fiscal period ending July 2015.</li> <li>Building repair expenses are estimated for the amount necessary for the respective fiscal period. However, actual repair expenses for the fiscal period may differ significantly from the forecasted amounts due to unforeseen expenses such as urgent repair expenses arising due to unexpected building damages.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>ADR estimates interest expenses and borrowing related expenses to be in the amount of ¥ 1,566 million for the ninth fiscal period.</li> </ul>
Interest-bearing Liabilities	<ul style="list-style-type: none"> <li>As of November 28, 2014, the total balance of interest-bearing liabilities is ¥ 227,414 million.</li> <li>ADR will borrow ¥ 10,700 million on December 4, 2014.</li> <li>On January 31, 2015, ADR will repay ¥ 3 million for amortization to the existing loans. And although it has not decided at present, ADR assumes to prepay ¥ 3,780 million to the existing loans using the fund of proceeds from disposition of Tokyo Student-House Hiyoshidai by the end of the ninth period.</li> <li>According to the above results, ADR assumes that the interest-bearing liabilities it will hold at the end of the ninth fiscal period to be ¥ 234,329 million, of which ¥ 196,828 million will be loans and ¥ 37,500 million will be investment corporation bonds. As a result, the loan-to-value at the end of ninth fiscal periods will be about 52.3%.</li> <li>In these forecasts, the loan-to-value (ratio of interest-bearing liabilities) is calculated using the following formula: Ratio of interest-bearing liabilities</li> </ul>

	= Total amount of interest-bearing liabilities ÷ Total assets × 100
Dividend per unit	<ul style="list-style-type: none"> <li>Expected number of outstanding units issued at the end of the ninth fiscal period to be used to calculate the net income per unit will be 1,300,000 units.</li> <li>Dividend (dividend per unit) are calculated according to ADR's cash dividend policy set forth in the Articles of Incorporation. In the calculation, ADR assumes it will, in principle, distribute the entire amount of its net income for the respective fiscal period.</li> <li>For the ninth fiscal period, ADR assumes it will distribute in addition to the net income of ¥ 6,630 million, to draw down from the dividend payment reserve, to payout in total of ¥ 6,669 million (dividend per unit: ¥ 5,130).</li> <li>The actual dividend per unit to be paid out may vary due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant replacement, and unexpected repairs.</li> </ul>
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> <li>ADR does not plan to payout dividends in excess of retained earnings at this time.</li> </ul>
Other	<ul style="list-style-type: none"> <li>ADR assumes that there will be no amendments in legislation, taxation, Japanese GAAP, listing requirements and the Investment Trusts Association regulations, that might affect the above forecasts.</li> <li>ADR assumes there will be no unforeseen material changes in general economic conditions, real estate markets.</li> </ul>

\* 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/en/>

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