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For Immediate Release

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Notice Concerning Revision of Management Performance Forecasts for Sixth Fiscal Period and Management Performance Forecasts for Seventh Fiscal Period

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecasts for the fiscal period ending July 2013 (sixth fiscal period: from February 1, 2013 to July 31, 2013) that were announced on September 14, 2012 as follows. In addition, ADR also announced its management performance forecasts for the fiscal period ending January 2014 (seventh fiscal period: from August 1, 2013 to January 31, 2014) as follows.

1. Revision of Management Performance Forecasts for Fiscal Period Ending July 2013 (Sixth Fiscal Period: from February 1, 2013 to July 31, 2013)

(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)	12,276	6,391	4,676	4,675	4,500	–
Revised forecast (B)	13,252	6,835	5,110	5,109	4,500	–
Amount of variation (B) − (A)	975	443	434	434	–	–
Rate of variation	7.9%	6.9%	9.3%	9.3%	–	–

Sixth fiscal period : Forecasted number of investment units issued and outstanding at end of period: 1,240,000 units
Sixth fiscal period : Forecasted earnings per unit: ¥4,120

(2) Reasons for Revisions

ADR revised its management performance forecasts for the fiscal period ending July 2013, which were announced on September 14, 2012, primarily because of the resolution by its board of directors at a meeting held on January 8, 2013 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 (12 properties).

However, the performance forecast for the prior fiscal period ending January 2013 (Fourth Fiscal Period:

from August 1, 2012 to January 31, 2013) will remain unchanged.

2. Management Performance Forecasts for Fiscal Period Ending January 2014 (Seventh Fiscal Period: from August 1, 2013 to January 31, 2014)

	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 2014	13,354	6,834	5,271	5,270	4,500	-

Seventh fiscal period : Forecasted number of investment units issued and outstanding at end of period: 1,240,000 units
Seventh fiscal period : Forecasted earnings per unit: ¥4,250
[Notes]

- Figures less than the stated units are rounded down and percentages are rounded to one decimal place (the same hereafter).
- As dividend per unit includes drawdown of retained earnings, it is different from forecasted earnings per unit.
- The above figures of revised forecasts and forecasts are the current forecasts calculated based on "3. Assumptions Underlying Revision of Management Performance Forecasts for Sixth Fiscal Period and Management Performance Forecasts for Seventh 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 Sixth Fiscal Period and Management Performance Forecasts for Seventh Fiscal Period

Item	Assumptions
Calculation period	• Sixth fiscal period: from February 1, 2013 to July 31, 2013 (181 days) • Seventh fiscal period: from August 1, 2013 to January 31, 2014 (184 days)
Assets under management	• In addition to the current ADR holdings of 190 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 12 properties (hereafter, "*To-be-acquired Assets*") as announced in the "Notice Concerning Acquisition of Investment Assets (RESIDIA Meguro III and 11 other properties)" dated today. Furthermore, ADR expects month-end occupancy rates will average 95.9% over the sixth fiscal period and 95.7% over the seventh fiscal period.. • In forecasting the management performance of the sixth and seventh 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*, till the end of the seventh fiscal period. • The actual number of properties under management may vary due to acquisitions or dispositions made during the forecasted periods.
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.

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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 assumed factors that may cause expenses to fluctuate. ・ ADR estimates depreciations to be ¥2,238 million for the sixth fiscal period and ¥2,256 million for the seventh 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 ¥599 million for the sixth fiscal period and ¥632 million for the seventh 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 ¥168.9 billion for the sixth fiscal period and ¥154.1 billion for the seventh fiscal period. ・ As a one-off expense for the sixth fiscal period, ADR expects ¥20 million in expenses associated with the public offering decided at a meeting of its board of directors on January 8, 2013.
Interest-bearing liabilities	・ ADR assumes that the interest-bearing liabilities it will hold at the end of the sixth fiscal period to be ¥206.7 billion and the seventh period to be ¥206.6 billion. ・ New loans of ¥829 million is expected in March 2013 to fund part of the acquisition of *To-be-acquired Assets.* ・ ADR assumes all loans due onwards of January 8, 2013 to be refinanced with loans, and assumes all investment corporation bonds maturing onwards of January 8, 2013 to be redeemed by using funds from issuance of investment corporation bonds or by funds from loans. ・ As a result, ADR expects the loan-to-value at the end of both fiscal periods, fiscal period ending on July 2013 and fiscal period ending on January 2014 to be about 50.9%. ・ In these forecasts, the loan-to-value (ratio of interest-bearing liabilities) is calculated using the following formula: Loan-to-value (Ratio of interest-bearing liabilities) = Total amount of interest-bearing liabilities ÷ Total assets × 100
Number of investment units issued and outstanding	・ In addition to the current 1,100,000 investment units issued, ADR expects total of 140,000 units will be issued through and through public offering of new investment units (135,000 units) and the third-party allotment (up to 5,000 units), totaling 1,240,000 units. ・ ADR assumes no additional investment units will be issued until the end of the seventh fiscal period.

