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For Immediate Release

Advance Residence Investment Corporation
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Notice Concerning Revision of Management Performance Forecasts for First Fiscal Period and Management Performance Forecasts for Second Fiscal Period

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecasts for the fiscal period ending January 2011 (first fiscal period: from March 1, 2010 to January 31, 2011) that were announced on March 2, 2010 as follows. In addition, ADR also announced its management performance forecasts for the fiscal period ending July 2011 (second fiscal period: from February 1, 2011 to July 31, 2011) as follows.

1. Revision of Management Performance Forecasts for Fiscal Period Ending January 2011 (First Fiscal Period: from March 1, 2010 to January 31, 2011)

(1) Revised Management Performance Forecasts

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit	Dividend per unit in excess of earnings
Previous forecast (A)	JPY 20,968 mn	JPY 9,920 mn	JPY 2,438 mn	JPY 52,417 mn	JPY 8,250	–
Revised forecast (B)	JPY 21,024 mn	JPY 9,085 mn	JPY 4,994 mn	JPY 48,928 mn	JPY 8,250	–
Amount of variation (B) − (A)	JPY 56 mn	(JPY 835 mn)	JPY 2,555 mn	(JPY 3,488 mn)	–	–
Rate of variation	0.3%	(8.4%)	104.8%	(6.7%)	–	–

First fiscal period: Forecasted number of investment units issued and outstanding at end of period: 980,000 units

Forecasted net income per unit: JPY 55,230

(2) Main Reasons for Revisions

ADR revised its management performance forecasts for the first fiscal period in light of such factors as the resolution by its board of directors at a meeting held on June 4, 2010 to issue new investment units for the purpose of procuring funds to newly acquire specified assets, repay loans payable and redeem investment corporation bonds; the decision to newly acquire specified assets (6 properties); and the recent management performance of existing properties. In addition, as the initially-expected valuation difference on liabilities will not arise, the revision reflects that no corresponding amortization of valuation difference on liabilities is expected and a decrease in gain on negative goodwill equivalent to the valuation difference on liabilities is expected.

For details on the issuance of new investment units and acquisition of specified assets, please refer to the "Notice Concerning Issuance of New Investment Units and Secondary Distribution of Investment Units" and "Notice Concerning Acquisition of Investment Assets" dated today.

Details on the valuation difference on liabilities and amortization of valuation difference on liabilities, as well as the gain on negative goodwill, are presented below in "3. Assumptions Underlying Revision of Management Performance Forecasts for First Fiscal Period and Management Performance Forecasts for Second Fiscal Period" in the "Non-operating expenses" and "Extraordinary income (gain on negative goodwill)" sections.

2. Management Performance Forecasts for Fiscal Period Ending July 2011 (Second Fiscal Period: from February 1, 2011 to July 31, 2011)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit	Dividend per unit in excess of earnings
Second fiscal period	JPY 11,580 mn	JPY 5,655 mn	JPY 3,513 mn	JPY 3,508 mn	JPY 4,500	–

Second fiscal period: Forecasted number of investment units issued and outstanding at end of period: 980,000 units

Forecasted net income per unit: JPY 3,579

[Notes]

1. The dividend per unit for the first fiscal period is based on a calculation period of 11 months, the 6-month equivalent of which would be JPY 4,500.
2. The above figures of revised forecasts and forecasts are the current forecasts calculated based on "3. Assumptions Underlying Revision of Management Performance Forecasts for First Fiscal Period and Management Performance Forecasts for Second Fiscal Period" below. Accordingly, the actual operating revenue, operating income, ordinary income, net income and dividend per unit may vary due to future acquisition or sale of real estate, etc., developments in the real estate market, etc., changes in other circumstances surrounding ADR and other factors. Moreover, the above forecasts are not a guarantee of the dividend amount.
3. ADR may revise the forecasts if a disparity of more than a certain level from the above forecasts is anticipated.
4. Figures below the specified unit are rounded down to the nearest specified unit and percentages are rounded to one decimal place (the same hereafter).

