

**For Immediate Release**

Advance Residence Investment Corporation  
Securities Code : 3269  
1-105 Kanda-Jinbocho, Chiyoda-ku, Tokyo  
Takeshi Takano, Executive Director

Asset Management Company:  
AD Investment Management Co., Ltd.  
Takeshi Takano, President

Inquiries:  
Hiroshi Kawakami, Managing Director, CFO  
TEL. +81-3-3518-0480

Notice Concerning the Revision of Management Performance Forecast for  
Fiscal Period Ending January 2020 (FP19) and  
the Management Performance Forecast for Fiscal Period Ending July 2020 (FP20)

Advance Residence Investment Corporation (ADR) announced its decision to revise its management performance forecast for FP January 2020 (FP19: from August 1, 2019 to January 31, 2020), which was announced on July 11, 2019 as follows. In addition, ADR also announced its management performance forecast for FP July 2020 (FP20: from February 1, 2020 to July 31, 2020) as follows.

1. The Revision of Management Performance Forecast for FP January 2020  
(FP19: from August 1, 2019 to January 31, 2020)

(1) The Revision of the Management Performance Forecast

	Operating Revenue (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Earnings per Unit <sup>(Note 1)</sup> (yen)	Dividend per Unit <sup>(Note 2)</sup> (yen)	Dividend per Unit in Excess of Earnings (yen)
Previous Forecast	16,856	8,615	7,560	7,560	5,600	5,349	0
Revised Forecast (B)	17,046	8,741	7,715	7,714	5,570	5,450	0
Difference (B) – (A)	190	126	155	154	-30	101	0
Percentage Change	1.1%	1.5%	2.1%	2.0%	-0.5%	1.9%	0.0%

(Note 1) Earnings per Unit is calculated by dividing the net income by the number of outstanding issued investment units at the end of the fiscal period and rounded down to the nearest integer.

Forecasted number of investment units issued and outstanding at end of period:

Revised Forecast 1,385,000 units

Previous Forecast 1,350,000 units

(Note 2) Net Income includes gain from the disposition of *RESIDIA Higashi-Ginza* and 501 million yen (361 yen per unit) of the gain will be retained and undistributed. The dividend includes payout from the retained earnings for temporary difference adjustment (RTA). The payouts from the RTA are 336 million yen (249 yen per unit) for the previous forecast and 335 million yen (242 yen per unit) for the revised forecast.

## (2) Reasons for the Revision

ADR revised its management performance forecast for FP January 2020, which was announced on July 11, 2019, because of ADR's board's decision today to issue new investment units through public offering as announced in the press release dated today titled, "Notice Concerning Issuance of New Investment Units through Public Offering and Secondary Distribution of Investment Units". Additionally, the revision is due to the decision to acquire properties as announced in the press releases titled "Notice Concerning Acquisition of Investment Asset (*RESIDIA Tsutsujigaoka-Koen*)" dated August 29, 2019 and "Notice Concerning Acquisition of Investment Assets (*RESIDIA Nishi-Koyama and Five Other Properties*)" dated today.

In terms of Dividend per Unit, although we had planned to retain all of the gain from the disposition of *RESIDIA Higashi-Ginza*, we decided to distribute part of the gain in order to counteract the dividend dilution due to the public offering.

## 2. The Management Performance Forecasts for FP July 2020 (FP20: from February 1, 2020 to July 31, 2020)

	Operating Revenue (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Earnings per Unit (Note 1) (yen)	Dividend per Unit (Note 2) (yen)	Dividend per Unit in Excess of Earnings (yen)
Forecast for FP July 2020	16,715	8,170	7,133	7,132	5,150	5,550	0

(Note 1) Earnings per unit is calculated by dividing the net income by number of outstanding issued investment units at the end of the fiscal period and rounded down to the nearest integer.

Forecasted number of investment units issued and outstanding at end of FP July 2020: 1,385,000 units.

(Note 2) The dividend includes payout from the RTA and other retained earnings. The payouts from the RTA are 335 million yen (242 yen per unit) and that from other retained earnings are 218 million yen (157 yen per unit).

