March 2, 2010

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:
Kazuhito Akamatsu, Director
TEL. +81-3-3518-0480

Notice Concerning Management Performance Forecasts for First Fiscal Period

Advance Residence Investment Corporation (ADR) announced its management performance forecasts for the fiscal period ending January 2011 (first fiscal period: from March 1, 2010 to January 31, 2011) as follows.

1. Management Performance Forecasts

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (excluding dividend in excess of earnings)	Dividend in excess of earnings per unit
First fiscal period	JPY 20,968 mn	JPY 9,920 mn	JPY 2,438 mn	JPY 52,417 mn	JPY 8,250	–

(Note 1) The above dividend per unit is based on a calculation period of 11 months, the 6-month equivalent of which would be JPY 4,500.

(Note 2) The forecasted number of investment units issued and outstanding at the end of the period is 722,306 units.

(Note 3) The above figures are the current 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.

(Note 4) ADR may revise the forecasts if a disparity of more than a certain level from the above forecasts is anticipated.

(Note 5) In these forecasts, the gain on negative goodwill from the consolidation-type merger between Advance Residence Investment Corporation, prior to the merger (hereafter, the “former ADR”) and Nippon Residential Investment Corporation (NRIC) is estimated to be JPY 49,987 million and the concerned gain on negative goodwill is scheduled to be accounted in the first fiscal period as extraordinary income premised on early adoption of the Accounting Standard for

Business Combinations that was revised on December 26, 2008. The amount of the gain on negative goodwill may vary from the above amount. Please refer to "Extraordinary income (gain on negative goodwill)" under "2. Assumptions Underlying Management Performance Forecasts for First Fiscal Period (from March 1, 2010 to January 31, 2011)" below for details.

2. Assumptions Underlying Management Performance Forecasts for First Fiscal Period (from March 1, 2010 to January 31, 2011)

Item	Assumption
Calculation period	First fiscal period: from March 1, 2010 to January 31, 2011 (337 days)
Assets under management	・ ADR assumes there will be no changes in its property portfolio (new property acquisition, sale of existing property, etc.) from the 188 properties in its portfolio as of March 2, 2010. ・ The actual number of properties may vary due to changes in assets under management.
Number of investment units issued and outstanding	・ ADR assumes the number of investment units issued and outstanding will be 722,306 units, which is the number of investment units issued and outstanding as of March 2, 2010, and no additional investment units will be issued through to the end of January 2011. ・ The actual number of investment units issued and outstanding may vary due to the issuance of additional investment units.
Operating revenue/expenses	・ Operating revenue and operating income/loss are calculated by assuming assets under management are as above. ・ Of the expenses related to rent business, which constitute a principal component of operating expenses, property management fees and other expenses other than depreciation and amortization are calculated based on historical data and reflecting factors that may cause expenses to fluctuate. ・ ADR assumes it will post JPY 918 million in taxes and dues. ・ Building repair expenses are recorded as expenses in the amount expected to be required in the respective fiscal period. However, actual repair expenses may differ significantly from the forecasted amounts due to urgent repair expenses possibly arising from unexpected factors. ・ ADR expects JPY 3,561 million in depreciation and amortization, which is calculated based on the straight-line method inclusive of ancillary expenses. The book value of the buildings and other assets of NRIC as at the time of the merger is yet to be ascertained at this stage. Consequently, the amount may vary. ・ ADR expects JPY 130 million in merger expenses (new listing expenses, etc.) and JPY 334 million in expenses related to the grant of collateral.
Non-operating expenses	・ ADR expects JPY 4,095 million in interest expenses and borrowing related expenses. ・ ADR expects JPY 3,368 million in amortization of valuation difference on liabilities (Note 1) in correlation with the valuation of liabilities from the merger at fair value. The fair value of liabilities yet to be ascertained at this stage. Consequently, the

