January 12, 2012

For Immediate Release

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Notice Concerning Revision of Management Performance Forecasts for Fourth Fiscal Period and Management Performance Forecasts for Fifth Fiscal Period

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecasts for the fiscal period ending July 2012 (fourth fiscal period: from February 1, 2012 to July 31, 2012) that were announced on September 14, 2011 as follows. In addition, ADR also announced its management performance forecasts for the fiscal period ending January 2013 (fifth fiscal period: from August 1, 2012 to January 31, 2013) as follows.

1. Revision of Management Performance Forecasts for Fiscal Period Ending July 2012 (Fourth Fiscal Period: from February 1, 2012 to July 31, 2012)

(1) Revised Management Performance Forecasts

	Operating revenue (Millions of Yen)	Operating income (Millions of Yen)	Ordinary income (Millions of Yen)	Net income (Millions of Yen)	Dividend per unit (Yen)	Dividend per unit in excess of earnings (Yen)
Previous forecast (A)	¥11,250	¥5,862	¥3,939	¥3,938	¥4,500	—
Revised forecast (B)	¥12,068	¥6,325	¥4,356	¥4,355	¥4,500	—
Amount of variation (B) − (A)	¥817	¥463	¥417	¥417	—	—
Rate of variation	7.3%	7.9%	10.6%	10.6%	—	—

Fourth fiscal period: Forecasted number of investment units issued and outstanding at end of period: 1,100,000 units
Net income per unit: ¥3,961

(2) Reasons for Revisions

ADR revised its management performance forecasts for the fiscal period ending July 2012, which were announced on September 14, 2011, primarily because of the resolution by its board of directors at a meeting held on January 12, 2012 to issue new investment units (hereafter, the "offering") for the purpose of procuring funds to newly acquire specified assets, as announced in the press release titled "Notice Concerning Issuance of New Investment Units Through Public Offering and Secondary Distribution of Investment Units" dated today, and the decision to newly acquire specified assets (15 properties).

However, the performance forecast for the prior fiscal period ending January 2012 (Third Fiscal Period: from August 1, 2011 to January 31, 2012) will remain unchanged.

2. Management Performance Forecasts for Fiscal Period Ending January 2013 (Fifth Fiscal Period: from August 1, 2012 to January 31, 2013)

	Operating revenue (Millions of Yen)	Operating income (Millions of Yen)	Ordinary income (Millions of Yen)	Net income (Millions of Yen)	Dividend per unit (Yen)	Dividend per unit in excess of earnings (Yen)
Forecast for the fiscal period ending January 2013	￥12,099	￥6,240	￥4,471	￥4,470	￥4,500	—

Fifth fiscal period: Forecasted number of investment units issued and outstanding at end of period: 1,100,000 units
Net income per unit: ￥4,064

[Notes]

- Figures less than the stated units are rounded down and percentages are rounded to one decimal place (the same hereafter).
- The above figures of revised forecasts and forecasts are the current forecasts calculated based on "3. Assumptions Underlying Revision of Management Performance Forecasts for Fourth Fiscal Period and Management Performance Forecasts for Fifth 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.
- ADR may revise the forecasts if a disparity of more than a certain level from the above forecasts is anticipated.

3. Assumptions Underlying Revision of Management Performance Forecasts for Fourth Fiscal Period and Management Performance Forecasts for Fifth Fiscal Period

Item	Assumptions
Calculation period	• Fourth fiscal period: from February 1, 2012 to July 31, 2012 (182 days) • Fifth fiscal period: from August 1, 2012 to January 31, 2013 (184 days)
Assets under management	• In addition to the current ADR holdings of 173 properties and the equity interest in the silent partnership which invest in real estate and real estate trust beneficiary interests (excluding the equity interest in the silent partnership which will be redeemed due to the ADR's acquisition of its assets), ADR assumes to newly acquire 15 properties (hereafter, "*To-be-acquired Assets*") as announced in the "Notice Concerning Acquisition of Investment Assets" dated today. Furthermore, ADR expects month-end occupancy rates will average 96.0% over the fourth fiscal period and 95.7% over the fifth fiscal period. • In forecasting the management performance of the forth and fifth fiscal period, ADR assumes there will be no changes in assets under management due to acquisitions or dispositions, after acquiring the *To-be-acquired Assets*, through to the end of the fifth fiscal period. • The actual number of properties under management may vary due to acquisitions or dispositions, etc.
Operating revenue	• Rent revenue for the assets currently held by ADR is estimated based on historical data and by taking into account the leasing conditions. Rent revenue for the *To-be-acquired Assets* is estimated by taking into account of the current market environment and the properties' competitiveness and other factors. • ADR assumes there are no delinquencies or non-payment by tenants in the calculation of operating revenue. • Dividend from the equity interest in the silent partnership is estimated by assuming that the properties under management will maintain a stable occupancy.

