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For Immediate Release

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**Notice Concerning the Revision of the Management Performance Forecast
For Fiscal Period Ending January 2020 (FP19)**

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 originally announced on March 12, 2019 as follows.

1. The Revision of Management Performance Forecast for FP January 2020
(FP19: from August 1, 2019 to January 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)
Previous Forecast (A)	16,151	7,947	6,885	6,885	5,100	5,349	0
Revised Forecast (B)	16,856	8,615	7,560	7,560	5,600	5,349	0
Difference (B) – (A)	705	667	675	675	500	0	0
Percentage Change	4.4%	8.4%	9.8%	9.8%	9.8%	0	0

(Note 1) Earnings per Units is calculated by dividing the net income by 1,350,000 units which is the number of outstanding issued units at the end of the fiscal period.

(Note 2) Including the drawdown of Temporary Differences Adjustment Reserve Account (total 3.36 million yen as 249yen 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 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 19th Fiscal Ending January 2019 Period” below. Accordingly, the actual operating revenue, operating income, ordinary income, net income, earnings per unit 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.

2. Reasons for the Revision

The management forecast for the fiscal period ending January 2020 was revised mainly due to the disposal of “RESIDIA Higashi-Ginza,” which has been decided and disclosed today on the press release titled, “Notice Concerning Asset Replacement, Acquisition of RESIDIA Ichigaya II, RESIDIA Ichigaya-Sadohara, and Disposal of RESIDIA Higashi-Ginza.”

Although, the net income will increase 9.8% due to the profit in sales of about 0.6 billion yen from the disposal, the forecast for dividend per unit will be unchanged because ADR intends to retain the profit from gain in sales as much as the conduit requirements will allow.

In the above mentioned replacement transaction, the acquisition amount will be larger than the disposition amount. ADR will be using all the cash generated from the disposal including the profit from gain in sales plus additional cash on hand in the acquisition. Therefore, ADR will like to retain and not payout as dividend, the amount equivalent to the profit.

3. Assumptions Underlying Revision of Management Performance Forecasts for 19th Fiscal Ending January 2019 Period

Items	Assumptions
Calculation Period	<ul style="list-style-type: none"> FP January 2020: from August 1, 2019 to January 31, 2020 (184 days)
Assets Under Management	<ul style="list-style-type: none"> In addition to the current ADR holdings of 265 properties, ADR assumes complete the disposition one property and the acquisitions two properties (hereafter, “Assets-to-be-acquired”) as indicated below. <ul style="list-style-type: none"> (1) C-10 RESIDIA Higashi-Ginza : disposition date, September 26, 2019 ^(note1) (2) P-111 RESIDIA Ichigaya II : acquisition date, September 26, 2019 ^(note1) (3) P-112 RESIDIA Ichigaya-Sadohara : acquisition date, September 26, 2019 ^(note1) <p>(Note1) The actual disposition and acquisition is expected between September 26, 2019 to September 30, 2019, but for the forecasting purpose September 26, 2019 is set as the acquisition date.</p> Other than the listed disposition and acquisitions above, no other acquisitions nor dispositions are expected until the end of FP January 2020. The period average of month end occupancy rates are expected to be, 96.5% for FP January 2020.
Operating Income	<ul style="list-style-type: none"> 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. No delinquencies or non-payment by tenants are assumed in the forecasts of operating revenue.

Items	Assumptions						
Operating Expenses	<ul style="list-style-type: none"> • 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. • ADR estimates depreciations to be 2,753 million yen for FP January 2020, where the calculation are based on the straight-line method inclusive of ancillary expenses. • ADR expects the property taxes and urban planning taxes (PT&UT) it will record as expenses will be 880 million yen for FP January 2020. The PT&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&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. <table border="1" data-bbox="531 667 1369 819"> <thead> <tr> <th data-bbox="531 667 810 757"></th> <th data-bbox="810 667 1090 757">Expensing Starting Fiscal Period ^(Note1)</th> <th data-bbox="1090 667 1369 757">PT&UT Estimate for 2019 ^(Note2) (for reference)</th> </tr> </thead> <tbody> <tr> <td data-bbox="531 757 810 819">Assets-to-be-acquired in 2019</td> <td data-bbox="810 757 1090 819">FP July 2020</td> <td data-bbox="1090 757 1369 819">18 million yen</td> </tr> </tbody> </table> <p>(Note1) Three month equivalent amount of PT&UT will be accounted as expense on the first fiscal period and six month equivalent thereafter.</p> <p>(Note2) The full year amount of PT&UT for 2019 is estimated using the actual figures in 2018 and estimated full year amount of tax on amortized assets.</p> <ul style="list-style-type: none"> • 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. • ADR expects the impact of the consumption tax increase scheduled for October 2019. 		Expensing Starting Fiscal Period ^(Note1)	PT&UT Estimate for 2019 ^(Note2) (for reference)	Assets-to-be-acquired in 2019	FP July 2020	18 million yen
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Non-operating Expenses	<ul style="list-style-type: none"> • The interest and other borrowing related expenses are estimated to be 1,050 million yen for the FP January 2020. 						
Interest Bearing Debts	<ul style="list-style-type: none"> • Although the outstanding amount of interest bearing debts as of the date of this publication is 225,318 million yen, assuming no change until the end of FP January 2020. • 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. • 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 respectively; <ul style="list-style-type: none"> End of FP January 2020: 225,318 million yen, around 49.9% • The LTVs are calculated as follows. $\text{LTV} = (\text{interest bearing debts} \div \text{total assets}) \times 100$ 						
Number of Investment Units Issued and Outstanding	<ul style="list-style-type: none"> • ADR assumes that the total number of issued investment units as of the date of this publication are 1,350,000 units and do not change until the end of FP January 2020. 						

Items	Assumptions
Dividend per Unit	<ul style="list-style-type: none"> • Dividend (dividend per unit) are calculated according to ADR's cash dividend policy set forth in <i>the Articles of Incorporation</i>. In the calculation, ADR assumes it will, in principle, distribute the entire amount of its net income for the respective fiscal period. • 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 pay out dividends in excess of earnings (dividends in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • 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. • It is assumed that there will be no unforeseen critical changes in the general economic conditions and in the real estate markets.

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.

Disclaimer: This document is a press release prepared for the sole purpose of making a public announcement on revision of management performance forecasts for FP January 2017 and management performance forecasts for FP July 2017 and has not been prepared as an offer or a solicitation for investment. Before initiating investments, Advance Residence Investment Corporation asks that investors ensure they refer to the prospectus for the issuance of new investment units and secondary distribution of investment units and amendments thereto prepared by Advance Residence Investment Corporation (if such have been prepared) and that they undertake investment at their own discretion and responsibility.