3. Assumptions Underlying Revision of Management Performance Forecasts for First Fiscal Period and Management Performance Forecasts for Second Fiscal Period

Item	Assumption
Calculation period	・ First fiscal period: from March 1, 2010 to January 31, 2011 (337 days) ・ Second fiscal period: from February 1, 2011 to July 31, 2011 (181 days)
Assets under management	・ ADR assumes the 188 properties of real estate and real estate trust beneficiary interests combined that it has in its portfolio as of March 1, 2010, the acquisition of 6 properties in total as outlined in the "Notice Concerning Acquisition of Investment Assets" dated today, and the sale of 9 properties in total as outlined in the "Notice Concerning Transfer of Investment Assets" dated May 17, 2010 and May 21, 2010 (hereafter, the "First Fiscal Period Sale Assets"). In addition, ADR expects month-end occupancy rates will average 94.6% over the first fiscal period and 95.1% over the second fiscal period. ・ After the above acquisition and sale, ADR assumes there will be no changes in assets under management (new acquisition or sale, etc.) through to the end of the second fiscal period. ・ The actual number of properties may vary due to changes in assets under management.
Operating revenue	・ Rent revenue for acquired assets is calculated based on historical data and by taking into account the lease conditions, and rent revenue for to-be-acquired assets is calculated based on lease agreements that are valid as of the most recent date and information from the current titleholder (leasing conditions, etc.) and by taking into consideration the market environment, property competitiveness and other factors. ・ ADR assumes there are no delinquencies or non-payment by tenants in the calculation of operating revenue.
Operating expenses	・ 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 estimates JPY 3,874 million for the first fiscal period and JPY 2,124 million for the second fiscal period in depreciation and amortization, which is calculated based on the straight-line method inclusive of ancillary expenses. ・ ADR expects the real property tax and urban planning tax it will record as expenses will be JPY 912 million for the first fiscal period and JPY 592 million for the second fiscal period. Concerning the real property tax and urban planning tax for to-be-acquired assets, which the current titleholder is reimbursed for the pro rata portion based on the number of days of ownership, the amount equivalent to the reimbursement is not recorded as expenses but is included in the cost of acquisition. ・ Building repair expenses are recorded as expenses in the amount estimated to be required in the respective fiscal period. However, actual repair expenses for the concerned fiscal period may differ significantly from the forecasted amounts due to urgent repair expenses possibly arising from building damages caused by unexpected factors, among other reasons. ・ ADR estimates a total of JPY 947 million in loss on sales of First Fiscal Period Sale

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	Assets for the first fiscal period. ・ As merger expenses, etc., ADR expects JPY 177 million in new listing expenses and JPY 275 million in expenses related to the grant of collateral for the first fiscal period.
Non-operating expenses	・ As a one-off expense for the first fiscal period, ADR expects JPY 129 million in expenses associated with the issuance of new investment units, etc. decided at a meeting of its board of directors held on June 4, 2010. ・ ADR expects interest expenses and borrowing related expenses in the amount of JPY 3,935 million for the first fiscal period and JPY 2,124 million for the second fiscal period. ・ Concerning the valuation difference on loans payable and investment corporation bonds (hereafter, the "Liabilities") arising in correlation with accounting for the merging of Nippon Residential Investment Corporation (NRIC) into ADR at fair value and the corresponding amortization of valuation difference on liabilities, ADR stated in the assumptions underlying performance forecasts announced on March 2, 2010 that the total amount of valuation difference on the Liabilities is assessed to be JPY 5,386 million and JPY 3,368 million of such is expected to be posted as amortization of valuation difference in the first fiscal period. However, a reassessment of the valuation difference in light of post-merger circumstances finding that the valuation difference has decreased to an insignificant level and a consideration of also the clarity of accounting have led to the decision to accept the Liabilities at book value pursuant to Paragraph 54 of the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" that was revised on December 26, 2008. Accounting is consequently expected to involve no valuation difference on the Liabilities or corresponding amortization of valuation difference on liabilities and thus no amortization of valuation difference on liabilities is expected in these forecasts either.
Interest-bearing liabilities	・ ADR's balance of interest-bearing liabilities outstanding as of today stands at JPY 216,104 million, of which JPY 134,604 million is loans payable and JPY 81,500 million is investment corporation bonds. ・ ADR expects the proceeds from the issuance of new investment units through public offering to be implemented in June 2010 and the issuance of new investment units by way of third-party allotment in correlation with secondary distribution via over-allotment to be implemented in July 2010 and the proceeds from the sale of First Fiscal Period Sale Assets will be used to fund acquisition of to-be-acquired assets, repayment of loans payable and part of redemption of a total amount of JPY 20,000 million in investment corporation bonds that will become due for redemption in the first fiscal period (JPY 10,000 million due on each of July 20, 2010 and September 24, 2010). ・ ADR assumes refinancing of the entire amount for loans payable other than the above. ADR assumes redemption of the entire amount by applying loans payable for investment corporation bonds other than the above. However, ADR expects agreed payments due on the last day of August and November of 2010 and on the last day of February and May of 2011 in the amount of JPY 75 million each. ADR assumes these payments will be made by applying cash on hand.

