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For Immediate Release

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Notice Concerning The Revision of Management Performance Forecast and Dividend
for the Sixth Fiscal Period

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecast for the fiscal period ending July 2013 (the sixth fiscal period: from February 1, 2013 to July 31, 2013) which was originally announced on March 15, 2013 as follows.

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

	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)	13,279	6,847	5,172	5,171	4,170	4,500	—
Revised Forecast (B)	13,484	6,973	5,283	5,283	4,260	4,590	—
Amount of variation (B) — (A)	204	125	111	111	90	90	—
Rate of variation	1.5%	1.8%	2.2%	2.2%	2.2%	2.0%	—

The forecasted number of investment units issued and outstanding at end of the sixth period: 1,240,000 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.

* 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 1,240,000 units for the end of sixth fiscal period.

The forecast for the fiscal period ending on January 2014 will be announced in the Japanese financial report "Kessan Tanshin" for Sixth fiscal period (scheduled to be disclosed in September 9, 2013) after further reviewing the current business performance.

2. Reason for Revisions

The forecast for the fiscal period ending July 2013 announced on March 15, 2013 in the “Tanshin for fiscal period ending January 2013” is revised after reviewing the current business performance of the assets under management.

The major factors resulting in the revision are acquisition of two properties ^{note1} (RESIDIA Miyakojima I・II and Cocofump Hiyoshi), increasing the rental revenue due to better same-store occupancy than initial forecast and improvements in leasing environment, thereby increasing the key money, decreasing leasing costs and in turn improving the operating cash flow.

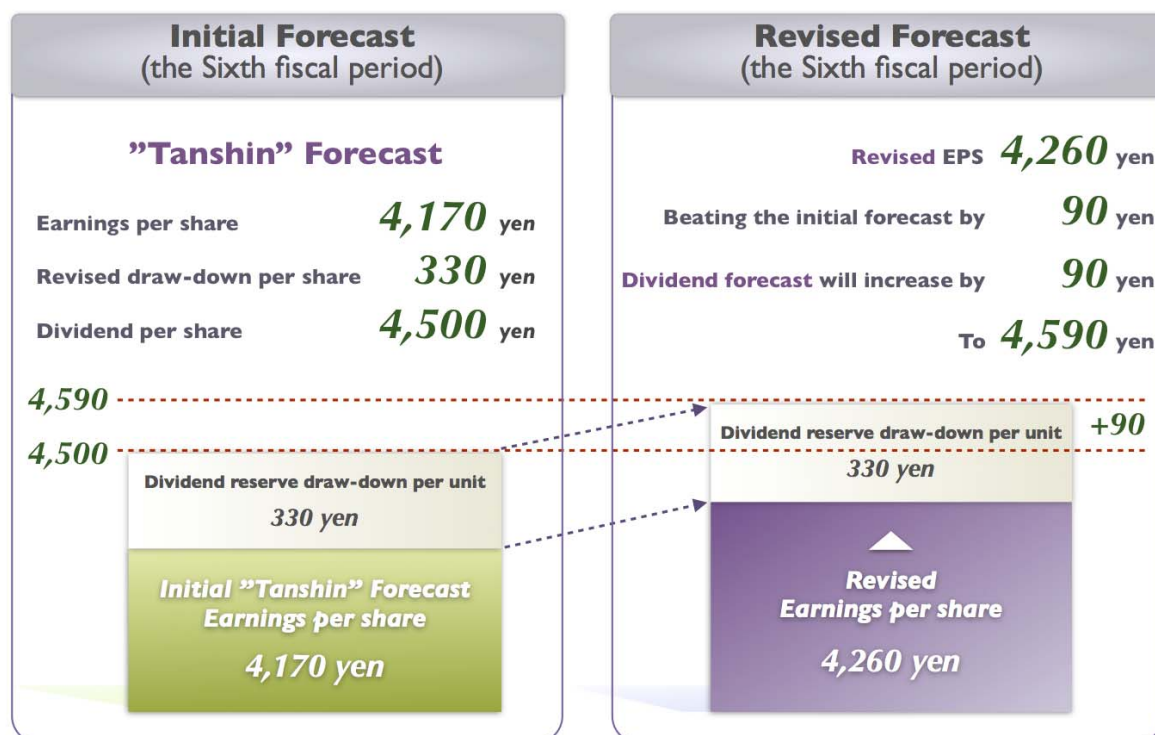
^{note1} Please refer to the press release of titled “Notice Concerning Acquisition of Investment Assets <<RESIDIA Miyakojima I・II>>” of March 22, 2013 and “Notice Concerning Acquisition of Investment Asset <<Cocofump Hiyoshi>>” of April 16, 2013.

3. Dividend Forecast Under the our Payout Policy

<The Payout Policy>

Under the 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 Management Performance Forecasts for the Fiscal Period Ending July 2013 (The Sixth Fiscal Period: from February 1, 2013 to July 31, 2013)” 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 Sixth Fiscal Period

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> The Sixth fiscal period: from February 1, 2013 to July 31, 2013 (181 days)
Assets under management	<ul style="list-style-type: none"> In forecasting the management performance of the sixth fiscal period, ADR assumes there will be no changes from current number of assets (204 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 96.6% over the sixth fiscal period The actual number of properties under management may vary due to future acquisitions or dispositions.
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 ¥ 2,281 million for the sixth 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 ¥ 611 million for the sixth 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 ¥ 1,649 million for the sixth 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 sixth fiscal period to be ¥ 210,269 million, of which ¥ 177,260 million will be loans and ¥ 33,000 million will be investment corporation bonds. As a result, ADR expects the loan-to-value at the end of sixth fiscal periods to be about 51.2%. In these forecasts, the loan-to-value (ratio of interest-bearing liabilities) is calculated using the following formula: $\text{Ratio of interest-bearing liabilities} = \frac{\text{Total amount of interest-bearing liabilities}}{\text{Total assets}} \times 100$
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 1,240,000 units for the end of sixth fiscal 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 sixth fiscal period, ADR assumes it will distribute in addition to net income of ¥ 5,283 million, to payout from the dividend payment reserve, to distribute ¥ 5,691 million (dividend per unit: ¥ 4,590). 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	<p>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.</p> <p>ADR assumes there will be no unforeseen material changes in general economic conditions, real estate markets.</p>
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- * 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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