## 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 payouts from retained earnings, it will differ from the forecasted earnings per unit.
- \* The figures in the above forecasts are current forecasts based on the assumptions listed in the following section titled "3. Assumptions Underlying the Revision of Management Performance Forecasts for FP January 2020 and Management Performance Forecasts for FP July 2020". Therefore, the forecast figures may differ from the actual operating revenue, operating income, ordinary income, net income and dividend per unit, due to future acquisitions or dispositions, developments in the real estate market, changes in other circumstances surrounding ADR. Moreover, the forecasts do not guarantee the dividend amounts to be paid.
- \* ADR may revise the forecasts when a disparity of more than a certain level from the above forecasts is anticipated.
- \* Please refer to Attachment for the changes in dividend per unit from the previous fiscal period and fluctuation factors.

### 3. Assumptions Underlying the Revision of Management Performance Forecasts for FP January 2020 and the Management Performance Forecasts for FP July 2020

Items	Assumptions
Calculation Period	<ul style="list-style-type: none"> <li>• FP January 2020: from August 1, 2019 to January 31, 2020 (184 days)</li> <li>• FP July 2020: from February 1, 2020 to July 31, 2020 (182 days)</li> </ul>
Assets Under Management	<ul style="list-style-type: none"> <li>• In addition to the current ADR holdings of 265 properties, ADR assumes the completion of the acquisitions of the following nine properties (hereafter, “Assets-to-be-acquired”) and the disposition of the following property (hereafter, “Assets-to-be-disposed”) as indicated below.</li> </ul> <p><b>【Assets-to-be-acquired】</b></p> <ul style="list-style-type: none"> <li>(1) P-111 RESIDIA Ichigaya II : acquisition date, September 26, 2019 <small>(Note1)</small></li> <li>(2) P-112 RESIDIA Ichigaya-Sadohara : acquisition date, September 26, 2019 <small>(Note1)</small></li> <li>(3) P-113 RESIDIA Nishi-Koyama : acquisition date, November 1, 2019</li> <li>(4) P-114 RESIDIA Minami-Shinagawa II : acquisition date, April 22, 2020 <small>(Note2)</small></li> <li>(5) P-115 RESIDIA Kagurazaka II : acquisition date, April 22, 2020 <small>(Note2)</small></li> <li>(6) C-90 RESIDIA Ikegami II : acquisition date, November 1, 2019</li> <li>(7) C-91 RESIDIA Sasazuka III : acquisition date, April 22, 2020 <small>(Note2)</small></li> <li>(8) R-78 RESIDIA Tsutsujigaoka-Koen : acquisition date, December 27, 2019 <small>(note3)</small></li> <li>(9) R-79 RESIDIA Sendai-Kamisugi : acquisition date, April 22, 2020 <small>(Note2)</small></li> </ul> <p><b>【Assets-to-be-disposed】</b></p> <ul style="list-style-type: none"> <li>(1) C-10 RESIDIA Higashi-Ginza : disposition date, September 26, 2019 <small>(Note1)</small></li> </ul> <p><small>(Note1)</small> The actual acquisitions and dispositions are expected between September 26, 2019 and September 30, 2019, but for the forecasting purpose September 26, 2019 is set as the acquisition and disposition date.</p> <p><small>(Note2)</small> The actual acquisitions are expected between March 23, 2020 and April 22, 2020, but for the forecasting purpose April 22, 2020 is set as the acquisition date.</p> <p><small>(Note3)</small> The actual acquisition is expected between December 19, 2019 and December 27, 2019, but for the forecasting purpose December 27, 2019 is set as the acquisition date.</p> <ul style="list-style-type: none"> <li>• Other than the listed acquisitions above, no other acquisitions nor dispositions are expected until the end of FP July 2020.</li> <li>• The period average of month end occupancy rates are expected to be 96.5% for FP January 2020 and 96.6% for FP July 2020.</li> </ul>