	• As a result, ADR expects the ratio of interest-bearing liabilities will be about 53% at the end of the first fiscal period and at the end of the second fiscal period, respectively. • In these forecasts, the ratio of interest-bearing liabilities is calculated using the following formula: Ratio of interest-bearing liabilities = Total amount of interest-bearing liabilities ÷ Total assets × 100
Extraordinary income (gain on negative goodwill)	• In the first fiscal period, ADR expects a gain on negative goodwill from the merger between NRIC and the former Advance Residence Investment Corporation (hereafter, the "former ADR"). As ADR assumes early application of the "Accounting Standard for Business Combinations" that was revised on December 26, 2008, the accounting for the gain on negative goodwill is scheduled to be a one-off posting as extraordinary income. The amount that is to be posted as a gain on negative goodwill is estimated to be JPY 43,943 million. Said amount is calculated based on total assets in the amount of JPY 270,254 million and subtracting total liabilities in the amount of JPY 172,540 million and cost of acquisition of the merger, etc. in the amount of JPY 53,771 million (estimate based on the former ADR's closing price on February 23, 2010, which is the basis of calculation of consideration of the acquisition, of JPY 323,000; including other various costs associated with the merger in the amount of JPY 550 million), all of which are to be accepted from NRIC, the company being acquired pursuant to the "Accounting Standard for Business Combinations." The gain on negative goodwill of JPY 49,987 million that was initially expected included an amount equivalent to valuation difference on liabilities of JPY 5,386 million. As there will be no valuation difference on liabilities as outlined in the "Non-operating expenses" section above, ADR expects a decrease in the gain on negative goodwill.
Number of investment units issued and outstanding	• In addition to the 722,306 units, which is the number of investment units issued and outstanding as of today, ADR assumes that, of the issuance of new investment units this time, it will issue all of the new investment units through public offering (240,000 units) by way of third-party allotment (ceiling of 17,694 units) totaling 257,694 units. • ADR assumes no new investment units will be issued through to the end of the second fiscal period other than the above.
Dividend per unit	• The net income per unit for the respective fiscal period is calculated based on the daily weighted average number of investment units issued and outstanding over the respective fiscal period premised on all issuance of the new investment units this time being completed as scheduled (first fiscal period: 885,900 units; second fiscal period: 980,000 units). The dividend per unit for the respective fiscal period is calculated based on the forecasted number of investment units issued and outstanding at the end of the respective fiscal period after all issuance of the new investment units this time are completed as scheduled (980,000 units). • In the calculation of dividend (dividend per unit), ADR assumes the cash dividend policy set forth in its articles of incorporation. In the calculation, ADR assumes it will, in principle, distribute the entire amount of its net income (excluding gain on negative goodwill) for the respective fiscal period. • Concerning the dividend per unit for the first fiscal period, ADR assumes it will

