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For Immediate Release

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Notice Concerning the Revised Management Performance Forecasts for Second Fiscal Period Revised

Advance Residence Investment Corporation (ADR) announced its revised management performance forecasts for the second fiscal period ending July 2011 (second fiscal period: from February 1, 2011 to July 31, 2011) as follows.

1. Revised Management Performance Forecasts for Second Fiscal Period

(1) Revised 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
Previous forecast (A)	JPY 11,236mn	JPY 5,633mn	JPY 3,614mn	JPY 3,614mn	JPY 4,500	JPY —
Revised forecast (B)	JPY 11,321mn	JPY 3,471mn	JPY 1,475mn	JPY 1,415mn	JPY 4,500	JPY —
Difference (B) — (A)	JPY 85mn	JPY (2,160mn)	JPY (2,139mn)	JPY (2,198mn)	JPY —	JPY —
Percentage change	% 0.8	% (38.4)	% (59.2)	% (60.8)	% —	% —

The forecasted number of investment units issued and outstanding at the end of the period is 980,000 units.

※Amounts are rounded down. Percentages are rounded off to one 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.

## (2) Main Reasons for the Revision

Currently, earnings from leasing operation are above the previous forecast due to improved occupancy. However, as announced in the notice titled “Notice Concerning Disposition of Investment Assets” dated today, the disposition incurred loss from sales and impairment loss\* of 2.619 billion yen (including the impairment loss of 663 million yen) in the second period earnings. The revision of forecast is made because the loss will result in more than 30% change in forecast net earnings from the previous forecast.

\*The impairment loss is incurred because some of the dispositions which will not be settled by the end of the fiscal period.

## (Reference)

Revised Management Performance Forecasts for Second Fiscal Period Excluding the Loss from Sales and Loss from Impairment<sup>(Note)</sup>

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (excluding dividend in excess of earnings)	Dividend in excess of earnings per unit
Previous forecast (A)	JPY 11,236mn	JPY 5,633mn	JPY 3,614mn	JPY 3,614mn	JPY 4,500	JPY —
Revised Forecasts except for the loss from disposition (C)	JPY 11,321mn	JPY 6,013mn	JPY 4,016mn	JPY 3,956mn	JPY 4,500	JPY —
Difference (C) — (A)	JPY 85mn	JPY 380mn	JPY 402mn	JPY 343mn	JPY —	JPY —
Difference	% 0.8	% 6.8	% 11.1	% 9.5	% —	% —

(Note) Please refer to “Notice concerning Disposition of Investment Assets” dated today as details of the loss from disposition.

Excluding the loss of sales and loss from impairment, net income forecast is 3.956 billion yen. Which is 9.5% improvement on the previous net income forecast.

## 2. Assumptions Underlying Management Performance Forecasts for Second Fiscal Period

Item	Assumption
Calculation period	<ul style="list-style-type: none"> <li>Second fiscal period: from February 1, 2011 to July 31, 2011 (181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>The assumed number of properties under management is 168. (Which is the number of properties under management as of today (184) minus the disposed 16 properties announced on July 22, 2011.</li> <li>The assumed average occupancy rate for the second period is 95.8%.</li> <li>No changes are assumed in the number of properties other than the disposition mentioned above till the end of the fiscal period.</li> <li>The actual number of properties may vary due to changes in assets under management.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Forecast of income from leasing operations are based on historical data adjusted for current conditions. Forecast of income from newly acquired assets are based on the current tenant contract, information from the current owner and adjusted for current conditions.</li> <li>Forecast of operating revenue assumes that there will be no delinquent rent payment.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>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</li> <li>ADR expects JPY 1,889 million in depreciation and amortization, which is calculated based on the straight-line method inclusive of ancillary expenses.</li> <li>ADR assumes to account 527 million yen of real estate tax and city planning tax as operating expenses. The real estate and city planning taxes which will be paid to the current owner according to the ownership period will be included in the price of acquisition: therefore, these taxes are not included in the operating expenses.</li> <li>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.</li> <li>Total Loss from sales and impairment is expected to be 2.631 billion yen.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>ADR expects JPY 2,044 million in interest expenses and borrowing related expenses.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>ADR expects JPY 186,639 million in interest-bearing liabilities as of end of fiscal period, of which JPY 140,139 million are loans and JPY 46,500 million are investment corporation bonds.</li> <li>ADR assumes to refinance the entire loan amount due.</li> <li>ADR assumes to redeem the Investment corporation bonds entirely by loans.</li> <li>Using the above assumption the loan to value expected at end of July 2011 will be 54%.</li> <li>The LTV is calculated using the formula below.</li> <li><math>LTV = \text{Total Interest Bearing Debt} \div \text{Total Asset} \times 100</math></li> </ul>

Extraordinary loss	<ul style="list-style-type: none"> <li>• ADR estimates the building repair and investigation cost due to the damages from the Tohoku and Pacific region earthquake on Advance Residence Investment Corporation's Properties to be 60 million yen, of which 56 million yen will be the building repair cost.</li> </ul>
Dividend per unit	<ul style="list-style-type: none"> <li>• 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 980,000 units for the end of second period.</li> <li>• In the calculation of dividend per unit, ADR assumes the cash dividend policy set forth in its articles of incorporation that states that ADR will distribute the entire net income.</li> <li>• Dividend for the second period is expected to total 4.41 billion yen (4,500 yen per unit); It is the total of 1.415 billion yen net income and 2.994 billion yen drawdown of retained earnings.</li> <li>• 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.</li> </ul>
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> <li>• ADR is currently not scheduled to pay out dividends in excess of earnings (dividend in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• ADR assumes there will be no unforeseen material changes in general economic trends, real estate market conditions, etc.</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>

*[Provisional Translation Only]*

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*Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*