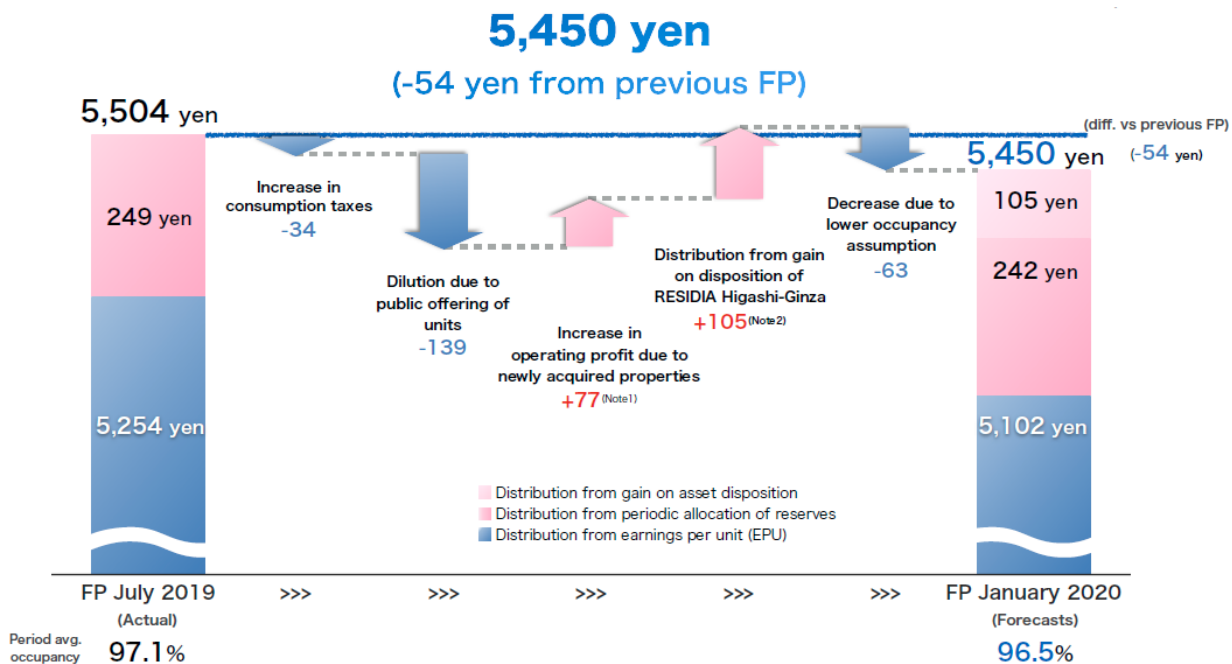
Operating Income	<ul style="list-style-type: none"> <li>• Rent revenues for the properties currently held by ADR are estimated based on historical data and by taking into account the current leasing conditions. Rent revenues for the assets-to-be-acquired are estimated by taking into account of the current market environment and the properties' competitiveness and other factors.</li> <li>• No delinquencies or non-payment by tenants are assumed in the forecasts of operating revenue.</li> <li>• ADR estimates gain from disposition of RESIDIA Higashi-Ginza to be 647 million yen.</li> </ul>												
Operating Expenses	<ul style="list-style-type: none"> <li>• Within the rent business expenses, which is a major component of operating expenses, except for depreciation, expense items, such as property management fees are forecasted based on historical data adjusted for variables.</li> <li>• ADR estimates depreciations to be 2,757 million yen for FP January 2020 and 2,795 million yen for FP July 2020, calculated based on the straight-line method inclusive of ancillary expenses.</li> <li>• ADR expects the property taxes and urban planning taxes (PT&amp;UT) it will record as expenses will be 884 million yen for FP January 2020 and 892 million yen for FP July 2020. The PT&amp;UTs for the first calendar year of new acquisitions will not be accounted as expenses. Former titleholders of the acquired assets are reimbursed by ADR for the pro rata portions of the PT&amp;UT for those assets, based on the number of days of ownership and the amounts equivalent to the reimbursement will be recorded as cost of acquisition. Therefore, the expensing of PT&amp;UTs for the property acquired after January 2019 and the nine assets-to-be acquired are scheduled to start as follows.</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Expensing Starting Fiscal Period <sup>(Note1)</sup></th> <th>PT&amp;UT Estimate (for reference)</th> </tr> </thead> <tbody> <tr> <td>One Property Acquired in 2019 <sup>(Note2)</sup></td> <td>FP July 2020</td> <td>2 million yen</td> </tr> <tr> <td>Five Assets-to-be-acquired in 2019 <sup>(Note3)</sup></td> <td>FP July 2020</td> <td>32 million yen</td> </tr> <tr> <td>Four Assets-to-be-acquired in 2020 <sup>(Note4)</sup></td> <td>FP July 2021</td> <td>18 million yen</td> </tr> </tbody> </table> <p>(Note1) Three months equivalent amount of PT&amp;UT will be accounted as expense on the first fiscal period and six month equivalent thereafter.</p> <p>(Note2) The property is RESIDIA Shin-Osaka II.</p> <p>(Note3) The five assets-to-be-acquired are RESIDIA Ichigaya II, RESIDIA Ichigaya-Sadohara, RESIDIA Nishi-Koyama, RESIDIA Ikegami II, and RESIDIA Tsutsujioka-Koen.</p> <p>(Note4) The four assets-to-be-acquired are RESIDIA Minami-Shinagawa II, RESIDIA Kagurazaka II, RESIDIA Sasazuka III and RESIDIA Sendai-Kamisugi.</p> <ul style="list-style-type: none"> <li>• Building repair expenses are estimated for the amount necessary for the respective fiscal periods. However, actual repair expenses for the fiscal period may differ significantly from the forecasted amounts due to the possibility of urgent need of repairs for unexpected building damages.</li> <li>• The calculation is based on the effect of the consumption tax increase scheduled in October 2019.</li> </ul>		Expensing Starting Fiscal Period <sup>(Note1)</sup>	PT&UT Estimate (for reference)	One Property Acquired in 2019 <sup>(Note2)</sup>	FP July 2020	2 million yen	Five Assets-to-be-acquired in 2019 <sup>(Note3)</sup>	FP July 2020	32 million yen	Four Assets-to-be-acquired in 2020 <sup>(Note4)</sup>	FP July 2021	18 million yen