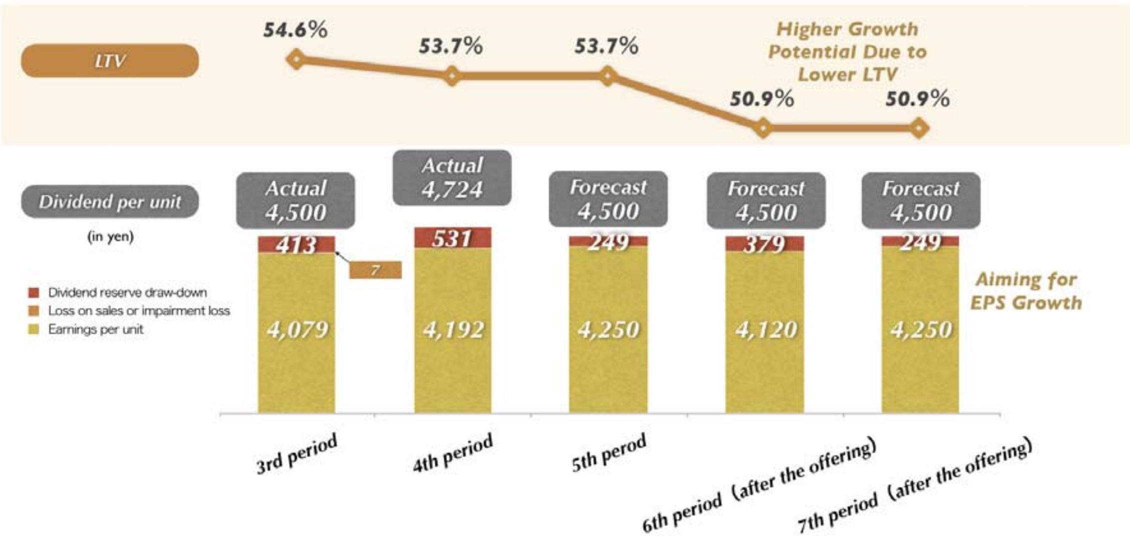
Item	Assumptions
Dividend per unit	・ Dividend (dividend per unit) are calculated according to ADR's cash dividend policy set forth in the Articles of Incorporation. In the calculation, ADR assumes it will, in principle, distribute the entire amount of its net income for the respective fiscal period. ・ For the sixth fiscal period, ADR assumes it will distribute in addition to net income of ¥5,109 million, ¥470 million from the dividend reserve, making a total distribution of ¥5,580 million (dividend per unit: ¥4,500). For the seventh fiscal period, ADR assumes it will distribute in addition to net income of ¥5,270 million, ¥309 million from the dividend reserve, making a total distribution of ¥ 5,580 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 the general economic conditions and in the real estate markets.

<Reference>

(1) Stable Loan-to-value and Dividend per Unit

Based on ADR's basic management policy of "realization of stable distribution of earnings over the long-term," ADR will continue to utilizing one of ADR's strong point, the dividend reserve, and continue to payout stable dividends. At the same time, ADR aims to achieve a growth in EPS(note) through external growth, internal growth and through financing strategy.

(note) Earnings per unit is calculated by dividing the net income by number of outstanding issued units at the end of each fiscal period and rounded down to the nearest integer.



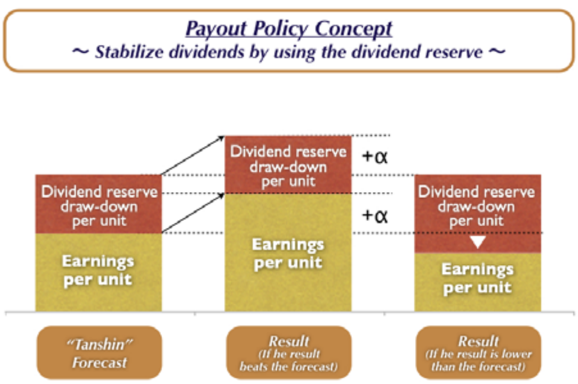
*1 "Loss on sales or impairment loss" is calculated by dividing the sum of loss on sales and impairment loss of each period by the number of outstanding issued unit at the end of each period and rounded down to the nearest integer.

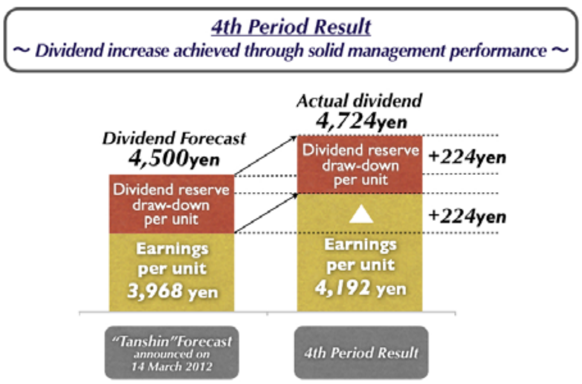
*2 The Fifth Period numbers are based on forecast figures disclosed in "the *Tansin*" for the fiscal period ending July 2012 which was published on September.

*3 "After the offering" means after the issuance of units announced in today's press release titled "Notice Concerning Issuance of New Investment Units Through Public Offering and Secondary Distribution of Investment Units" and after the acquisition of assets announced today in the press release titled "Notice Concerning Acquisition of Investement Assets (RESIDIA Meguro III and 11 other properties)."

(2) ADR's Payout Policy

The payout policy for the Fifth Period onwards will be same as the Forth Period. ADR will continue to stabilize dividends by using the dividend reserve. At the same time if the management performance is solid, dividends will be raised. The decision will be made by comprehensively considering the amount the actual EPS beat the forecast EPS annouced in the prior period's "*Tanshin*" result report, changes in rent revenue, profolio occupancy, amount of cash on hand, ADR's operating cost, financing cost and the outstanding amount of dividend reserve.





Eventhough the above policy is what ADR considers as an approriate policy for this moment, ADR does not guarantee the amount of the dividends to be paid or that the divideds will keep rising in the future.