	amount may vary.
Interest-bearing liabilities (Note 3)	・ ADR's balance of interest-bearing liabilities outstanding as of March 2, 2010 stands at JPY 219,206 million, of which JPY 137,706 million is loans payable and JPY 81,500 million is investment corporation bonds. ・ Loans payable that will become due for repayment in the first fiscal period totals JPY 28,160 million. ADR assumes refinancing of the entire amount. Investment corporation bonds that will become due for redemption totals JPY 20,000 million. ADR assumes redemption of the entire amount by applying loans payable. ・ Agreed payments are due on the last day of May, August and November of 2010 in the amount of JPY 75 million each. ADR assumes payment will be made by applying cash on hand.
Extraordinary income (gain on negative goodwill)	・ ADR expects a gain on negative goodwill from the merger. As ADR assumes early adoption of the Accounting Standard for Business Combinations that was revised on December 26, 2008, the gain on negative goodwill is scheduled to be accounted as extraordinary income. The gain on negative goodwill is estimated to be JPY 49,987 million. In the estimation of said amount, ADR assumes it will receive from NRIC, the company being acquired pursuant to the Accounting Standard for Business Combinations, total assets in the amount of JPY 274,591 million, total liabilities in the amount of JPY 170,903 million (Note 2) and cost of acquisition of the merger in the amount of JPY 53,700 million (estimate based on the former ADR's closing price on February 23, 2010, which is to be the consideration of the acquisition, of JPY 323,000; other various costs associated with the merger: JPY 480 million). The amount of the gain on negative goodwill is yet to be ascertained at this stage. Consequently, the actual gain on negative goodwill may vary from above amount.
Dividend per unit	・ In the calculation of dividend per unit, ADR assumes the cash dividend policy set forth in its articles of incorporation. ・ The dividend per unit may vary due to changes in assets under management, fluctuations in rent income associated with tenant changes, etc., incurrence of unexpected repairs and other various factors.
Dividend in excess of earnings per unit	・ ADR is currently not scheduled to pay out dividends in excess of earnings (dividend in excess of earnings per unit).
Other	・ ADR assumes there will be no revisions to laws and ordinances, the tax system, accounting standards, listing regulations, the rules of The Investment Trusts Association, Japan, etc. that will affect the foregoing forecasted figures. ・ ADR assumes there will be no unforeseen material changes in general economic trends, real estate market conditions, etc.

(Note 1) Amortization of valuation difference on liabilities:

The "valuation difference on liabilities," which is the difference between the amount of valuation of NRIC's liabilities individually calculated as below (Note 2) and NRIC's actual amount of repayment or amount of redemption (principal) on the due date, is to be amortized in proportion to the term remaining until the date the repayment or redemption of the respective liabilities is due and posted as an "amortization of valuation difference on liabilities." The total amount of valuation difference on liabilities expected at present is JPY 5,386 million.

(Note 2) Valuation of liabilities at fair value:

The liabilities of NRIC, the company being acquired pursuant to the Accounting Standard for Business Combinations, are scheduled to be valued at fair value in the same way as assets. The method of valuation at fair value for main liabilities is presented below. The valuation amount arrived at in this manner will be the total amount of liabilities that is to be received from NRIC.

(1) Loans payable:	Reasonably assessed value
(2) Investment corporation bonds:	Value based on observable market price

(Note 3) The balance of interest-bearing liabilities outstanding shown is the actual amount of repayment of loans payable or amount of redemption of investment corporation bonds.

3. Policy on Use of Gain on Negative Goodwill

The reversal of retained earnings generating from the gain on negative goodwill will be systematically implemented pursuant to the following policy.

I. Basic Policy

ADR will strive for stable distributions to unitholders over the medium to long term, while emphasizing its cash management.

II. Specific Measures

(1) Offsetting of impact on dividends by loss on sales of properties in the event that such loss on sales is incurred

ADR believes that the replacement of properties in view of improving the quality of its portfolio or flexible selling of properties in view of procuring funds for the repayment of interest-bearing liabilities will become feasible even in times of stagnating transaction market conditions.

(2) Containment of dilution of dividends in the event of an increase of capital

When an increase of capital is implemented, the increase in investment units is likely to dilute dividends. ADR believes that reversals of retained earnings will help contain the dilution.

(3) Mitigation of impact on dividends by factors specific to mergers, etc.

Stable distributions will be realized through offsetting of the impact on dividends by merger expenses, amortization of valuation difference on liabilities and other extraordinary expenses.

No selling of property or increase of capital is planned at this stage.

4. Factors behind the Dividend forecast for First Fiscal Period

ADR plans to distribute a total amount of JPY 5,959 million (dividend per unit: JPY 8,250) as dividends for the first fiscal period. This total amount is the net income of JPY 52,417 million, after deduction of the gain on negative goodwill of JPY 49,987 million and reversal of retained earnings of JPY 3,529 million. The dividend per unit is based on the calculation period for the first fiscal period being 11 months, the 6-month equivalent of which would be JPY 4,500.

[Factors behind the Dividend forecast for First Fiscal Period]

Net income		JPY 52,417	million
Gain on negative goodwill	−	JPY 49,987	million
Amount equivalent to amortization of valuation difference on liabilities	+	JPY 3,368	million
Amount equivalent to merger expenses, etc.	+	JPY 161	million
Total dividends		JPY 5,959	million

ADR assumes the retained earnings brought forward to the second fiscal period based on these performance forecasts and dividend forecasts to be JPY 46,458 million. ADR intends to continue to pay out stable distributions of earnings over the medium to long term by systematically drawing down the retained earnings.

＊ 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