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<p>Non-operating Expenses</p>	<ul style="list-style-type: none"> <li>The interest and other borrowing related expenses are estimated to be 1,003 million yen for FP January 2020 and 1,028 million yen for FP July 2020.</li> <li>A one-off expense of 22 million yen for FP January 2020 is expected relating to the public offering that was decided at the meeting of its board of directors on September 10, 2019.</li> </ul>
<p>Interest Bearing Debts</p>	<ul style="list-style-type: none"> <li>Although the outstanding amount of interest bearing debts as of the date of this publication is 225,318 million yen, the following is expected to be executed: <ul style="list-style-type: none"> <li>(i) Borrowing 4 billion yen on September 11, 2019 to finance a redemption of existing bond (4 billion yen) maturing on September 12, 2019.</li> <li>(ii) Partial early repayment of the 3 billion yen on September 30, 2019 of the above loan, with the proceeds from the issuance of new investment units through public offering that was decided at a meeting of its board of directors today.</li> <li>(iii) A total amount of 1.9 billion yen of repayment on September 30, 2019, of loans with a maturity date of September 30, 2019, with the proceeds from the issuance of new investment units through public offering that was decided at a meeting of its board of directors today.</li> <li>(iv) A total amount of one billion yen of early repayment on September 30, 2019, of loans with a maturity date of January 31, 2020, with the proceeds from the issuance of new investment units through public offering that was decided at a meeting of its board of directors today.</li> <li>(v) New loans of 5.4 billion yen are expected in April 2020 to fund a part of the acquisition of four assets-to-be-acquired.</li> </ul> </li> <li>All interest-bearing debts that will be maturing after today other than the ones mentioned above, will be fully refinanced with new loans or through bond issuance.</li> <li>As a result, the outstanding amount of interest bearing debts and the loan-to-value (LTV) at the end of the following fiscal periods will be; <ul style="list-style-type: none"> <li>End of FP January 2020: 219,418 million yen, around 48.0%</li> <li>End of FP July 2020: 224,818 million yen, around 48.6%</li> </ul> </li> <li>LTV is calculated as follows. <ul style="list-style-type: none"> <li><math>LTV = (\text{interest bearing debts} \div \text{total assets}) \times 100</math></li> </ul> </li> </ul>
<p>Number of Investment Units Issued and Outstanding</p>	<ul style="list-style-type: none"> <li>In addition to the current 1,350,000 investment units issued and outstanding, a total of 35,000 units will be issued through public offering (33,000 units) and secondary distribution via third-party allotment (up to 2,000 units) during FP January 2020, bringing the outstanding issued investment units to 1,385,000 units.</li> <li>ADR assumes no additional investment units will be issued until the end of FP July 2020.</li> </ul>