	distribute a total amount of JPY 8,084 million (dividend per unit: JPY 8,250). This total amount is the net income of JPY 48,928 million, after deduction of the gain on negative goodwill of JPY 43,943 million and use of JPY 3,100 million out of the surplus from the gain on negative goodwill. Please refer to "Policy on Use of Gain on Negative Goodwill for First Fiscal Period" under "4. Policy on Use of Gain on Negative Goodwill for First Fiscal Period and Second Fiscal Period" below for details. ・ Concerning the dividend per unit for the second fiscal period, ADR assumes it will distribute a total amount of JPY 4,409 million (dividend per unit: JPY 4,500). This total amount is the net income of JPY 3,508 million and use of JPY 901 million out of surplus. Please refer to "Policy on Use of Gain on Negative Goodwill for Second Fiscal Period" under "4. Policy on Use of Gain on Negative Goodwill for First Fiscal Period and Second Fiscal Period" below for details. ・ 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.

4. Policy on Use of Gain on Negative Goodwill for First Fiscal Period and Second Fiscal Period

[Policy on Use of Gain on Negative Goodwill for First Fiscal Period]

Net income		JPY 48,928	million
Gain on negative goodwill	−	JPY 43,943	million
Amount equivalent to use of surplus (Note)	+	JPY 3,100	million
Total dividends		JPY 8,084	million

(Note) Including the amount of use equivalent to JPY 947 million in loss on sales of properties, JPY 452 million in merger expenses, etc. and JPY 129 million in new investment unit issuance costs.

[Policy on Use of Gain on Negative Goodwill for Second Fiscal Period]

Net income		JPY 3,508	million
Amount equivalent to use of surplus	+	JPY 901	million
Total dividends		JPY 4,409	million

5. Policy on Dividends for Third Fiscal Period and Subsequent Fiscal Periods

Concerning dividend for the third fiscal period and subsequent fiscal periods, ADR intends to systematically use the surplus generating from the gain on negative goodwill, but at no more than the following amount, as the source of distributions separate to net income, in principle, while paying heed to investment corporation's cash management. In this manner, ADR intends to continue to pay out stable distributions of earnings over the medium to long term.

Maximum amount of use of surplus
= Loss on sales (valuation) of properties + Depreciation and amortization, and other amortization

<ATTACHMENT>
Reference Material: Summary of Estimated Balance Sheet as at March 1, 2010 (Unaudited)

* 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, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications.
* URL: http://www.adr-reit.com

Reference Material: Summary of Estimated Balance Sheet as at March 1, 2010 (Unaudited)

The following summarizes the estimated balance sheet as at the time of incorporation of ADR (as of March 1, 2010).

*This estimated balance sheet is unaudited and the figures shown are subject to change.

(Unit: JPY million)

Assets		Liabilities	
Current assets		Current liabilities	
Cash and deposits	10,894	Loans payable	28,460
Other	1,314	Investment corporation bond	35,000
		Other	3,810
Total current assets	12,209	Total current liabilities	67,271
Noncurrent assets		Noncurrent liabilities	
Property, plant and equipment	345,786	Loans payable	109,245
Intangible assets	1,072	Investment corporation bond	46,500
Investments and other assets	725	Other	3,171
Total noncurrent assets	347,585	Total noncurrent liabilities	158,917
		Negative goodwill (Note 1)	43,943
		Total liabilities	270,132
Deferred assets	26	Net assets	
		Total net assets	89,688
Total assets	359,821	Total liabilities and net assets	359,821

(Note 1) Negative goodwill is a one-off posting to extraordinary income as a gain on negative goodwill at the time of settlement of accounts for the first fiscal period.

(Note 2) In the accounting for the merger, of the assets to be accepted from NRIC, the real estate and real estate trust beneficiary interests held by NRIC are accounted to be accepted at fair value. While the basis of calculation of the fair value for the real estate and real estate trust beneficiary interests is the appraisal value or estimated value, in principle, the basis of calculation for the properties that are to be sold within a certain period of time after the merger is the actual sales amount.