

July 13, 2012

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 Fourth Fiscal Period

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecasts for the fiscal period ending July 2012 (the fourth fiscal period: from February 1, 2012 to July 31, 2012) that were announced on March 16, 2012 as follows. The forecast for the fiscal period ending on January 2013 will be announced in the future after further reviewing the current business performance.

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

	Operating revenue (Millions of Yen)	Operating income (Millions of Yen)	Ordinary income (Millions of Yen)	Net income (Millions of Yen)	Net Income per unit (Yen)	Dividend per unit (Yen)	Dividend per unit in excess of earnings (Yen)
Previous Forecast (A)	12,068	6,317	4,365	4,365	3,968	4,500	—
Revised Forecast (B)	12,218	6,518	4,565	4,565	4,150	4,682	—
Amount of variation (B) — (A)	150	201	200	200	182	182	—
Rate of variation	1.2%	3.2%	4.6%	4.6%	4.6%	4.0%	—

The forecasted number of investment units issued and outstanding at end of the fourth period: 1,100,000 units

※Amounts are rounded down. Percentages are rounded to the nearest 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.

※Reference : Forecasts for The Fifth Fiscal Period Ending January 2013 (announced on March 16, 2012 in the “Tanshin”)

	Operating revenue (Millions of Yen)	Operating income (Millions of Yen)	Ordinary income (Millions of Yen)	Net income (Millions of Yen)	Net Income per unit (Yen)	Dividend per unit (Yen)	Dividend per unit in excess of earnings (Yen)
Fifth Fiscal Period	12,099	6,261	4,497	4,497	4,088	4,500	—

2. Reason for Revisions

The forecast for the fiscal period ending July 2012 announced on March 16, 2012 in the “Tanshin for fiscal period ending January 2012” is revised after reviewing the business performance of the current assets under management.

The major factors resulting in the revision are acquisition of two properties^{note1}, better than forecast same-store occupancy and improvements in leasing environment, thereby increasing the rent and key money revenue, decreasing leasing costs and in turn improving the operating income by 201 million yen.

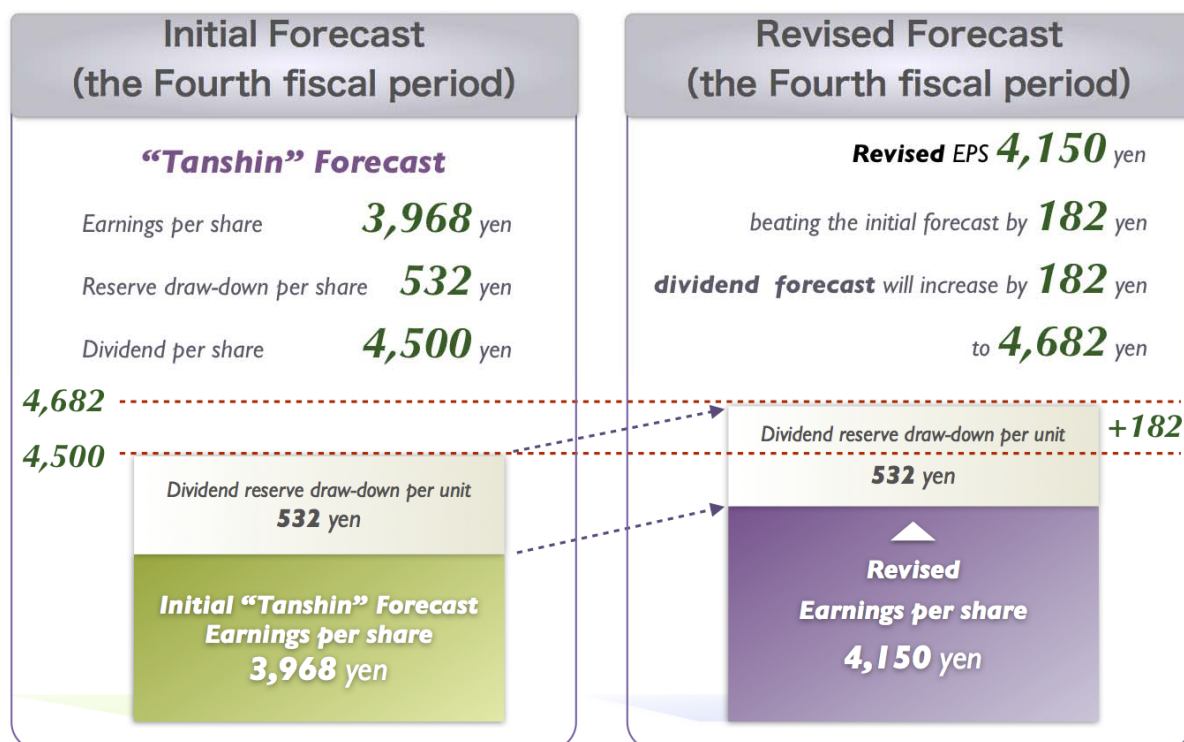
^{note1} Please refer to the press release of March 26, 2012 titled “Notice Concerning Acquisition of Investment Assets <<RESIDIA Kamata III, RESIDIA Kawasaki>>.”

3. Dividend Forecast Under the New Payout Policy

<The New Payout Policy>

Under the new payout policy, ADR will continue to stabilize dividends by using the reserve for dividend as before, 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 Performance Forecast of Fiscal Period ending July 31, 2012 (The Fourth Fiscal Period, February 1, 2012 to July 31, 2012)” 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.



Assumptions Underlying Revision of Management Performance Forecasts for the Fourth Fiscal Period

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> The Fourth fiscal period: from February 1, 2012 to July 31, 2012 (182 days)
Assets under management	<ul style="list-style-type: none"> In forecasting the management performance of the forth fiscal period, ADR assumes there will be no changes from current number of assets (190 properties) under management due to acquisitions or dispositions, through to the end of the fourth fiscal period. ADR expects month-end occupancy rates will average 96.2% over the fourth fiscal period The actual number of properties under management may vary due to acquisitions or dispositions, etc.
Operating revenue	<ul style="list-style-type: none"> Rent revenue for the assets currently held by ADR is estimated based on historical data and by taking into account the leasing conditions. ADR assumes there are no delinquencies or non-payment by tenants in the calculation of operating revenue.
Operating expenses	<ul style="list-style-type: none"> 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 ¥ 2,068 million for the fourth 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 ¥ 555 million for the fourth fiscal period. 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	<ul style="list-style-type: none"> ADR estimates interest expenses and borrowing related expenses to be in the amount of ¥ 1,939 million for the fourth fiscal period.
Interest-bearing liabilities	<ul style="list-style-type: none"> ADR assumes that the interest-bearing liabilities it will hold at the end of the fourth fiscal period to be ¥ 206,344 million, of which ¥ 168,844 million will be loans and ¥ 37,500 million will be investment corporation bonds. As a result, ADR expects the loan-to-value at the end of fourth fiscal periods to be about 53.7%. 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
Dividend per unit	<ul style="list-style-type: none"> 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 1,100,000 units for the end of second period. 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 ¥ 4,565 million, to payout from the dividend payment reserve, to distribute ¥ 5,150 million (dividend per unit: ¥4,682). 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	<ul style="list-style-type: none"> ADR is currently not scheduled to payout dividends in excess of distributable earnings.

Other	<ul style="list-style-type: none"> • 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.
-------	---

* 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]

English translation of the original Japanese document is provided solely for information purposes.

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