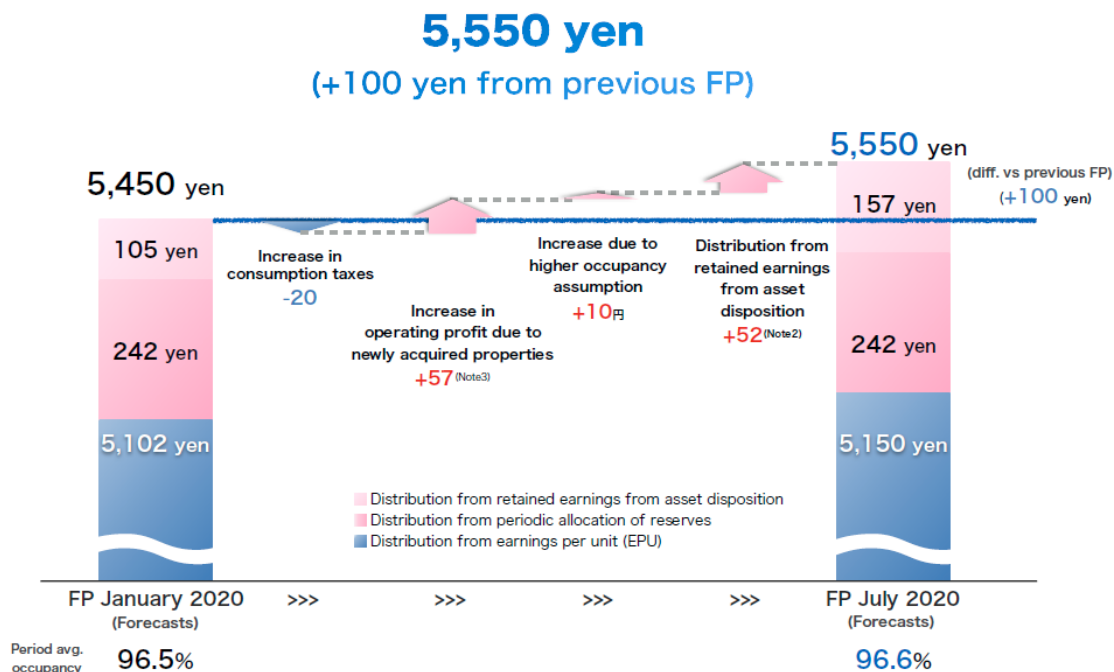
<p>Dividend per Unit</p>	<ul style="list-style-type: none"> <li>Dividends per unit are respectively forecasted to be 5,450 yen for FP January 2020 and 5,550 yen for FP July 2020.</li> <li>Dividends (dividends per unit) are calculated according to ADR's cash dividend policy set forth in <i>the Articles of Incorporation</i>. In the calculation, ADR will retain gain of 501 million yen from the asset disposition for FP January 2020.</li> <li>Payout of 335 million yen or more per fiscal period of retained earnings for temporary differences adjustment (RTA: 31.8 billion yen outstanding as of today) is assumed.</li> <li>Dividends for the respective fiscal periods are forecasted as follows.</li> </ul> <table border="1" data-bbox="454 593 1340 817"> <thead> <tr> <th></th> <th>Net Income (million yen)</th> <th>(Retain) / Distribution (million yen)</th> <th>RTA (million yen)</th> <th>Total Dividend Amount (million yen)</th> </tr> </thead> <tbody> <tr> <td>FP January 2020</td> <td>7,714</td> <td>(501)</td> <td>335</td> <td>7,548</td> </tr> <tr> <td>FP July 2020</td> <td>7,132</td> <td>218</td> <td>335</td> <td>7,686</td> </tr> </tbody> </table> <p>(Note) 501 million yen of the gain from the disposition of RESIDIA Higashi-Ginza will be retained and undistributed. 218 million yen of the gain will be distributed in FP July 2020.</p> <ul style="list-style-type: none"> <li>Dividends 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.</li> </ul>		Net Income (million yen)	(Retain) / Distribution (million yen)	RTA (million yen)	Total Dividend Amount (million yen)	FP January 2020	7,714	(501)	335	7,548	FP July 2020	7,132	218	335	7,686
	Net Income (million yen)	(Retain) / Distribution (million yen)	RTA (million yen)	Total Dividend Amount (million yen)												
FP January 2020	7,714	(501)	335	7,548												
FP July 2020	7,132	218	335	7,686												
<p>Dividend in Excess of Earnings per Unit</p>	<ul style="list-style-type: none"> <li>ADR is currently not scheduled to pay out dividends in excess of earnings (dividends in excess of earnings per unit).</li> </ul>															
<p>Other</p>	<ul style="list-style-type: none"> <li>It is assumed that there will be no other amendments in legislation, taxation, Japanese GAAP, listing requirements and the Investment Trusts Association regulations that might affect the above forecasts.</li> <li>It is assumed that there will be no unforeseen critical changes in the general economic conditions and in the real estate markets.</li> </ul>															