Item	Assumptions
Operating expenses	• 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. • ADR estimates depreciations to be ¥ 2,056 million for the fourth fiscal period and ¥ 2,055 million for the fifth fiscal period, where the calculation are based on the straight-line method inclusive of ancillary expenses. • ADR expects the fixed property tax and urban planning tax it will record as expenses will be ¥ 582 million for the fourth fiscal period and ¥ 621 million for the fifth fiscal period. The current titleholder of the *To-be-acquired Assets* is reimbursed by ADR for the pro rata portion of fixed property tax and urban planning tax, 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 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.
Non-operating expenses	• ADR estimates interest expenses and borrowing related expenses to be in the amount of ¥ 1,939 million for the fourth fiscal period and ¥ 1,755 million for the fifth fiscal period. • As a one-off expense for the fourth fiscal period, ADR expects ¥ 21 million in expenses associated with the public offering decided at a meeting of its board of directors on January 12, 2012.
Interest-bearing liabilities	• ADR assumes that the interest-bearing liabilities it will hold at the end of the fourth fiscal period to be ¥ 2,035 million, of which ¥ 1,690 million will be loans and ¥ 345 million will be investment corporation bonds. • ADR assumes that the interest-bearing liabilities it will hold at the end of the fifth fiscal period to be ¥ 2,034 million, of which ¥ 1,784 million will be loans and ¥ 250 million to be investment corporation bonds. • ADR assumes all loans due onwards of January 12, 2012 to be refinanced with loans, and assumes all investment corporation bonds maturing onwards of January 12, 2012 to be redeemed by using funds from issuance of investment corporation bonds or by funds from loans, excluding cases listed below. (Increase in interest-bearing liabilities) • New loans of ¥ 8,750 million is expected in February 2012 to fund part of the acquisition of *To-be-acquired Assets.* (Early repayment of loans) • Financing mainly through new loans to repay loans early in amount of ¥ 3,380 million in January 2012, and ¥ 5,040 million in July 2012 are expected. (Amortized payment of loans) • Payments of ¥ 157 million in the fiscal period ending July 2012 and ¥ 82 million in the fiscal period ending January 2013 are expected. • As a result, ADR expects the loan-to-value at the end of both fiscal periods, fiscal period ending on July 2012 and fiscal period ending on January 2013 to be about 53%. • In these forecasts, the loan-to-value (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

Item	Assumptions
Number of investment units issued and outstanding	• In addition to the current 980,000 investment units issued, ADR expects total of 120,000 units will be issued through and through public offering of new investment units (110,000 units) and the third-party allotment (up to 10,000 units) , totaling 1,100,000 units. • ADR assumes no additional investment units will be issued until the end of the fifth fiscal period.
Dividend per unit	• 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. • For the fourth fiscal period, ADR assumes it will distribute in addition to net income of ¥ 4,355 million, payout ¥ 594 million from the dividend payment reserve, making a total distribution of ¥ 4,950 million (dividend per unit: ¥4,500). For the fifth fiscal period, ADR assumes it will distribute in addition to net income of ¥ 4,470 million, payout ¥ 479 million from the dividend payment reserve, making a total distribution of ¥ 4,950 million (dividend per unit: ¥4,500). • The dividend per unit may vary due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant replacement, and unexpected repairs.
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 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. • ADR assumes there will be no unforeseen material changes in general economic conditions, real estate markets.

<Reference>

(1) Shifting to the New Stage: *New Dividend Strategy*

Since the merger, ADR has steadily executed its external growth, internal growth and financial strategies aimed at improving net income per unit to ¥ 4,500, under the philosophy of "carrying out our words."

Consequently, ADR has, despite a temporary decrease in net income due to loss on sales of properties, successfully improved the net income per unit in normal conditions (on the assumption that properties owned are operated throughout the fiscal period), and ADR believes that the earning potential of its portfolio has been enhanced.

Based on these results, ADR believes itself to be in a "New Stage" of growth after this offering and devised a new dividend strategy.

Specifically, ADR will continue to stabilize dividends by using dividend payment reserves as before, but when the management performance of the fund is better-than-expected, ADR will consider increasing dividends in accordance with the performance (for details please refer to the <Overview of the New Dividend Strategy> below).

(2) Improvement in Net Income per Unit through the Offering

	Previous Forecast[*1] Fiscal Period Ending July 2012	Revised Forecast[*2]		Effect
		Fiscal Period Ending July 2012	Fiscal Period Ending January 2013	
Net income per unit (forecast)	¥ 4,018	¥ 3,959	¥ 4,050	Improve net income per unit in normal conditions

	Previous Forecast[*1] Fiscal Period Ending July 2012	Revised Forecast[*2]		Effect
		Fiscal Period Ending July 2012	Fiscal Period Ending January 2013	
LTV (ratio of interest-bearing liabilities, forecast)	54%	53%	53%	Lower the LTV level ⇒Stabilize the financial base ⇒Expand capacity for acquisitions
Dividend per unit (forecast)	¥4,500	¥4,500	¥4,500 (New Dividend Strategy)	Consider increasing dividends in accordance with the performance, on top of maintaining stable dividend levels

[*1] The figures are forecasted net income per unit, forecasted LTV and forecasted dividend per unit for the fourth fiscal period ending July 2012, which were disclosed in the Second Fiscal Period (February 1 – July 31, 2011) "Tanshin" financial report. The forecast of above figures were made upon the announcement of the Second Fiscal Period (February 1 – July 31, 2011) "Tanshin" financial report, therefore the actual net income per unit, LTV and dividend per unit may vary.