Attachment : Changes in Dividend per Unit from the previous fiscal period and fluctuation factors.

1. Forecasted Dividend per Unit for FP January 2020



2. Forecasted Dividend per Unit for FP July 2020





- (Note1) This refers to the earnings contribution of the 5 properties “RESIDIA Ichigaya II”, “RESIDIA Ichigaya-Sandohara”, “RESIDIA Nishi-Koyama”, “RESIDIA Ikegami II” and “RESIDIA Tsutsujigaoka-Koen” that are scheduled to be acquired during FP January 2020, as well as the earnings loss from the “RESIDIA Higashi-Ginza” that is scheduled to be disposed during FP January 2020.
- (Note2) A capital gain of 647 million yen will be recorded due to the disposition of “RESIDIA Higashi-Ginza” during FP January 2020. Of this, 145 million yen (105 yen per unit) will be planned to distribute in FP January 2020 and the remaining 501 million yen will be retained. Of retained earnings of 501 million yen, 218 million yen (157 yen per unit) will be planned to distribute in FP July 2020.
- (Note3) This refers to the earnings contribution of the 4 properties “RESIDIA Minami-Shinagawa II”, “RESIDIA Kagurazaka”, “RESIDIA Sasazuka III” and “RESIDIA Sendai-Kamisugi” that are scheduled to be acquired during FP July 2020 and the earnings contribution to the full period of the 5 properties “RESIDIA Ichigaya II”, “RESIDIA Ichigaya-Sandohara”, “RESIDIA Nishi-Koyama”, “RESIDIA Ikegami II” and “RESIDIA Tsutsujigaoka-Koen” that are scheduled to be acquired during FP January 2020.

#### About Advance Residence Investment Corporation

Advance Residence Investment Corporation is the largest residential J-REIT, investing in over 260 rental apartments located mostly in central Tokyo and in other major cities throughout Japan (AUM over 400 billion yen). ADR can be expected have a stable dividend in the long-term and can be considered as a defensive J-REIT, on back of the stable income from residential assets and with the largest dividend reserve among J-REITs. ADR’s website: <https://www.adr-reit.com/en/>

*[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.*

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