[*2] The figures are forecasted net income per unit, forecasted LTV and forecasted dividend per unit mentioned in 2. Management Performance Forecasts for Fiscal Period Ending January 2013 (Fifth Fiscal Period: from August 1, 2012 to January 31, 2013) and based upon the assumption set forth in 3. Assumptions Underlying Revision of Management Performance Forecasts for Fourth Fiscal Period and Management Performance Forecasts for Fifth Fiscal Period dated today and the actual net income per unit, LTV and dividend per unit may vary.

(3) Management Strategies to Improve the Net Income per Unit to ¥4,500 in the New Stage

ADR will continue to steadily implement the following middle-term management strategies in an aim to achieve a stable dividend over a long-term.

[External growth]

Enhancing portfolio earning potential by the increasing the portfolio size

[Financial strategy]

- Reduce the risk of interest-rate fluctuations by fixing the interest rate of debts
- Reduce finance risks by lengthening debt maturity and flattening the debt maturity ladder
- Decrease finance cost upon refinancing

[Internal growth]

- Conduct leasing strategy with a focus on occupancy
- Reduce rental expenses and other operation costs

<Changes in Dividend per Unit (including forecasts announced today)>

The table below shows changes in the dividend per unit (third fiscal period onwards are forecasts as of today) since the merger of ADR.

With regard to the dividend forecasts for the fourth fiscal period onwards, if there is any upside in the management performance of the fund, dividend increases will be planned by comprehensively taking account the factors described in the <Overview of the New Dividend Strategy> below.

Fiscal period	First fiscal period ended January 2011	Second fiscal period ended July 2011	Third fiscal period ending January 2012	Fourth fiscal period ending July 2012	Fifth fiscal period ending January 2013
Dividend per unit	¥8,250 (Note1)	¥4,500	(forecast) ¥4,500	(forecast) ¥4,500 (Note 2)	(forecast) ¥4,500 (Note 2)

(Note 1) The first fiscal period was an irregular period with the management performance calculated for 11 months. The dividend per unit shall be ¥4,500 if calculated on a six-month basis.

(Note 2) The dividends per unit (planned) for the fourth fiscal period ending July 2012 and the fifth fiscal period ending January 2013 are the figures based on 1. Revision of Management Performance Forecasts for Fiscal Period Ending July 2012 (Fourth Fiscal Period: from February 1, 2012 to July 31, 2012) and 2. Management Performance Forecasts for Fiscal Period Ending January 2013 (Fifth Fiscal Period: from August 1, 2012 to January 31, 2013).

<Overview of the New Dividend Strategy>

ADR will continue to stabilize dividends by using dividend payment reserves as before, but when the management performance of the fund is better-than-expected for the fiscal period, increase in dividend will be considered by comprehensively taking in to account the following factors.

- the difference between the actual per unit net income of the said period and the net income forecast made on the "tanshin" financial report of the period prior to the said period (difference between the actual and the forecast per unit net income),
- changes in rental and occupancy of the portfolio,
- amount of funds at hand,
- changes in financial cost,
- changes in management expenses of the REIT,
- outstanding amount of dividend payment reserve, etc.

The increase in dividend derived from one of the consideration factors, the difference between the actual and the forecast per unit net income is explained graphically below. The example is based on the assumption that there are no changes in the other factors listed above.

[Assumptions]

"A" : Initial forecast of per unit net income of fiscal period X

⇒ Forecast of per unit net income of fiscal period X disclosed at the time of announcement of the financial report of fiscal period X-1

"B": Initial forecast of per unit dividend of fiscal period X

⇒ Forecast of per unit dividend of fiscal period X disclosed at the time of announcement of the financial report of fiscal period X-1

"C": Actual per unit net income of fiscal period X

⇒ Actual per unit net income of fiscal period X disclosed at the time of announcement of the financial report of fiscal period X

Using the above assumptions, when "C" is better than "A" , the difference between "C" and "A" will be added to "B" and used as the bases for considering the dividend.

On the other hand if "C" is lower than "A" , dividend payment reserve will be additional drawndown will be considered to stabilize the dividend to the initial dividend forecast "B".

When "C" > "A", Dividend target for fiscal period X = "B" + ("C" - "A")
When "C" ≤ "A", Dividend target for fiscal period X = "B"

Advance Residence Investment Corporation

Initial Forecast

"A"	Initial Forecast per unit Net Income	100
	Initial Forecast per unit Reserve Drawdown	50
"B"	Initial Forecast per unit Dividend	150

Actual

"C" Actual per unit Net Income

Actual C is 20 better than Forecast A
"C" > " A"

Dividend Target **170** = "B" Initial Forecast per unit Dividend 150 + ("C" Actual per unit Net Income 120 - "A" Initial Forecast per unit Net Income 100)

Actual C is 20 lower than Forecast A
"C" ≤ "A"

"B" Dividend Target **150**